

Individual Life Insurance \$4,200,000 Death Benefit¹ Summary Inforce versus “Best-of-Breed”² Rates and Terms³

Suitability Star Ratings ¹ , Asset Allocation Profile & Assumed/Expected Rate of Return	★★★1/2 Inforce Holding(s) Very Conservative ⁴ @ 7.25%? ⁵	Industry Benchmarks ⁶ Very Conservative ³ @ 7.25%	★★★★★ “Best of Breed” ¹ Fully Guaranteed ⁷ @ N/A
Annual Premium	\$18,223 <i>years 1-7</i>	\$16,348 <i>years 1-7</i>	\$5,045
	\$8,810 <i>years 8 - 58</i>	\$5,562 <i>years 8 - 58</i>	
Total Expenses⁸	\$26,434	\$24,228	\$17,181
▪ Cost of Insurance (COI) Charges	N/A	\$20,091	\$13,687
▪ Fixed Administration Expenses (FAEs)	N/A	\$2,398	\$2,661
▪ Cash-Value-Based “Wrap Fees”	0bps	0bps	0bps
▪ Premium Loads	N/A	7.50%	5.00%
Financial Strength & Claims Paying Ability	Top 3%	N/A	Top 9%
Cash Value Liquidity	100%	N/A	86%

¹ Death benefits are expressed as the weighted-average annualized death benefit with any changes in death benefits from year-to-year being weighted for the time-value-of-money using a discount rate equal to the assumed policy earnings rate indicated.

² “Best-of-Breed” products are defined as such using TheInsuranceAdvisor.com (TIA) Star Ratings based on the five (5) factors of appropriateness as to 1) high ratings for financial strength and claims-paying ability, 2) low premiums due to low cost of insurance (COI) charges, low fixed administration expenses (FAEs), low cash-value-based “wrap fees” (e.g., M&Es), and/or low premium loads, 3) stable pricing, 4) high cash value liquidity, and 5) superior historical performance of invested assets underlying policy cash values, and reflect pricing for registered individual universal life product insuring a 39 year old female considered to qualify for best available nonsmoker health rates with a rollover of \$195,851 from existing policy holding(s).

³ Rates & Terms are based on the various representations by each respective insurer as to cost of insurance charges (COIs), fixed administration expenses (FAEs), cash-value-based “wrap fees” (e.g., M&Es) and premium loads, and an assumed policy earnings rate that is commensurate with the historical rate of return on the asset classes corresponding to the allocation of invested assets underlying policy cash values. If actual COIs, FAEs, “wrap fees” and/or premium loads are higher than such pricing representations, or if actual policy interest/earnings are lower than shown, then additional premiums will be required or benefits will be reduced. Conversely, if actual COIs, FAEs, “wrap fees” and/or premium loads are lower than such pricing representations, or if actual policy interest/earnings are higher than shown, then premiums may be reduced or benefits could be increased.

⁴ A Very Conservative Risk Profile is appropriate for policyholders whose primary objective is preservation of cash values and who requires stable growth and/or a high level of income, access to policy cash values within 3 years, and are highly risk-averse and prepared to accept lower returns to protect capital without regard to the negative effects of inflations, and where cash values are allocated predominantly to high-grade corporate and government bonds and government-backed mortgages which together are expected to produce returns ranging between -4.57% and 16.15% and average 5.79% over time (Source: Morningstar). Actual results may vary.

⁵ While premium requirements calculated by the insurer and cost representations made by the insurer are both predicated upon a 7.25% average annual dividend interest crediting rate, the actual historical return of the asset classes into which cash values are required by regulation (as a practical matter) to be invested has averaged less than 6.0% over the long term, and the net portfolio yield on the insurer’s General Account underlying policy cash values has averaged only 5.81% over the past 5 years. As such, to the extent that the 7.25% dividend interest crediting rate migrates down to either the historical return for the asset classes into which cash values must practically be invested and/or to the insurers own net portfolio yield, then expenses that much be “paid in cash” (i.e., not paid by internal policy earnings) will increase and additional premiums beyond the amounts shown above will be required.

⁶ Industry Benchmarks show example premiums, premium loads, policy administration expenses, cost of insurance charges, cash-value-based “wrap-fees”, cash values, and death benefits for a hypothetical policy based on TheInsuranceAdvisor.com, Inc. (TIA) benchmarks. TIA benchmarks are derived from industry standard mortality tables (see Society of Actuaries 75-80 Basic Select & Ultimate Gender-Distinct Age-Nearest Mortality Tables at www.soa.org), industry aggregate expense ratios (see Society of Actuaries Generally Recognized Expense Table for 2001 also at www.soa.org), generally accepted actuarial principals, and an assumed net policy earnings rate as shown. The hypothetical policy values produced do not reflect an actual product for sale, nor do they reflect the mathematical average of all products, but instead illustrate example policy pricing and performance intended as representative of an “average product”.

⁷ Guarantees subject to the claims-paying ability of the issuing insurance company.

⁸ Total Expenses reflect the weighted average of total year-by-year policy costs as to cost of insurance charges (COIs), fixed administration expenses (FAEs), cash-value-based “wrap fees” (e.g., M&Es) and premium loads all weighted for the time-value-of-money using a discount rate equal to that rate at which cash values would be expected to otherwise grow but for the deduction of these policy charges.



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The above is derived from illustrations of hypothetical policy performance and related Confidential Policy Evaluator (CPE) Research Reports for the various products shown. As such, this rates and terms sheet is not complete without such corresponding illustrations and CPE Research Reports.