



# 20/20 Life Insurance Audit



Prepared for: Mr. & Mrs. Client

- October 2017 -

**HEIRMARK®**

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## 20/20 LIFE INSURANCE AUDIT

# Gauging Your Performance

Insurance vehicles are dynamic in nature, affected by changes in the financial market landscape, and changes in family circumstances. Your insurance policy should be monitored and managed, just like any other asset in your portfolio.

The **Heirmark 20/20 Life Insurance Audit** is designed to bring clarity to the performance of an existing insurance plan. It includes the following tools to examine the health of an insurance policy:

- Policy snapshot
- Education - how the policy actually works
- Comparison of policy performance
- Analysis of carrier financials



# Insurance Summary



## 20/20 LIFE INSURANCE AUDIT

# Insurance Summary

Insurance Carrier	Policy Number	Policy Date	Policy Type	Annual Premium	Death Benefit	Gross CV	Loan Balance	Surr. CV	Value Date	Purpose	Insured	Risk Class	Owner	Beneficiary	Premium Payor
<b>Personal Life Insurance</b>															
Carrier A	1234567	09/18/13	SUL	21,321	6,000,000	284,215	-	284,215	10/24/17	Estate Planning	Mr. Client Mrs. Client	Standard Table B		ILIT	
<b>TOTAL</b>				<b>21,321</b>	<b>6,000,000</b>	<b>284,215</b>	<b>0</b>	<b>284,215</b>							

UL: Universal Life      IUL: Indexed UL  
 WL: Whole Life        M-: M Proprietary  
                                  S-: Survivorship

This information was taken from sources which we believe to be reliable, however there is no guarantee as to its accuracy.

Carrier A  
Policy #1234567



CARRIER A POLICY #1234567

## How it Works...

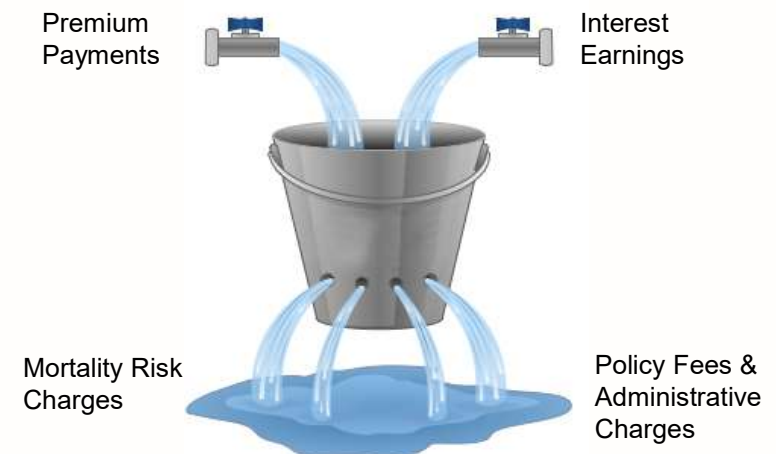
### **Survivorship Current Assumption UL (CAUL)**

A type of permanent life insurance that has both a cash value and death benefit component. Performance is dependent on an interest rate declared by the insurance company. A survivorship policy pays the death claim upon the death of the second insured.

The cash value element of CAUL is based upon the life insurance company's general accounts and is responsive to changes in market conditions. Premium funding levels may be changed periodically to correspond to interest rates and in-force policy ledgers may be used to forecast potential future premium funding levels assuming changes in interest rates.

CAUL is appropriate for policyholders seeking:

- Permanent death benefit
- Flexible premium payments
- Conservative growth





CARRIER A POLICY #1234567

# Snap Shot

## POLICY STATS

Product Type: Survivorship Current Assumption Universal Life

Insured: Mr. & Mrs. Client

Owner: ILIT

Death Benefit: \$6,000,000

Premium: \$21,321

Loan Balance: NA

Loan Interest Rate: NA

Crediting Rate @ Issue: 4.55%

Current Crediting Rate: 3.55%

Guaranteed Min. Interest Rate: 2.12%

*Important Information: Crediting rate is decreasing further to 3.40% as of December 2017. Illustrated performance reflects this lower interest rate.*

## POLICY PERFORMANCE

**AS ISSUED:** Assuming the crediting rate of 4.55% at issue and annual premiums of \$21,321 paid through age 100, the \$6 million death benefit was illustrated inforce through age 100/100. The first year outlay included a 1035 exchange cash value transfer.

**CURRENT:** Assuming the new crediting rate of 3.40% (and current charges) and annual premiums of \$21,321 paid in all years, the \$6,000,000 death benefit is illustrated inforce through age 96/96.

**ALTERNATE - To get the policy back “on track”:** assuming the new crediting rate of 3.40% (and current charges), annual premiums of \$29,969 need to be paid in all years for the \$6,000,000 death benefit to remain inforce through age 100/100.

## ASSESSMENT

**Monitor crediting rate.**

**Evaluate death benefit duration decrease, considering:**

- **Current health**
- **Projected health**
- **Longevity family history**

**Consider paying alternate premium to get coverage back “on track.”**

Insert Gauge Graphic

Good, Fair, Poor





# CARRIER A POLICY #1234567

## Illustrated Performance

		AS ISSUED Crediting Rate: 4.55%				CURRENT Crediting Rate: 3.40%				ALTERNATE Crediting Rate: 3.40%			
EOY Age	Pol Yr	Planned Premium	Account Value	Surrender Value	Death Benefit	Planned Premium	Account Value	Surrender Value	Death Benefit	Planned Premium	Account Value	Surrender Value	Death Benefit
58	5	\$21,321	\$291,402	\$291,402	\$6,000,000	* \$21,321	\$281,259	\$281,259	\$6,000,000	* \$21,321	\$281,259	\$281,259	\$6,000,000
59	6	\$21,321	\$323,023	\$323,023	\$6,000,000	\$21,321	\$308,962	\$308,962	\$6,000,000	\$29,969	\$317,461	\$317,461	\$6,000,000
60	7	\$21,321	\$355,197	\$355,197	\$6,000,000	\$21,321	\$336,723	\$336,723	\$6,000,000	\$29,969	\$354,015	\$354,015	\$6,000,000
61	8	\$21,321	\$387,758	\$387,758	\$6,000,000	\$21,321	\$364,350	\$364,350	\$6,000,000	\$29,969	\$390,747	\$390,747	\$6,000,000
62	9	\$21,321	\$420,475	\$420,475	\$6,000,000	\$21,321	\$391,589	\$391,589	\$6,000,000	\$29,969	\$427,415	\$427,415	\$6,000,000
63	10	\$21,321	\$453,036	\$453,036	\$6,000,000	\$21,321	\$418,104	\$418,104	\$6,000,000	\$29,969	\$463,703	\$463,703	\$6,000,000
64	11	\$21,321	\$487,444	\$487,444	\$6,000,000	\$21,321	\$445,699	\$445,699	\$6,000,000	\$29,969	\$501,707	\$501,707	\$6,000,000
65	12	\$21,321	\$521,250	\$521,250	\$6,000,000	\$21,321	\$472,013	\$472,013	\$6,000,000	\$29,969	\$538,882	\$538,882	\$6,000,000
66	13	\$21,321	\$554,006	\$554,006	\$6,000,000	\$21,321	\$496,569	\$496,569	\$6,000,000	\$29,969	\$574,785	\$574,785	\$6,000,000
67	14	\$21,321	\$585,300	\$585,300	\$6,000,000	\$21,321	\$518,926	\$518,926	\$6,000,000	\$29,969	\$609,016	\$609,016	\$6,000,000
68	15	\$21,321	\$616,340	\$616,340	\$6,000,000	\$21,321	\$540,276	\$540,276	\$6,000,000	\$29,969	\$642,778	\$642,778	\$6,000,000
69	16	\$21,321	\$647,852	\$647,852	\$6,000,000	\$21,321	\$561,315	\$561,315	\$6,000,000	\$29,969	\$676,783	\$676,783	\$6,000,000
70	17	\$21,321	\$678,459	\$678,459	\$6,000,000	\$21,321	\$580,617	\$580,617	\$6,000,000	\$29,969	\$709,670	\$709,670	\$6,000,000
71	18	\$21,321	\$708,408	\$708,408	\$6,000,000	\$21,321	\$598,364	\$598,364	\$6,000,000	\$29,969	\$741,655	\$741,655	\$6,000,000
72	19	\$21,321	\$738,146	\$738,146	\$6,000,000	\$21,321	\$614,999	\$614,999	\$6,000,000	\$29,969	\$773,206	\$773,206	\$6,000,000
73	20	\$21,321	\$788,285	\$788,285	\$6,000,000	\$21,321	\$631,089	\$631,089	\$6,000,000	\$29,969	\$804,912	\$804,912	\$6,000,000
74	21	\$21,321	\$799,929	\$799,929	\$6,000,000	\$21,321	\$647,707	\$647,707	\$6,000,000	\$29,969	\$837,847	\$837,847	\$6,000,000
75	22	\$21,321	\$831,518	\$831,518	\$6,000,000	\$21,321	\$663,191	\$663,191	\$6,000,000	\$29,969	\$870,446	\$870,446	\$6,000,000
76	23	\$21,321	\$863,358	\$863,358	\$6,000,000	\$21,321	\$677,794	\$677,794	\$6,000,000	\$29,969	\$902,997	\$902,997	\$6,000,000
77	24	\$21,321	\$895,717	\$895,717	\$6,000,000	\$21,321	\$691,728	\$691,728	\$6,000,000	\$29,969	\$935,749	\$935,749	\$6,000,000
78	25	\$21,321	\$929,879	\$929,879	\$6,000,000	\$21,321	\$705,735	\$705,735	\$6,000,000	\$29,969	\$969,456	\$969,456	\$6,000,000
79	26	\$21,321	\$964,909	\$964,909	\$6,000,000	\$21,321	\$720,322	\$720,322	\$6,000,000	\$29,969	\$1,004,644	\$1,004,644	\$6,000,000
80	27	\$21,321	\$100,042	\$100,042	\$6,000,000	\$21,321	\$733,039	\$733,039	\$6,000,000	\$29,969	\$1,039,044	\$1,039,044	\$6,000,000
85	32	\$21,321	\$1,161,101	\$1,161,101	\$6,000,000	\$21,321	\$756,070	\$756,070	\$6,000,000	\$29,969	\$1,190,159	\$1,190,159	\$6,000,000
90	37	\$21,321	\$1,199,485	\$1,199,485	\$6,000,000	\$21,321	\$594,885	\$594,885	\$6,000,000	\$29,969	\$1,209,862	\$1,209,862	\$6,000,000
95	42	\$21,321	\$961,253	\$961,253	\$6,000,000	\$21,321	\$58,224	\$58,224	\$6,000,000	\$29,969	\$952,714	\$952,714	\$6,000,000
100	47	\$21,321	\$2,068	\$2,068	\$6,000,000	-	-	-	-	\$29,969	\$1,112	\$1,112	\$6,000,000
101	48	-	-	-	-	-	-	-	-	-	-	-	-
		<b>Policy Lapse @ Age 101</b>				<b>Policy Lapse @ Age 96</b>				<b>Policy Lapse @ Age 101</b>			

\*Denotes current policy year. Premium has been paid.

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See full illustrations for important information about guaranteed and non-guaranteed values. This information was taken from sources which we believe to be reliable, however there is no guarantee as to its accuracy.





# CARRIER A POLICY #1234567

## Carrier Financials

### Ratings

A.M. Best Company(Best's Rating, 15 ratings)	A++ (1)
Standard & Poor's(Fin. Strength, 20 ratings)	AA+ (2)
Moody's(Fin. Strength, 21 ratings)	Aa1 (2)
Fitch Ratings(Fin. Strength, 21 ratings)	AAA (1)
Weiss(Safety Rating, 16 ratings)	B (5)
Comdex Ranking(Percentile in Rated Companies)	99

### Assets & Liabilities

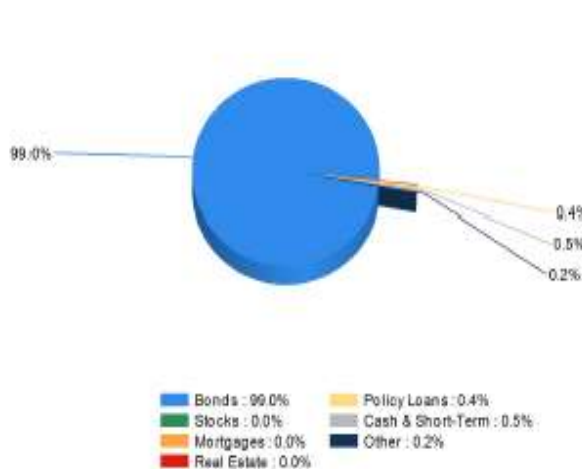
Total Admitted Assets	11,882,471
Total Liabilities	11,472,797
Separate Accounts	5,605,991
Total Surplus & AVR	450,500
As % of General Account Assets	7.2%

### Non-Performing Assets

Bonds In or Near Default	0.0%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	0.0%
Total Non-Performing Assets/Surplus & AVR	0.0%
As a Percent of Invested Assets	0.0%

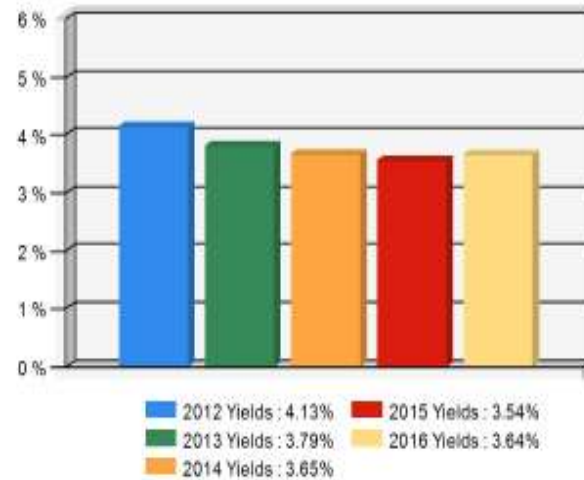
### Invested Asset Distribution

Total Invested Assets 6,163,410



### 5 Year Investment Yields

5 Year Average 3.75%



### Income & Earnings

Total Income	987,785
Net Premiums Written	692,252
Earnings Before Dividends and Taxes	15,181
Net Operating Earnings	2,877

### Bond Quality



A.M. Best's Financial Strength Rating option addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Data from year-end 2016 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown current as of October 24, 2017.



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# Disclosures

This is a hypothetical example for illustrative purposes only. The example provided is not representative of all clients' experiences and are not indicative of any future performance or results.

Illustrated pricing assumes indicated gender, smoking status, underwriting classes, issues ages, state of issue, interest rate assumptions, and in-force durations as specified in the presentation. To continue coverage beyond stated durations may require substantially higher premiums. Illustrated products and options shown based on product availability and pricing as of this date. Any product guarantees, including the death benefit, are subject to the claims paying ability of the issuing insurance company. This presentation is not complete without the accompanying illustrations. This information has been taken from sources, which we believe to be reliable, but there is no guarantee as to its accuracy. This material is intended for informational purposes only and should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney, tax advisor or plan provider.

The policy values reflect current policy charges, current cost of insurance rates, current mortality and expense risk charges, average fund expenses and the stated hypothetical gross rate of return. The policy values are hypothetical for illustration purposes only. Loans and partial withdrawals will decrease the death benefit and cash value and may be subject to policy limitations and income tax.

File #5894106.1