



**HEIRMARK**

# Life Insurance Analysis

*Prepared For: Sample Client*

JANUARY 3, 2017



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# Introduction



# Heirmark Advantage

We specialize in the acquisition, placement and service of life insurance policies. Our tailor-made insurance strategies are custom designed to meet your unique business, estate or charitable planning goals. We collaborate with you and your advisory team to help ensure that our life insurance solutions enhance your bigger picture. We focus on planning and purpose, not just product placement.

Unlike other financial assets, the cost of an insurance policy depends on your health. Without establishing insurability, premiums are just numbers on a page. While most insurance advisors apply directly to only one insurance company and obtain just one offer, we cast a wide net into the insurance marketplace for you, reeling in dozens of underwriting offers.

The placement of a life insurance policy marks the beginning, not the end of your relationship with us. When we complete a life insurance acquisition, we deliver a promise to oversee the plan and policy we placed. We will meet with you and your advisors periodically to ensure that a policy acquired today is still the best fit for years to come.

Insurance tools used by the general population may not be the best fit for you. Why? These products are generally overpriced. Statistics prove that affluent buyers generally live longer, buy large amounts of life insurance and keep their policies in force. So shouldn't you have a discounted insurance tool that reflects this positive experience?

As a member firm of **M Financial Group**, Heirmark has exclusive access to more than 30 proprietary life insurance products, available through six different, highly rated insurance companies. M member firm sales annually represent close to \$900 million in life insurance premiums. Some distribution channels, like Northwestern Mutual and New York Life, need thousands of insurance advisors to achieve sales of this magnitude. With a fraction of the insurance advisors, M Financial Group achieves these results.

MORTALITY ASSUMPTION STANDARD NONSMOKER	LIFE EXPECTANCY MALE, 50	AGE AT LIFE EXPECTANCY MALE 50
Table 2008 CSO	34 Years	84
M Mortality	38 Years	88



# Policy Audit Reviews

A Life Insurance Policy Audit Review provides an important assessment of existing life insurance policies to make informed decisions about the future viability of in-force policies. Life insurance can be an extremely complicated financial instrument with many variables that can and do change over time.

- **Many policies are underperforming** - Sustained low interest rates and volatility of equity markets have drastically impacted older policies so that original premium funding levels are largely insufficient to sustain coverage to life expectancy.
- **Mortality Costs have declined** - Life expectancies are increasing and medical care is improving, making new life insurance policies less expensive. If a life insurance policy hasn't been reviewed recently, the policy owner may be paying too much for the coverage (Mortality Table 2002 CSO was just fully implemented in 2009 to replace previous 1980 CSO Table)
- **Trustee Liability for Trust Owned Policies** - Being designated as trustee for a family member comes with immense responsibility that few private trustees understand. This fiduciary duty includes the monitoring of trust-owned life insurance to be sure it is in line with the wishes of grantors and to protect beneficiaries.
- **Substandard health risks** - Due to advances in medical care, many conditions such as heart disease, cancer, and diabetes may now be considered standard risks. Improvements in underwriting may lead to better pricing and the ability to insure some risks that were previously considered uninsurable.
- **Funding strategies have changed** - Innovative policy designs and funding techniques may be better suited to your financial situation, particularly for the sophisticated client with complex needs and desire for efficient wealth transfer strategies.



# Inforce Policy Summary

Policy Number	Policy Date	Policy Type	Model Premium	Mode	Annualized Premium	Dividend Option	Basic Face Amount	PUA Death Benefit	Death Benefit	Guaranteed Cash Value	PUA Cash Value	Total Cash Values	Cash Value Increase 2016	Cost Basis	Assignment	Riders	Value Date	Prem Offset Pol Year	Prem Offset -50%	Pol Loan Rate
<b>Insured: Sample Client Business Insurance</b>																				
11111	07/02/03	90 Life	2,188.05	M	26,256.60	PUA's	1,000,000	165,962	1,165,962	239,969.21	83,775.79	323,745.00	37,478.38	310,168.12	Yes	Dis	07/06/16	24	45	8%
22222	04/02/04	90 Life	1,147.10	M	13,765.20	PUA's	500,000	99,551	599,551	115,565.39	50,445.27	166,010.66	19,192.50	163,396.44	Yes	Dis	07/06/16	23	44	8%
33333	07/02/04	90 Life	1,147.10	M	13,765.20	PUA's	500,000	99,551	599,551	112,755.39	50,068.96	162,824.35	19,192.50	160,084.35	Yes	Dis	07/06/16	23	44	8%
44444	04/02/08	Adj Comp	1,342.41	M	16,108.92	PUA's	500,000	50,689	550,689	84,394.55	26,538.87	110,933.42	18,059.11	134,241.00	Yes	NA	07/06/16	25	40	8%
55555	03/02/09	90 Life	1,321.68	M	15,860.16	PUA's	500,000	40,500	540,500	67,260.09	18,575.62	85,835.71	15,796.92	117,629.89	Yes	NA	07/06/16	29	39	8%
66666	11/02/09	90 Life	1,321.68	M	15,860.16	PUA's	500,000	30,606	530,606	59,871.43	13,759.15	73,630.58	15,796.92	107,056.42	Yes	NA	07/06/16	30	39	8%
77777	11/06/11	90 Life	1,463.92	M	17,567.04	PUA's	500,000	16,590	516,590	40,375.00	7,455.71	47,830.71	14,856.39	83,329.53	Yes	NA	07/06/16	37	37	8%
88888	07/02/15	90 Life	3,603.03	M	43,236.36	PUA's	1,000,000	7,512	1,007,512	2,679.76	3,411.03	6,090.79	3,409.92	46,839.32	No	NA	07/06/16	33	33	8%
99999	07/02/15	10 Yr Term	419.07	M	5,028.84	Reduce	1,500,000	0	1,500,000	0	0	0	0	0	No	NA	07/06/16	NA	NA	NA
101010	11/02/15	90 Life	1,798.92	M	21,587.04	PUA's	500,000	0	500,000	270.00	0	270.00	1,645.06	16,190.31	No	NA	07/06/16	33	33	8%
Sub-Total			15,752.96		189,035.52		7,000,000	510,961	7,510,961	723,141	254,030	977,171	145,428	1,138,935						
<b>Insured: Sample Client Personal Life Insurance</b>																				
1212121	10/22/15	90 Life	1,804.10	M	21,649.20	PUA	500,000	0	500,000	0	0	280.00	NA	21,649.20	No					
2323232	06/19/14	10 YLT	374.63	M	4,495.56	Reduce	1,500,000	0	1,500,000	0	0	0	NA	13,486.68	No					
3434343	05/28/10	90 Life	262.36	M	3,148.27	PUA	500,000	22,955	522,955	NA	NA	61,376.29	NA	22,037.89	Yes					
4545454	04/28/06	90 Life	1,214.52	M	14,574.25	PUA	500,000	63,463	563,463	NA	NA	125,829.32	NA	160,316.75	Yes					
5656565	07/29/03	Variable Complife	904.84	M	10,858.08	Increase	500,000	18,687	518,687	NA	NA	134,884.07	NA	140,765.04	Yes					
676767	07/29/03	Variable Complife	904.84	M	10,858.08	Increase	500,000	18,687	518,687	NA	NA	134,884.07	NA	140,765.04	Yes					
Sub-Total			5,465.29	M	65,583		4,000,000	123,792	4,123,792	NA	NA	457,254	NA	499,021						
Total			21,218.25	M	254,619		11,000,000	634,753	11,634,753	723,141	254,030	1,434,425	145,428	1,637,956						

Values shown for business owned policies are as of 07/06/2016. Red indicates estimated or missing data as Northwestern Mutual did not respond to requests on 05/25/16 and 06/27/16.

Values shown for personal policies are taken from Northwestern Mutual summary data provided by the client as of 01/25/2016.

Information contained herein is deemed to be accurate, but Cornerstone makes no representation as to the validity of this information as provided by third-party insurer Northwestern Mutual.





# Inforce Policy Summary – Continued

Policy Number	Policy Date	Policy Type	Death Benefit	Total Cash Values	Assignment	Riders	Prem Offset Pol Year	Prem Offset -50%	Pol Loan Rate	Owner	Beneficiary	Assignee
<b>Insured: Sample Client</b>					<b>Business Insurance</b>							
11111	07/02/03	90 Life	1,165,962	323,745.00	Yes	Dis	24	45	8%	ABC Company	ABC Company	Bank
22222	04/02/04	90 Life	599,551	166,010.66	Yes	Dis	23	44	8%	ABC Company	ABC Company	Bank
33333	07/02/04	90 Life	599,551	162,824.35	Yes	Dis	23	44	8%	ABC Company	ABC Company	Bank
44444	04/02/08	Adj Comp	550,689	110,933.42	Yes	NA	25	40	8%	ABC Company	ABC Company	Bank
55555	03/02/09	90 Life	540,500	85,835.71	Yes	NA	29	39	8%	ABC Company	ABC Company	Bank
66666	11/02/09	90 Life	530,606	73,630.58	Yes	NA	30	39	8%	ABC Company	ABC Company	Bank
77777	11/06/11	90 Life	516,590	47,830.71	Yes	NA	37	37	8%	ABC Company	ABC Company	Bank
88888	07/02/15	90 Life	1,007,512	6,090.79	No	NA	33	33	8%	ABC Company	ABC Company	None
99999	07/02/15	10 Yr Term	1,500,000	0	No	NA	NA	NA	None	ABC Company	ABC Company	None
101010	11/02/15	90 Life	500,000	270.00	No	NA	33	33	8%	ABC Company	ABC Company	None
Sub-Total			7,510,961	977,171								
<b>Insured: Sample Client</b>					<b>Personal Life Insurance</b>							
1212121	10/22/15	90 Life	500,000	280.00	No	NA	NA	NA	8%	Sample Client	Wife	None
2323232	06/19/14	10 YLT	1,500,000	0	No	NA	NA	NA	None	Sample Client	Wife	None
3434343	05/28/10	90 Life	522,955	61,376.29	Yes	NA	NA	NA	8%	Sample Client	Trust Under Will	NA
4545454	04/28/06	90 Life	563,463	125,829.32	Yes	NA	NA	NA	8%	Sample Client	Trust Under Will	NA
5656565	07/29/03	Variable Complife	518,687	134,884.07	Yes	NA	NA	NA	NA	Sample Client	Wife	NA
676767	07/29/03	Variable Complife	518,687	134,884.07	Yes	NA	NA	NA	NA	Sample Client	Trust Under Will	NA
Sub-Total			4,123,792	457,254								
Total			11,634,753	1,434,425								

Values shown for business owned policies are as of 07/06/2016. Red indicates estimated or missing data as Northwestern Mutual did not respond to requests on 05/25/16 and 06/27/16.

Values shown for personal policies are taken from Northwestern Mutual summary data provided by the client as of 01/25/2016.

Information contained herein is deemed to be accurate, but Cornerstone makes no representation as to the validity of this information as provided by third-party insurer Northwestern Mutual.



# Tentative Underwriting Assessment

Insurance Carrier	Tentative Offer	Outstanding Medical Requirements	
		APS's	Exam
John Hancock	Preferred	2	-
Pacific Life	Super Preferred	-	-
Lincoln	Preferred	2	-
Prudential	Preferred	3	-
Nationwide	Preferred	-	-
Voya	Preferred	1	-
TIAA-CREF	Preferred	-	-
MetLife	Standard	2	-
Mass Mutual	Standard	-	-
Penn Mutual	Preferred	-	Exam Review

Underwriting offers summarized as of August 3, 2016. All tentative offers are non-smoker, unless otherwise specified.

Tentative underwriting offers are based on \$10 million of permanent coverage, unless otherwise specified or pending confirmation.

Offers shown are tentative and may change. All tentative offers are subject to any and all outstanding medical requirements and all additional carrier outstanding application requirements, which may not be shown above. Actual offers depend on carrier formal approval.





# Overview & Observations

1. Owning life insurance personally on your own life creates an incident of ownership and makes the entire death proceeds taxable in your estate
2. All life insurance is currently funded with after-tax dollars, so actual Rate of Return evaluations should be based upon the gross earnings (before tax) required to fund the premium cash flows
3. Whole Life premium cost is potentially much greater than other forms of permanent life insurance policies and a comparative analysis may present significant cost savings opportunities
4. Managing your business premium outlay can increase your overall Rate of Return by leaving more dollars in the company earning your projected 12% to 18% return
5. What is the purpose of the business owned life insurance beyond securing the outstanding debt? Is this coverage for some type of stock redemption or key person insurance?
6. Managing so many different policies can become overwhelming and inefficient as compared to a consolidated level of coverage in just 2 or 3 policies.



# Types of Life Insurance Policies

## **Whole Life (WL)**

WL is characterized by a guaranteed level premium and guaranteed cash values. These policies will generally have a much higher premium than other permanent types of life insurance and are often dependent upon a non-guaranteed dividend payment to create competitive growth in values and policy flexibility.

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

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.

## **No Lapse Guarantee UL (NLG-UL)**

An NLG or Secondary Guarantee UL functions the same as a CAUL except that it also provides a stated guarantee of premium, death benefit, and duration of coverage regardless of interest rate fluctuation in the future. The NLG guaranteed premium must be paid on time and in full to maintain the desired guarantees. These policies have limited premium flexibility and generally will have no cash values after a period of years.

## **Indexed UL (IUL)**

The cash value element of an IUL is based upon a selected industry index instead of the general accounts of the insurance company. The insurance company generally guarantees a minimum floor of zero percent or greater and usually there is a maximum "cap" to the potential interest rate earned by the index. The insurance company guarantees the return and uses hedging techniques and other investment strategies to provide the returns.

## **Variable UL (VUL)**

VUL policies permit the policyholder to select an array of equity-based sub-accounts as the underlying cash value element of the policy. VUL is a combination of a security and insurance product with prospectus requirements. VUL has unlimited upside potential but also has unlimited downside risk if sub-accounts do not perform as expected. Policyholder assumes all investment risks.

# Business Owned Life Insurance



# Business Life Insurance

1. Business owned life insurance is commonly used for a variety of purposes including key person coverage, buy/sell funding, and liability protection
2. The optimum amount of protection, selection of carrier, and type of policy is dependent upon the goals and objectives of the life insurance program
3. All premiums paid on life insurance owned by a business are paid with after-tax dollars because the ***premium expense is not tax-deductible*** to the company. Since in most cases the company will receive the death benefit on a tax-free basis, the premium contribution is not-tax deductible on the front end according to IRS rules
4. Cash value growth may enhance the balance sheet since cash values appear as an asset to the company. However, this should be measured in comparison with other business enterprise opportunities
5. Life insurance on the owner of a closely held business will usually inflate the value of the business directly upon the receipt of the death proceeds and therefore ***inflate the business value of the taxable estate***



# S-Corporations (or LLC's taxed as an S-Corp)

**For policies owned by the S Corp:** The premium is a non-deductible expense to the corporation (IRC Section 264). Since the premium is non-deductible, the annual premium amount will be part of the S Corp profit each year. This U.S. Form 1120S profit (net income) will be “passed-through” as K-1 income to the S Corp owner personally on Schedule E of the Form 1040 U.S. Income Tax return.

**For policies owned personally by the S Corp owner-employee, there are three options:**

**Option #1:** If current business cash flow is used to pay premiums, the amount is deductible to the corporation as bonus compensation paid (IRC Section 162). This amount is taxable income to the S Corp owner-employee personally as W-2 compensation received. Bonus comp is considered “earned income,” and therefore, all the usual FICA taxes (OASDI and HI) must be withheld at both the personal level and the matching corporate level.

**Option #2:** The S Corp owner can use some end of year distributed K-1 “pass-through” profit to pay premiums. As stated just above, this K-1 profit is taxable to the S Corp owner personally. However, this S Corp profit is generally considered to be “unearned passive income” and, therefore, is *not* subject to the FICA taxes levied on “earned income.”

**Option #3:** The S Corp may have a previously taxed profit account, known as the Accumulated Adjustments Account (AAA) for tax accounting purposes. This AAA is the cumulative amount of any previously taxed S Corp K-1 profits from prior years that have been left in the S Corp. A tax-free withdrawal can be made from this previously taxed AAA to pay for personally owned insurance of the S Corp owner. The AAA will be adjusted downward by the amount of the withdrawal. There are no FICA taxes on AAA withdrawals that have been previously taxed as “unearned income.”



# Business Life Insurance – Current Death Benefit

Prepared for Sample Client, Male Current Age 59

## COMPARISON OF FUNDING FOR BUSINESS INSURANCE

	Permanent Policies							Term Insurance				Combined Coverage		
	Insurance Carrier	Issue Class	Type	Crediting Rate	Loan Rate	Death Benefit	Annual Premium	Insurance Carrier	Years Left	Death Benefit	Annual Premium	Death Benefit	Annual Premium	Annual Percentage Savings
In Force	Northwestern Mutual	Not Available	Whole Life	5.45%	8.00%	\$6,010,961	\$184,007	Northwestern Mutual	8	\$1,500,000	\$5,029	\$7,510,961	\$189,036	NA
	Proposed 1035 exchange anticipates a transfer of \$977,171 from existing policies.													
Proposed	Penn Mutual	Preferred Nonsmoker	Whole Life	6.34%	5% Yrs 1 -10, 4% after	\$7,512,816	\$130,536	NA	NA	NA	NA	\$7,512,816	\$130,536	30.95%
Proposed	TIAA-CREF	Preferred Nonsmoker	Universal Life	4.00%	4% Yrs 1 -10, 3% after	\$7,510,961	\$66,803	NA	NA	NA	NA	\$7,510,961	\$66,803	64.66%
Proposed	Nationwide	Preferred Nonsmoker	No Lapse Guarantee UL	3.00%	5.00%	\$7,510,961	\$57,865	NA	NA	NA	NA	\$7,510,961	\$57,865	69.39%
Proposed	Pacific Life	Super Preferred Nonsmoker	Index Universal Life	6.00%	2.25%	\$7,510,961	\$65,812	NA	NA	NA	NA	\$7,510,961	\$65,812	65.19%





# Business Life Insurance – Goal \$9,000,000 Coverage

At current dividend projections, it would take **15 years** to reach \$9M of Death Benefit  
 At a reduction of 100 basis points, it will take **18 years** to reach \$9M of Death Benefit

Current Dividend Projections at 5.45%

Policy #	870	628	544	804	675	618	564	246	373	054	Totals
Age Yrs	1,165,962	599,551	599,551	550,689	540,500	530,606	516,590	1,007,512	1,500,000	500,000	7,510,961
59 1	1,194,339	613,958	613,958	563,019	551,955	540,500	523,791	1,016,846	1,500,000	503,623	7,621,989
60 2	1,224,265	629,180	629,180	576,798	564,978	551,955	532,738	1,028,111	1,500,000	508,158	7,745,363
61 3	1,255,808	645,212	645,212	592,059	579,690	564,978	543,470	1,042,444	1,500,000	513,659	7,882,532
62 4	1,288,527	662,099	662,099	608,719	596,185	579,690	556,061	1,061,709	1,500,000	520,694	8,035,783
63 5	1,322,499	679,658	679,658	626,528	614,358	596,185	570,622	1,085,855	1,500,000	530,194	8,205,557
64 6	1,357,817	697,927	697,927	645,509	633,544	614,358	587,187	1,114,751	1,500,000	542,134	8,391,154
65 7	1,394,083	716,694	716,694	665,684	653,706	633,544	605,716	1,148,308	1,500,000	556,448	8,590,877
66 8	1,437,049	736,149	736,149	687,050	674,736	653,706	626,002	1,186,370	1,500,000	573,091	8,810,302
67 9	1,481,865	759,191	759,191	709,467	696,527	674,736	647,134	1,227,903	-	591,985	7,547,999
68 10	1,528,364	783,158	783,158	732,926	718,940	696,527	668,993	1,272,835	-	612,612	7,797,513
69 11	1,576,504	807,980	807,980	757,428	741,908	718,940	691,531	1,320,611	-	634,937	8,057,819
70 12	1,626,403	833,706	833,706	782,978	765,511	741,908	714,670	1,369,991	-	658,682	8,327,555
71 13	1,678,267	860,424	860,424	809,676	789,792	765,511	738,450	1,420,958	-	683,227	8,606,729
72 14	1,732,508	888,276	888,276	837,623	815,095	789,792	762,882	1,473,987	-	708,560	8,896,999
73 15	1,789,380	917,492	917,492	866,882	841,326	815,095	788,309	1,528,859	-	734,924	9,199,759
74 16	1,849,069	948,160	948,160	897,538	868,299	841,326	814,748	1,585,433	-	762,214	9,514,947
75 17	1,911,615	980,294	980,294	929,640	895,990	868,299	842,156	1,643,693	-	790,359	9,842,340
76 18	1,976,934	1,013,852	1,013,852	963,170	924,387	895,990	870,454	1,703,640	-	819,344	10,181,623
77 19	2,044,857	1,048,756	1,048,756	998,129	953,625	924,387	899,444	1,765,687	-	849,183	10,532,824
78 20	2,115,008	1,084,800	1,084,800	1,034,325	983,945	953,625	929,158	1,830,210	-	880,063	10,895,934

Current Dividends Reduced by 100 Basis Points to 4.45%

Policy #	870	628	544	804	675	618	564	246	373	054	Totals
Age Yrs	1,165,962	599,551	599,551	550,689	540,500	530,606	516,590	1,007,512	1,500,000	500,000	7,510,961
59 1	1,187,691	610,600	610,600	560,763	549,936	540,500	523,791	1,016,131	1,500,000	503,623	7,603,635
60 2	1,210,357	622,140	622,140	571,948	560,625	549,936	531,277	1,026,061	1,500,000	507,802	7,702,286
61 3	1,234,005	634,175	634,175	584,264	572,659	560,625	540,231	1,038,442	1,500,000	512,638	7,811,214
62 4	1,258,190	646,725	646,725	597,617	586,128	572,659	550,708	1,055,086	1,500,000	518,701	7,932,539
63 5	1,282,979	659,603	659,603	611,741	600,902	586,128	562,807	1,075,912	1,500,000	526,896	8,066,571
64 6	1,308,435	672,851	672,851	626,654	616,303	600,902	576,546	1,100,756	1,500,000	537,183	8,212,481
65 7	1,334,168	686,240	686,240	642,355	632,295	616,303	591,859	1,129,512	1,500,000	549,480	8,368,452
66 8	1,365,563	699,960	699,960	658,837	648,752	632,295	608,541	1,161,953	1,500,000	563,733	8,539,594
67 9	1,397,983	716,699	716,699	675,932	665,576	648,752	625,659	1,197,026	-	579,828	7,224,154
68 10	1,431,227	733,921	733,921	693,622	682,616	665,576	643,095	1,234,613	-	597,238	7,415,829
69 11	1,465,250	751,548	751,548	711,894	699,787	682,616	660,791	1,274,166	-	615,906	7,613,506
70 12	1,500,131	769,610	769,610	730,742	717,170	699,787	678,664	1,314,384	-	635,546	7,815,644
71 13	1,536,027	788,183	788,183	750,242	734,792	717,170	696,748	1,355,250	-	655,529	8,022,124
72 14	1,573,286	807,372	807,372	770,467	752,978	734,792	715,031	1,397,207	-	675,833	8,234,338
73 15	1,612,128	827,381	827,381	791,456	771,615	752,978	733,849	1,440,015	-	696,684	8,453,487
74 16	1,652,666	848,262	848,262	813,273	790,527	771,615	753,195	1,483,506	-	717,967	8,679,273
75 17	1,694,882	870,006	870,006	835,934	809,668	790,527	773,017	1,527,649	-	739,595	8,911,284
76 18	1,738,650	892,550	892,550	859,402	829,024	809,668	793,229	1,572,426	-	761,548	9,149,047
77 19	1,783,761	915,787	915,787	883,649	848,710	829,024	813,631	1,618,194	-	783,830	9,392,373
78 20	1,829,841	939,520	939,520	908,487	868,927	848,710	834,243	1,665,281	-	806,606	9,641,135

Not valid without complete in-force life insurance illustrations stating important information about guaranteed and non-guaranteed values.



# Business Life Insurance – Goal \$9,000,000 Coverage

Prepared for Sample Client, Male Current Age 59

			# YEARS TO REACH \$9,000,000 DEATH BENEFIT				\$9,000,000 FACE AMOUNT NOW			
	Insurance Carrier	Issue Class	Type	Initial Death Benefit	Annual Premium	Year to Reach \$9M	Annual Percentage Savings	Death Benefit	Annual Premium	Annual Percentage Savings
In Force	Northwestern Mutual	Not Available	9 Whole Life & 1 Term	\$7,510,961	\$189,036	15	NA	\$7,510,961	\$189,036	NA
Proposed 1035 exchange anticipates a transfer of \$977,171 from existing policies.										
Proposed	Penn Mutual	Preferred Nonsmoker	Whole Life	\$7,512,816	\$130,536	19	30.95%	LEVEL FACE NOT APPLICABLE FOR WHOLE LIFE POLICY		
Proposed	TIAA-CREF	Preferred Nonsmoker	Universal Life	\$7,510,961	\$89,000	6	52.92%	\$9,000,000	\$90,278	52.24%
Proposed	Nationwide	Preferred Nonsmoker	No Lapse Guarantee UL	NOT AVAILABLE WITH NLG PRODUCT TYPE				\$9,000,000	\$78,637	58.40%
Proposed	Pacific Life	Super Preferred Nonsmoker	Index Universal Life	\$7,510,961	\$85,954	10	54.53%	\$9,000,000	\$92,013	51.33%

Not valid without complete in-force life insurance illustrations stating important information about guaranteed and non-guaranteed values.





# Whole Life Insurance



## Guaranteed Choice Whole Life

### Basic Ledger

#### Insured: **Sammy Nagem**

Male, Age 59, Preferred Non-Tobacco  
Contract Premium Mode: Annual  
EPPUA Premium Mode: Annual  
Policy Payment Period: 41 Years  
Initial Premium: \$1,107,707.00

Initial Base Face Amount: \$1,850,000  
Initial Flexible Protection Rider Face Amount: \$3,700,000  
Initial Total Face Amount: \$5,550,000  
Initial Dividend Option: Paid-Up Additions (PUAs)

Not valid without complete life insurance illustrations stating important information about guaranteed and non-guaranteed values. The policy is designed with a 1035 Exchange of \$977,171.

Year	Age	Premium Breakdown				Guaranteed Assumptions			Non-Guaranteed Assumptions					Year	Age	Basic Contract Premium
		Base Contract Premium	FPR Contract Premium	EPPUA Premium	Total Premium	Total Cash Value	Increase In Total Cash Value	Total Death Benefit	Dividend	Total Cash Value	Increase In Total Cash Value	Total Death Benefit w/out Div	Total Death Benefit			
1	60	62,012	68,524	977,171	1,107,707	950,277	950,277	7,487,414	25,402	975,679	975,679	7,487,414	7,512,816	1	60	62,012
2	61	62,012	68,524	0	130,536	1,028,061	77,785	7,487,414	28,371	1,091,736	116,057	7,539,203	7,567,575	2	61	62,012
3	62	62,012	68,524	0	130,536	1,143,831	115,769	7,487,414	31,635	1,251,276	159,541	7,592,949	7,624,584	3	62	62,012
4	63	62,012	68,524	0	130,536	1,257,637	113,807	7,487,414	39,720	1,419,541	168,264	7,648,972	7,688,692	4	63	62,012
5	64	62,012	68,524	0	130,536	1,368,736	111,099	7,487,414	46,974	1,595,550	176,009	7,707,405	7,754,379	5	64	62,012
6	65	62,012	68,524	0	130,536	1,476,863	108,128	7,487,414	54,148	1,779,442	183,892	7,768,556	7,822,705	6	65	62,012
7	66	62,012	68,524	0	130,536	1,581,638	104,774	7,487,414	67,260	1,977,358	197,917	7,832,416	7,899,676	7	66	62,012
8	67	62,012	68,524	0	130,536	1,683,116	101,478	7,487,414	74,563	2,184,417	207,058	7,899,141	7,973,705	8	67	62,012
9	68	62,012	68,524	0	130,536	1,781,295	98,179	7,487,414	82,236	2,401,637	217,221	7,968,767	8,051,003	9	68	62,012
10	69	62,012	68,524	0	130,536	1,875,586	94,291	7,487,414	90,341	2,629,734	228,097	8,041,411	8,131,751	10	69	62,012
11	70	62,012	68,524	0	130,536	1,962,734	87,148	7,361,888	98,798	2,863,926	234,192	8,117,195	8,215,993	11	70	62,012
12	71	62,012	68,524	0	130,536	2,050,414	87,680	7,089,064	107,995	3,109,728	245,802	8,196,160	8,304,155	12	71	62,012
13	72	62,012	68,524	0	130,536	2,138,471	88,057	6,835,465	117,817	3,367,768	258,040	8,278,613	8,396,430	13	72	62,012
14	73	62,012	68,524	0	130,536	2,225,741	87,270	6,563,877	128,975	3,637,433	269,665	8,364,754	8,493,729	14	73	62,012
15	74	62,012	68,524	0	130,536	2,312,354	86,613	6,332,982	140,705	3,920,002	282,569	8,455,205	8,595,910	15	74	62,012
16	75	62,012	68,524	0	130,536	2,398,499	86,145	6,135,020	152,994	4,216,969	296,967	8,550,148	8,703,141	16	75	62,012
17	76	62,012	68,524	0	130,536	2,484,157	85,658	5,957,561	162,781	4,526,428	309,459	8,649,728	8,812,509	17	76	62,012
18	77	62,012	68,524	0	130,536	2,569,286	85,129	5,798,521	173,758	4,850,177	323,749	8,752,506	8,926,264	18	77	62,012
19	78	62,012	68,524	0	130,536	2,653,386	84,100	5,647,340	185,233	5,188,521	338,344	8,858,958	9,044,191	19	78	62,012
20	79	62,012	68,524	0	130,536	2,735,847	82,461	5,504,220	198,000	5,542,506	353,985	8,969,238	9,167,238	20	79	62,012
21	80	62,012	68,524	0	130,536	2,816,048	80,201	5,371,488	211,998	5,913,453	370,947	9,083,847	9,295,845	21	80	62,012
22	81	62,012	68,524	0	130,536	2,893,922	77,874	5,255,381	226,287	6,303,286	389,832	9,203,244	9,429,531	22	81	62,012
23	82	62,012	68,524	0	130,536	2,968,882	74,960	5,149,278	241,914	6,714,421	411,135	9,327,398	9,569,312	23	82	62,012
24	83	62,012	68,524	0	130,536	3,041,382	72,500	5,060,149	257,754	7,150,928	436,507	9,456,767	9,714,522	24	83	62,012
25	84	62,012	68,524	0	130,536	3,111,484	70,102	4,981,850	272,568	7,615,673	464,746	9,591,196	9,863,764	25	84	62,012
26	85	62,012	68,524	0	130,536	3,178,954	67,470	4,911,026	293,831	8,107,001	491,328	9,911,493	10,205,325	26	85	62,012
27	86	62,012	68,524	0	130,536	3,243,341	64,387	4,846,464	312,495	8,615,700	508,699	10,350,317	10,662,812	27	86	62,012
28	87	62,012	68,524	0	130,536	3,304,307	60,966	4,788,122	330,563	9,140,079	524,379	10,805,871	11,136,433	28	87	62,012
29	88	62,012	68,524	0	130,536	3,361,499	57,192	4,736,113	348,823	9,679,197	539,118	11,277,348	11,626,171	29	88	62,012
30	89	62,012	68,524	0	130,536	3,414,851	53,352	4,690,417	368,180	10,233,407	554,210	11,764,966	12,133,146	30	89	62,012



# Universal Life Insurance

**TIAA-CREF Life Insurance Company**

730 Third Avenue, New York, NY 10017

Male, Issue Age 59, Preferred Non-Tobacco  
Premium Frequency = Annual

## **M Intelligent Universal Life**

A Life Insurance Policy Illustration  
Flexible Premium Universal Life Insurance Policy  
Form # TMUL2011 - For Presentation in LA

Death Benefit Option = Opt A - Level, CVAT  
Initial Face Amount = \$7,510,961  
Initial Crediting Rate = 4.00%

### **Ledger Illustration Non-Guaranteed Detail**

**Non Guaranteed Values (EOY)**  
**Current Rate of 4.00% Years 1-10, 4.50% Years 11+**  
**Based on Current Policy Charges**

Policy Yr	(EOY) Age	Net Outlay	Interest Crediting Rate	Policy Value	Cash Surrender Value	Death Benefit Proceeds	Cash Surrender Value IRR	Death Benefit Proceeds IRR
1	60	1,043,974	4.00%	931,023	931,023	7,510,961	-10.82%	619.46%
2	61	66,803	4.00%	981,256	981,256	7,510,961	-6.20%	165.05%
3	62	66,803	4.00%	1,030,524	1,030,524	7,510,961	-4.61%	89.85%
4	63	66,803	4.00%	1,079,122	1,079,122	7,510,961	-3.81%	60.65%
5	64	66,803	4.00%	1,127,325	1,127,325	7,510,961	-3.32%	45.34%
6	65	66,803	4.00%	1,174,939	1,174,939	7,510,961	-3.00%	35.95%
7	66	66,803	4.00%	1,221,457	1,221,457	7,510,961	-2.77%	29.62%
8	67	66,803	4.00%	1,266,087	1,266,087	7,510,961	-2.61%	25.07%
9	68	66,803	4.00%	1,309,287	1,309,287	7,510,961	-2.50%	21.64%
10	69	66,803	4.00%	1,349,839	1,349,839	7,510,961	-2.42%	18.97%
<b>Total</b>		<b>1,645,201</b>						
11	70	66,803	4.50%	1,421,531	1,421,531	7,510,961	-2.10%	16.83%
12	71	66,803	4.50%	1,492,312	1,492,312	7,510,961	-1.85%	15.08%
13	72	66,803	4.50%	1,562,241	1,562,241	7,510,961	-1.65%	13.62%
14	73	66,803	4.50%	1,631,184	1,631,184	7,510,961	-1.48%	12.38%
15	74	66,803	4.50%	1,698,748	1,698,748	7,510,961	-1.34%	11.32%
16	75	66,803	4.50%	1,766,911	1,766,911	7,510,961	-1.22%	10.41%
17	76	66,803	4.50%	1,835,022	1,835,022	7,510,961	-1.12%	9.61%
18	77	66,803	4.50%	1,903,020	1,903,020	7,510,961	-1.03%	8.90%
19	78	66,803	4.50%	1,970,729	1,970,729	7,510,961	-0.95%	8.28%
20	79	66,803	4.50%	2,037,699	2,037,699	7,510,961	-0.88%	7.72%
<b>Total</b>		<b>2,313,231</b>						
21	80	66,803	4.50%	2,101,329	2,101,329	7,510,961	-0.83%	7.21%
22	81	66,803	4.50%	2,160,865	2,160,865	7,510,961	-0.80%	6.76%
23	82	66,803	4.50%	2,215,282	2,215,282	7,510,961	-0.78%	6.34%
24	83	66,803	4.50%	2,263,253	2,263,253	7,510,961	-0.79%	5.97%
25	84	66,803	4.50%	2,304,119	2,304,119	7,510,961	-0.81%	5.62%
26	85	66,803	4.50%	2,399,394	2,399,394	7,510,961	-0.69%	5.31%
27	86	66,803	4.50%	2,492,507	2,492,507	7,510,961	-0.60%	5.02%
28	87	66,803	4.50%	2,583,350	2,583,350	7,510,961	-0.51%	4.75%
29	88	66,803	4.50%	2,670,417	2,670,417	7,510,961	-0.45%	4.50%
30	89	66,803	4.50%	2,751,544	2,751,544	7,510,961	-0.40%	4.27%
<b>Total</b>		<b>2,981,261</b>						

Not valid without complete life insurance illustrations stating important information about guaranteed and non-guaranteed values. The policy is designed with a 1035 Exchange of \$977,171 and a current duration of age 110.





# No Lapse Guarantee UL



M Financial Group™

## Life Insurance Proposal

Nationwide Marathon® No-Lapse Guarantee UL

Nationwide Life and Annuity Insurance Company, Columbus, Ohio

Male/59/Select Preferred Nontobacco

IRC Section 7702: Guideline Premium Test

Specified Amount: \$7,510,961

Death Benefit Options: Option 1 (Level)

Initial Planned Premium: \$57,865.00 Annual

Rollover: \$977,171.00

## Guaranteed

Guaranteed Interest Rate 3.00%

Guaranteed Charges

End of Year	Age	Annualized Premium Outlay	Accumulated Value	Net Surrender Value	Net Death Benefit
1	60	1,035,036	372,229	25,629	7,510,961
2	61	57,865	246,951	0	7,510,961
3	62	57,865	109,240	0	7,510,961
4	63	57,865	0	0	7,510,961
5	64	57,865	0	0	7,510,961
<b>Total</b>		<b>1,266,496</b>			
6	65	57,865	0	0	7,510,961
7	66	57,865	0	0	7,510,961
8	67	57,865	0	0	7,510,961
9	68	57,865	0	0	7,510,961
10	69	57,865	0	0	7,510,961
<b>Total</b>		<b>1,555,821</b>			
11	70	57,865	0	0	7,510,961
12	71	57,865	0	0	7,510,961
13	72	57,865	0	0	7,510,961
14	73	57,865	0	0	7,510,961
15	74	57,865	0	0	7,510,961
<b>Total</b>		<b>1,845,146</b>			
16	75	57,865	0	0	7,510,961 *
17	76	57,865	0	0	7,510,961 *
18	77	57,865	0	0	7,510,961 *
19	78	57,865	0	0	7,510,961 *
20	79	57,865	0	0	7,510,961 *
<b>Total</b>		<b>2,134,471</b>			
21	80	57,865	0	0	7,510,961 *
22	81	57,865	0	0	7,510,961 *
23	82	57,865	0	0	7,510,961 *
24	83	57,865	0	0	7,510,961 *
25	84	57,865	0	0	7,510,961 *
<b>Total</b>		<b>2,423,796</b>			

Not valid without complete life insurance illustrations stating important information about guaranteed and non-guaranteed values. The policy is designed with a 1035 Exchange of \$977,171 and coverage is **guaranteed** to age 110.



# Indexed Universal Life Insurance



MVP IUL 3 - GPT - Life Insurance Illustration  
Indexed Universal Life Insurance  
Form Series ICC15 P15IUL or P15IUL - For Presentation in LA

Male, Age 59  
Super Preferred Nonsmoker

Death Benefit Option = A - (Level)  
Total Face Amount = \$7,510,961  
Premium Frequency = Annual

**Life Insurance Producer:**  
Raymond Nash  
Cornerstone Consulting Group  
3421 Ridgewood Road  
Suite 225  
Fairlawn, OH 44333

Includes No Lapse Guarantee Rider to Age 87			Non-Guaranteed Values (EOY) @ 6.00% <sup>1</sup>				
Yr	Age	Premium Outlay* (1)	Accumulated Value (2)	Cash Surrender Value (3)	Death Benefit (4)	Cash Surrender Value IRR (5)	Death Benefit IRR (6)
1	59	1,042,983	1,026,999	1,026,666	7,510,961	-1.56%	620.14%
2	60	65,812	1,087,820	1,087,505	7,510,961	-0.99%	165.22%
3	61	65,812	1,123,363	1,123,065	7,510,961	-1.57%	89.95%
4	62	65,812	1,158,847	1,158,567	7,510,961	-1.84%	60.74%
5	63	65,812	1,193,706	1,193,443	7,510,961	-1.99%	45.41%
6	64	65,812	1,226,790	1,226,580	7,510,961	-2.11%	36.01%
7	65	65,812	1,256,965	1,256,808	7,510,961	-2.22%	29.68%
8	66	65,812	1,285,451	1,285,346	7,510,961	-2.31%	25.12%
9	67	65,812	1,313,396	1,313,343	7,510,961	-2.37%	21.69%
10	68	65,812	1,341,489	1,341,489	7,510,961	-2.42%	19.02%
Total		1,635,291					
11	69	65,812	1,450,727	1,450,727	7,510,961	-1.80%	16.88%
12	70	65,812	1,564,977	1,564,977	7,510,961	-1.27%	15.12%
13	71	65,812	1,681,235	1,681,235	7,510,961	-0.85%	13.66%
14	72	65,812	1,798,945	1,798,945	7,510,961	-0.50%	12.43%
15	73	65,812	1,918,179	1,918,179	7,510,961	-0.21%	11.37%
16	74	65,812	2,038,951	2,038,951	7,510,961	0.04%	10.45%
17	75	65,812	2,160,988	2,160,988	7,510,961	0.24%	9.65%
18	76	65,812	2,285,111	2,285,111	7,510,961	0.41%	8.94%
19	77	65,812	2,411,030	2,411,030	7,510,961	0.56%	8.32%
20	78	65,812	2,539,276	2,539,276	7,510,961	0.70%	7.76%
Total		2,293,411					
21	79	65,812	2,670,223	2,670,223	7,510,961	0.81%	7.25%
22	80	65,812	2,804,166	2,804,166	7,510,961	0.91%	6.80%
23	81	65,812	2,939,370	2,939,370	7,510,961	1.00%	6.38%
24	82	65,812	3,075,567	3,075,567	7,510,961	1.08%	6.01%
25	83	65,812	3,212,292	3,212,292	7,510,961	1.14%	5.66%
26	84	65,812	3,348,984	3,348,984	7,510,961	1.20%	5.35%
27	85	65,812	3,484,721	3,484,721	7,510,961	1.24%	5.05%
28	86	65,812	3,617,578	3,617,578	7,510,961	1.27%	4.79%
29	87	65,812	3,747,082	3,747,082	7,510,961	1.29%	4.54%
30	88	65,812	3,872,988	3,872,988	7,510,961	1.31%	4.30%
Total		2,951,531					

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# Personal Life Insurance



# Personal Life Insurance

**Income Replacement** – provides lump sum proceeds to produce income for spouse and other dependents in the event of an untimely death.

**Estate Planning** – provides funding to cover estate tax liquidity. Married individuals “may” transfer assets to a surviving spouse and delay the estate tax, but eventually it will have to be paid.

**Supplemental Retirement Savings** – cash value life insurance may provide additional cash in retirement years and enhance a personal balance sheet.

**Estate Equalization** - provides an amount of life insurance benefit to certain beneficiaries who may not be receiving other assets from an estate plan. A business owner may use life insurance to provide for inactive children while active children are deemed to receive the business itself.



# Personal Life Insurance – Policy Assessment

1. There are 4 policies with an assignment to cover bank financing. Why isn't the \$1.5M term policy used instead to cover up to 75% of the loan? Term is generally used to cover financing and this would leave better access to the permanent policies without restriction.
2. The variable policies have been in place since 2003 with an estimated current basis of \$281,530 and a current cash value of only \$269,768.
3. The insurance company did not provide any in-force ledgers or statements for the personal policies. We made two requests on your behalf.
4. Providing a clear strategy and details as to the purpose of the personal policies would allow us to better recommend the proper type of insurance, how the coverage should be owned, and the funding levels. We will work with your other advisors to develop a comprehensive strategy.



# Estate Tax Planning

1. Estate Planning involves determining what you own and where you would like it to go after you are gone.
2. Estate taxes may erode much of the lifelong value you have accumulated if proper planning has not been implemented.
3. Life insurance can be a key component of estate tax planning if structured properly and owned by a third-party to keep the *death proceeds outside of your taxable estate*.
4. Estate planning life insurance is usually owned by an *insurance trust* or the *children of the insured*.
5. Since you should not directly own the life insurance, you will not have direct access to the cash values of this coverage.
6. Estate planning life insurance is therefore usually focused more on the *ratio of premium to death benefit* rather than on cash values which are not accessible.



# Estate Tax Calculation

	Current Structure	Proposed Structure
<b>Personal</b>		
Assets	2,000,000	2,000,000
Life Insurance	4,000,000	-
<b>Business</b>		
Net Value	13,000,000	13,000,000
Life Insurance	7,400,000	7,400,000
Taxable Estate	26,400,000	22,400,000
Adjusted Taxable Gifts	-	* (457,300)
Tentative Tax Base	26,400,000	21,942,700
 Tentative Estate Tax	 10,505,800	 9,088,720
Applicable Exclusion Amount	5,450,000	5,450,000
Less: Unified Credit	(2,125,800)	(2,125,800)
Estate Tax Payable	8,380,000	6,962,920
 Net Estate Value to Heirs	 18,020,000	 15,437,080
Trust-Owned Life Ins.	-	4,000,000
Total Net To Heirs	18,020,000	19,437,080
 <b>Net as % of Taxable Estate</b>	 <b>68.3%</b>	 <b>86.8%</b>

*\*Assumes Gift of Life Insurance to a trust with \$457,254 Cash Values*

*Assumes current Estate Exemption amount of \$5,450,000 per person.*

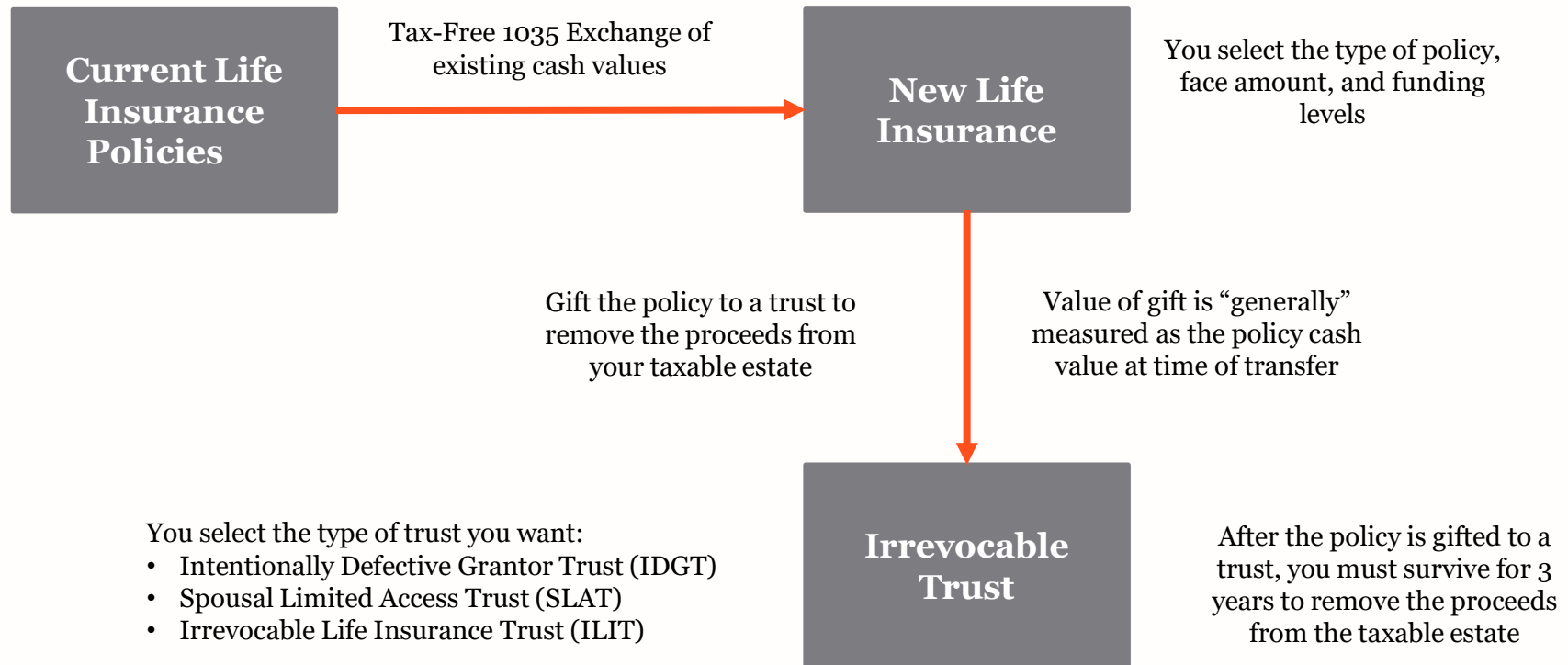
*Spouse's exemption not reflected in this analysis.*

*Assumes approx. 40% tax rate*

High net worth individuals should generally not own life insurance on their own life. If there is a desire to have access to the cash values, a Spousal Limited Access Trust (SLAT) may provide flexibility and access without making the death proceeds taxable in the insured's estate.



# Removing the Death Proceeds from Taxable Estate



*Please seek your own tax and legal council for specific recommendations for your situation as Heirmark is not authorized to provide direct tax or legal advice.*





# Personal Life Insurance

Prepared for Sample Client, Male Current Age 59

## COMPARISON OF FUNDING FOR PERSONAL INSURANCE

	Permanent Policies					Term Insurance					Combined Coverage		
	Insurance Carrier	Issue Class	Type	Death Benefit	Annual Premium	Insurance Carrier	Issue Class	Years Left	Death Benefit	Annual Premium	Death Benefit	Annual Premium	Annual Percentage Savings
In Force	Northwestern Mutual	Not Available	Various	\$2,623,792	\$61,087	Northwestern Mutual	Not Available	7	\$1,500,000	\$4,496	\$4,123,792	\$65,583	NA
	Proposed 1035 exchange anticipates a transfer of \$457,254 from existing policies.												
Proposed	Penn Mutual	Preferred Nonsmoker	Whole Life	\$2,636,898	\$58,000	Pacific Life	Super Preferred Nonsmoker	10	\$1,500,000	\$3,920	\$4,136,898	\$61,920	5.58%
Proposed	TIAA-CREF	Preferred Nonsmoker	Universal Life	\$4,123,792	\$45,122	NA	NA	NA	NA	NA	\$4,123,792	\$45,122	31.20%
Proposed	Nationwide	Preferred Nonsmoker	No Lapse Guarantee UL	\$4,123,792	\$35,673	NA	NA	NA	NA	NA	\$4,123,792	\$35,673	45.61%
Proposed	Pacific Life	Super Preferred Nonsmoker	Index Universal Life	\$4,123,792	\$41,688	NA	NA	NA	NA	NA	\$4,123,792	\$41,688	36.43%

Not valid without complete life insurance illustrations stating important information about guaranteed and non-guaranteed values



# Whole Life Insurance



## Guaranteed Choice Whole Life

### Basic Ledger

Male, Age 59, Preferred Non-Tobacco  
Contract Premium Mode: Annual  
EPPUA Premium Mode: Annual  
Policy Payment Period: 41 Years  
Initial Premium: \$515,254.02

Initial Base Face Amount: \$1,730,311

Initial Dividend Option: Paid-Up Additions (PUAs)

### Basic Ledger

#### Assumptions

##### Guaranteed: No Dividends

Values shown under these assumptions are based on the guarantees in your policy and assume no dividends.

##### Non-Guaranteed: Current Scale

Values shown under these assumptions are based on the guarantees in your policy, as well as any non-guaranteed dividends paid at the current scale.

Year	Age	Premium Breakdown			Guaranteed Assumptions			Non-Guaranteed Assumptions			
		Base Contract Premium	EPPUA Premium	Total Premium	Total Cash Value	Increase In Total Cash Value	Total Death Benefit	Dividend	Total Cash Value	Increase In Total Cash Value	Total Death Benefit
1	60	58,000	457,254	515,254	423,934	423,934	2,636,898	11,332	435,267	435,267	2,648,230
2	61	58,000	0	58,000	448,979	25,045	2,636,898	12,110	472,758	37,492	2,673,242
3	62	58,000	0	58,000	511,039	62,060	2,636,898	12,992	548,505	75,746	2,699,273
4	63	58,000	0	58,000	573,570	62,531	2,636,898	18,263	630,368	81,863	2,730,760
5	64	58,000	0	58,000	636,453	62,883	2,636,898	22,575	717,406	87,038	2,770,901
6	65	58,000	0	58,000	699,746	63,293	2,636,898	26,732	809,630	92,224	2,818,148
7	66	58,000	0	58,000	763,455	63,709	2,636,898	36,298	912,556	102,926	2,877,389
8	67	58,000	0	58,000	827,805	64,350	2,636,898	40,321	1,021,111	108,556	2,947,117
9	68	58,000	0	58,000	892,991	65,186	2,636,898	44,537	1,135,789	114,678	3,022,469
10	69	58,000	0	58,000	959,049	66,058	2,636,898	48,994	1,256,968	121,179	3,103,535
11	70	58,000	0	58,000	1,020,750	61,701	2,636,898	53,645	1,379,736	122,767	3,190,387
12	71	58,000	0	58,000	1,082,828	62,078	2,636,898	58,726	1,509,318	129,583	3,283,285
13	72	58,000	0	58,000	1,145,172	62,344	2,636,898	64,172	1,646,059	136,741	3,382,571
14	73	58,000	0	58,000	1,206,960	61,789	2,636,898	70,437	1,789,905	143,846	3,488,978
15	74	58,000	0	58,000	1,268,284	61,324	2,636,898	77,012	1,941,359	151,454	3,602,978
16	75	58,000	0	58,000	1,329,276	60,992	2,636,898	83,883	2,100,967	159,608	3,724,717
17	76	58,000	0	58,000	1,389,929	60,653	2,636,898	89,142	2,267,194	166,227	3,852,413
18	77	58,000	0	58,000	1,450,207	60,278	2,636,898	95,098	2,440,748	173,554	3,985,770
19	78	58,000	0	58,000	1,509,756	59,549	2,636,898	101,280	2,621,443	180,695	4,125,107
20	79	58,000	0	58,000	1,568,149	58,393	2,636,898	108,181	2,809,444	188,001	4,271,029
21	80	58,000	0	58,000	1,624,944	56,796	2,636,898	115,724	3,004,787	195,344	4,424,258
22	81	58,000	0	58,000	1,680,097	55,153	2,636,898	123,297	3,207,421	202,634	4,584,862
23	82	58,000	0	58,000	1,733,189	53,092	2,636,898	131,466	3,417,299	209,877	4,753,267
24	83	58,000	0	58,000	1,784,546	51,357	2,636,898	139,503	3,634,708	217,409	4,929,370
25	84	58,000	0	58,000	1,834,213	49,667	2,636,898	146,577	3,858,702	223,995	5,112,017
26	85	58,000	0	58,000	1,882,029	47,816	2,636,898	157,232	4,092,517	233,815	5,304,422
27	86	58,000	0	58,000	1,927,668	45,639	2,636,898	166,250	4,333,944	241,427	5,505,671
28	87	58,000	0	58,000	1,970,911	43,243	2,636,898	174,822	4,581,992	248,048	5,714,818
29	88	58,000	0	58,000	2,011,499	40,588	2,636,898	183,424	4,836,097	254,105	5,931,742
30	89	58,000	0	58,000	2,049,409	37,909	2,636,898	192,573	5,096,486	260,389	6,156,973

Not valid without complete life insurance illustrations stating important information about guaranteed and non-guaranteed values. The policy is designed with a 1035 Exchange of \$457,254.





# Universal Life

**TIAA-CREF Life Insurance Company**  
730 Third Avenue, New York, NY 10017

**Proposed Insured:**  
Male, Issue Age 59, Preferred Non-Tobacco  
Premium Frequency = Annual

## M Intelligent Universal Life

A Life Insurance Policy Illustration  
Flexible Premium Universal Life Insurance Policy  
Form # TMUL2011 - For Presentation in LA

Death Benefit Option = Opt A - Level, CVAT  
Initial Face Amount = \$4,123,792  
Initial Crediting Rate = 4.00%

### Ledger Illustration Non-Guaranteed Detail

**Non Guaranteed Values (EOY)**  
Current Rate of 4.00% Years 1-10, 4.50% Years 11+  
Based on Current Policy Charges

Policy Yr	(EOY) Age	Net Outlay	Interest Crediting Rate	Policy Value	Cash Surrender Value	Death Benefit Proceeds	Cash Surrender Value IRR	Death Benefit Proceeds IRR
1	60	502,376	4.00%	444,556	444,556	4,123,792	-11.51%	720.86%
2	61	45,122	4.00%	477,023	477,023	4,123,792	-6.94%	182.05%
3	62	45,122	4.00%	509,151	509,151	4,123,792	-5.35%	97.31%
4	63	45,122	4.00%	541,117	541,117	4,123,792	-4.51%	65.00%
5	64	45,122	4.00%	573,089	573,089	4,123,792	-3.99%	48.21%
6	65	45,122	4.00%	604,973	604,973	4,123,792	-3.62%	37.99%
7	66	45,122	4.00%	636,504	636,504	4,123,792	-3.35%	31.12%
8	67	45,122	4.00%	667,261	667,261	4,123,792	-3.15%	26.20%
9	68	45,122	4.00%	697,520	697,520	4,123,792	-3.00%	22.51%
10	69	45,122	4.00%	726,629	726,629	4,123,792	-2.89%	19.64%
<b>Total</b>		<b>908,474</b>						
11	70	45,122	4.50%	773,844	773,844	4,123,792	-2.50%	17.34%
12	71	45,122	4.50%	820,989	820,989	4,123,792	-2.19%	15.47%
13	72	45,122	4.50%	868,134	868,134	4,123,792	-1.93%	13.91%
14	73	45,122	4.50%	915,247	915,247	4,123,792	-1.71%	12.59%
15	74	45,122	4.50%	962,158	962,158	4,123,792	-1.53%	11.46%
16	75	45,122	4.50%	1,009,991	1,009,991	4,123,792	-1.37%	10.49%
17	76	45,122	4.50%	1,058,443	1,058,443	4,123,792	-1.23%	9.64%
18	77	45,122	4.50%	1,107,534	1,107,534	4,123,792	-1.10%	8.89%
19	78	45,122	4.50%	1,157,233	1,157,233	4,123,792	-0.98%	8.22%
20	79	45,122	4.50%	1,207,366	1,207,366	4,123,792	-0.88%	7.63%
<b>Total</b>		<b>1,359,694</b>						
21	80	45,122	4.50%	1,256,632	1,256,632	4,123,792	-0.79%	7.10%
22	81	45,122	4.50%	1,304,734	1,304,734	4,123,792	-0.72%	6.62%
23	82	45,122	4.50%	1,351,248	1,351,248	4,123,792	-0.66%	6.19%
24	83	45,122	4.50%	1,395,617	1,395,617	4,123,792	-0.63%	5.79%
25	84	45,122	4.50%	1,437,658	1,437,658	4,123,792	-0.60%	5.43%
26	85	45,122	4.50%	1,509,087	1,509,087	4,123,792	-0.46%	5.10%
27	86	45,122	4.50%	1,580,808	1,580,808	4,123,792	-0.33%	4.79%
28	87	45,122	4.50%	1,652,931	1,652,931	4,123,792	-0.22%	4.51%
29	88	45,122	4.50%	1,724,893	1,724,893	4,123,792	-0.13%	4.25%
30	89	45,122	4.50%	1,795,857	1,795,857	4,123,792	-0.04%	4.01%
<b>Total</b>		<b>1,810,914</b>						

Not valid without complete life insurance illustrations stating important information about guaranteed and non-guaranteed values. The policy is designed with a 1035 Exchange of \$457,254 and a current duration of age 110.



# No Lapse Guarantee UL



M Financial Group™

## Life Insurance Proposal

### Nationwide Marathon® No-Lapse Guarantee UL

Nationwide Life and Annuity Insurance Company, Columbus, Ohio

Male/59/Select Preferred Nontobacco

IRC Section 7702: Guideline Premium Test

Specified Amount: \$4,123,792

Death Benefit Options: Option 1 (Level)

Initial Planned Premium: \$35,673.00 Annual

Rollover: \$457,254.00

Guaranteed  
Guaranteed Interest Rate 3.00%  
Guaranteed Charges

End of Year	Age	Annualized Premium Outlay	Accumulated Value	Net Surrender Value	Net Death Benefit
1	60	492,927	165,266	0	4,123,792
2	61	35,673	96,866	0	4,123,792
3	62	35,673	21,617	0	4,123,792
4	63	35,673	0	0	4,123,792
5	64	35,673	0	0	4,123,792
<b>Total</b>		<b>635,619</b>			
6	65	35,673	0	0	4,123,792
7	66	35,673	0	0	4,123,792
8	67	35,673	0	0	4,123,792
9	68	35,673	0	0	4,123,792
10	69	35,673	0	0	4,123,792
<b>Total</b>		<b>813,984</b>			
11	70	35,673	0	0	4,123,792
12	71	35,673	0	0	4,123,792
13	72	35,673	0	0	4,123,792
14	73	35,673	0	0	4,123,792
15	74	35,673	0	0	4,123,792
<b>Total</b>		<b>992,349</b>			
16	75	35,673	0	0	4,123,792 *
17	76	35,673	0	0	4,123,792 *
18	77	35,673	0	0	4,123,792 *
19	78	35,673	0	0	4,123,792 *
20	79	35,673	0	0	4,123,792 *
<b>Total</b>		<b>1,170,714</b>			
21	80	35,673	0	0	4,123,792 *
22	81	35,673	0	0	4,123,792 *
23	82	35,673	0	0	4,123,792 *
24	83	35,673	0	0	4,123,792 *
25	84	35,673	0	0	4,123,792 *
<b>Total</b>		<b>1,349,079</b>			

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# Indexed Universal Life



MVP IUL 3 - GPT - Life Insurance Illustration  
Indexed Universal Life Insurance  
Form Series ICC15 P15IUL or P15IUL - For Presentation in LA

Male, Age 59  
Super Preferred Nonsmoker

Death Benefit Option = A - (Level)  
Total Face Amount = \$4,123,792  
Premium Frequency = Annual

**Life Insurance Producer:**  
Raymond Nash  
Cornerstone Consulting Group  
3421 Ridgewood Road  
Suite 225  
Fairlawn, OH 44333

		Non-Guaranteed Values (EOY) @ 6.00% <sup>1</sup>					
		Includes No Lapse Guarantee Rider to Age 88					
Yr	Age	Premium Outlay* (1)	Accumulated Value (2)	Cash Surrender Value (3)	Death Benefit (4)	Cash Surrender Value IRR (5)	Death Benefit IRR (6)
1	59	498,942	490,039	489,706	4,123,792	-1.85%	726.51%
2	60	41,688	524,170	523,855	4,123,792	-1.63%	183.34%
3	61	41,688	544,462	544,164	4,123,792	-2.41%	98.08%
4	62	41,688	564,746	564,465	4,123,792	-2.76%	65.59%
5	63	41,688	584,706	584,444	4,123,792	-2.95%	48.71%
6	64	41,688	603,703	603,493	4,123,792	-3.08%	38.43%
7	65	41,688	621,104	620,946	4,123,792	-3.20%	31.53%
8	66	41,688	637,593	637,488	4,123,792	-3.29%	26.58%
9	67	41,688	653,816	653,764	4,123,792	-3.36%	22.87%
10	68	41,688	670,162	670,162	4,123,792	-3.39%	19.98%
Total		874,134					
11	69	41,688	731,266	731,266	4,123,792	-2.66%	17.67%
12	70	41,688	795,175	795,175	4,123,792	-2.05%	15.78%
13	71	41,688	860,208	860,208	4,123,792	-1.55%	14.21%
14	72	41,688	926,057	926,057	4,123,792	-1.13%	12.89%
15	73	41,688	992,759	992,759	4,123,792	-0.79%	11.75%
16	74	41,688	1,060,325	1,060,325	4,123,792	-0.51%	10.77%
17	75	41,688	1,128,602	1,128,602	4,123,792	-0.27%	9.91%
18	76	41,688	1,198,048	1,198,048	4,123,792	-0.06%	9.16%
19	77	41,688	1,268,504	1,268,504	4,123,792	0.11%	8.49%
20	78	41,688	1,340,265	1,340,265	4,123,792	0.27%	7.89%
Total		1,291,014					
21	79	41,688	1,413,542	1,413,542	4,123,792	0.41%	7.36%
22	80	41,688	1,488,499	1,488,499	4,123,792	0.53%	6.87%
23	81	41,688	1,564,169	1,564,169	4,123,792	0.63%	6.44%
24	82	41,688	1,640,402	1,640,402	4,123,792	0.73%	6.04%
25	83	41,688	1,716,939	1,716,939	4,123,792	0.80%	5.67%
26	84	41,688	1,793,469	1,793,469	4,123,792	0.87%	5.34%
27	85	41,688	1,869,478	1,869,478	4,123,792	0.92%	5.03%
28	86	41,688	1,943,892	1,943,892	4,123,792	0.96%	4.74%
29	87	41,688	2,016,450	2,016,450	4,123,792	0.99%	4.48%
30	88	41,688	2,087,019	2,087,019	4,123,792	1.01%	4.24%
Total		1,707,894					

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# Planning Summary





# Planning Summary

1. Several different product alternatives are available that will enable you to potentially **save substantial premium dollars of well over 50%** for the company
2. Premium savings may be **redeployed into your business** for a potentially much higher rate of return
3. Savings on permanent life insurance premiums is very important since premium dollars are **paid with after-tax dollars**
4. You have additional choices for your **personal insurance that can be different** than the corporate coverage
5. Coordinating your coverage with the **proper type of ownership** and beneficiary selection is crucial for an effective estate planning strategy



# Carrier Financials

- Financial Ratings only address the relative claim paying ability of insurance carriers
- Ratings do not provide any indication of relative “Value” to the policyholder as a comparative measure of premium or cash value benefits
- Some mutual carriers have been criticized for withholding too much in the way of reserves instead of releasing more value to policyholders
- Placing too much significance on the relative rating strength of comparative insurance carriers may be costly to policyholders



# Carrier Financials

Company	Northwestern Mutual Life Ins	Penn Mutual Life Ins Co	TIAA-CREF Life Ins Co	Nationwide Life Ins Co	Pacific Life & Ann Co
<b>Ratings</b>					
A.M. Best Company (Best's Rating, 15 ratings)	A++ (1)	A+ (2)	A++ (1)	A+ (2)	A+ (2)
Standard & Poor's (Financial Strength, 20 ratings)	AA+ (2)	A+ (5)	AA+ (2)	A+ (5)	AA- (4)
Moody's (Financial Strength, 21 ratings)	Aaa (1)	Aa3 (4)	Aa1 (2)	A1 (5)	A1 (5)
Fitch Ratings (Financial Strength, 21 ratings)	AAA (1)		AAA (1)		A+ (5)
Weiss (Safety Rating, 16 ratings)	A- (3)	B (5)	B (5)	B- (6)	B+ (4)
Comdex Ranking (Percentile in Rated Companies)	100	92	99	89	90
<b>Assets &amp; Liabilities</b>					
Total Admitted Assets	238,543,832	18,235,048	10,774,241	126,860,520	6,217,125
Total Liabilities	218,884,208	16,447,356	10,411,723	122,293,999	5,685,586
Separate Accounts	26,731,417	7,217,838	5,222,661	87,029,823	2,507,951
Total Surplus & AVR	23,223,477	1,869,204	396,162	4,876,672	556,392
As % of general Account Assets	11.0%	17.0%	7.1%	12.2%	15.0%
<b>Invested Asset Distribution &amp; Yield</b>					
Total Invested Assets	203,511,874	10,186,786	5,437,551	38,519,731	3,646,417
Bonds(%)	65.5%	79.9%	96.4%	74.4%	84.7%
Stocks(%)	1.9%	5.3%	0.0%	2.1%	0.2%
Mortgages(%)	15.9%	0.0%	0.0%	17.9%	12.3%
Real Estate(%)	1.0%	0.3%	0.0%	0.0%	0.0%
Policy Loans(%)	8.4%	3.0%	0.3%	2.4%	0.2%
Cash & Short-Term(%)	0.7%	2.4%	3.1%	0.5%	2.0%
Other Invested Assets(%)	6.5%	9.1%	0.2%	2.6%	0.5%
Net Yield on Mean Invested Assets					
2015 (Industry Average 3.94%)	4.71%	5.54%	3.54%	4.39%	5.67%
5 Year Average (Industry Average 4.18%)	4.92%	5.45%	3.91%	4.54%	5.45%
<b>Non-Performing Assets as % of Surplus &amp; AVR</b>					
Bonds In or Near Default	0.1%	1.1%	0.0%	0.6%	0.0%
Problem Mortgages	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Acquired by Foreclosure	0.1%	0.0%	0.0%	0.0%	0.0%
Total Non-Performing Assets	0.1%	1.1%	0.0%	0.6%	0.0%
As a percent of Invested Assets	0.0%	0.2%	0.0%	0.1%	0.0%
<b>Bond Quality</b>					
Total Value of Bonds	134,734,463	8,276,948	5,394,974	28,679,614	3,121,076
Class 1-2: Highest Quality	89.9%	96.3%	98.9%	94.2%	97.6%
Class 3-5: Lower Quality	10.1%	3.4%	1.1%	5.7%	2.4%
Class 6: In or Near Default	0.0%	0.2%	0.0%	0.1%	0.0%
Weighted Bond Class	1.6	1.4	1.4	1.5	1.5
<b>Income &amp; Earnings</b>					
Total Income	27,875,181	2,198,898	1,001,269	15,149,116	606,278
Net Premiums Written	17,581,322	1,192,161	713,351	11,305,075	341,587
Earning Before Dividends and Taxes	6,401,628	105,457	-31,711	776,702	77,274
Net Operating Earning	845,965	90,578	-35,254	618,895	59,171



# Implementation

- Select desired carriers and coverage alternatives to meet goals and objectives.
- Heirmark will work with your advisory team to implement any changes to existing coverage or planning structures as agreed upon.
- Heirmark will begin the formal application process.
- Heirmark will submit a completed and signed application to the insurance carriers and obtain formal underwriting approvals.
- Heirmark will provide ongoing policy service and monitoring of policy performance.



# Disclosures

The example provided is not representative of all clients' experiences and are not indicative of any future performance or results. Post-Underwriting Analysis is based upon the informal underwriting offers obtained by Heirmark. Actual pricing is subject to final underwriting approval of a formal application, all carrier requirements, and product availability at the time of acquisition.

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