

Your Company Name Insured Inheritance

(current date)

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"Pay tax on what you earn -- not on what you save!"

Is one of your financial objectives to reduce the income taxes you are paying on assets you now own?

Are you thinking that those assets could be passed on to your heirs - your children or grandchildren?

Many people are unaware that:

- * The income tax they will have to pay over their lifetime on non-registered savings, may be equal to or more than the actual amount invested!
- * They do not have to risk money in an Equity investment to have non-taxable interest growth!
- * They do not have to give up control of assets earmarked for grandchildren to avoid paying taxes on the growth!

A life insurance policy that qualifies under section 148 of the Income Tax Act is an excellent planning tool that can be used to create a tax advantaged account. This account is totally accessible and under your control while you are alive, and is paid out to your designated beneficiary outside your estate at death. Thus you can avoid paying income tax, probate and legal fees.

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The Insured Inheritance concept demonstrates an opportunity to shelter a "lump sum" investment from income tax and to ensure that the maximum tax-free dollars become available to the estate, or to a beneficiary upon death.

The illustration emphasizes the difference in potential results from attempting to achieve a goal like this with a conventional Alternative Investment, versus the life insurance policy approach. An identical lump sum is invested in either an Alternative Investment or a single premium deposit fund from which the annual premiums are "quick-paid" into the policy illustrated. Earnings that accrue to the policy are tax exempt (provided they stay in the exempt portion of the policy). In the Alternative Investment, annual interest is reduced by taxes, at the rate shown above, prior to reinvestment.

The Fund Value of the life insurance policy is being used to pay the ongoing annual cost of providing life insurance from tax-free earnings. But if objectives change, and premature access to the life policy capital is required, such withdrawals could be taxable. The same would not be true of an Alternative Investment, which is a "tax paid" fund -- but with a smaller estate value.

NOTE: The present value of the future payouts of the annuity have been added to the Estate and Fund Values for the life insurance policy.

Withdrawals from the policy may be subject to income tax, depending on the Adjusted Cost Basis (ACB) of the policy, at the time of withdrawal. However, the proceeds of a life insurance policy upon death of the insured are received tax free in the hands of the beneficiaries.

This is an illustration only and NOT a Contract. Rates of return and values contained within are projections only and are not guarantees or forecasts of future performance. It must be read in conjunction with a policy illustration from the Life Company.

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CONCEPT ASSUMPTIONS

Insureds

Insured: Generous Lady,
Female Age 61 Non-Smoker

Prepared By:

Name: Agent / Broker

Product

Name: Universal Life
Policy Type: Single Life
Face Amount: \$180,000
Payment Method: Planned Deposits (10 Years)
Projected Annual Growth Rate: 6.000%

Alternative Investment

Growth Breakdown: 50% Interest
10% Dividends
40% Realized Capital Gains
Effective Tax Rate On Interest: 45.00%
Effective Tax Rate On Dividends: 31.25%
Effective Tax Rate On Realized Capital Gains: 33.75%
Projected Annual Growth Rate: 6.000%

Other Details

Rate used for Net Present Value: 6.00%
Annuity Rate: 4.25%
Investment: \$100,000

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ALTERNATIVE INVESTMENT

Pol Yr	Age	Annual Growth	Tax Due on Growth	Balance	Tax On Unrealized Capital Gains (if any)	After Tax Estate Benefit
1	62	6,000	2,348	103,653	0	103,653
2	63	6,219	2,433	107,438		107,438
3	64	6,446	2,522	111,363		111,363
4	65	6,682	2,614	115,430		115,430
5	66	6,926	2,710	119,646		119,646
6	67	7,179	2,809	124,016		124,016
7	68	7,441	2,911	128,546		128,546
8	69	7,713	3,018	133,241		133,241
9	70	7,994	3,128	138,108		138,108
10	71	8,286	3,242	143,152		143,152
11	72	8,589	3,360	148,381		148,381
12	73	8,903	3,483	153,800		153,800
13	74	9,228	3,610	159,418		159,418
14	75	9,565	3,742	165,241		165,241
15	76	9,914	3,879	171,276		171,276
16	77	10,277	4,021	177,532		177,532
17	78	10,652	4,168	184,016		184,016
18	79	11,041	4,320	190,737		190,737
19	80	11,444	4,478	197,704		197,704
20	81	11,862	4,641	204,925		204,925
21	82	12,296	4,811	212,410		212,410
22	83	12,745	4,986	220,169		220,169
23	84	13,210	5,168	228,210		228,210
24	85	13,693	5,357	236,546		236,546
25	86	14,193	5,553	245,185		245,185
26	87	14,711	5,756	254,141		254,141
27	88	15,248	5,966	263,423		263,423
28	89	15,805	6,184	273,045		273,045
29	90	16,383	6,410	283,018		283,018
30	91	16,981	6,644	293,355		293,355
31	92	17,601	6,887	304,070		304,070
32	93	18,244	7,138	315,176		315,176
33	94	18,911	7,399	326,688		326,688
34	95	19,601	7,669	338,620		338,620
35	96	20,317	7,949	350,988		350,988
36	97	21,059	8,239	363,808		363,808
37	98	21,828	8,540	377,096		377,096
38	99	22,626	8,852	390,869		390,869
39	100	23,452	9,176	405,146		405,146

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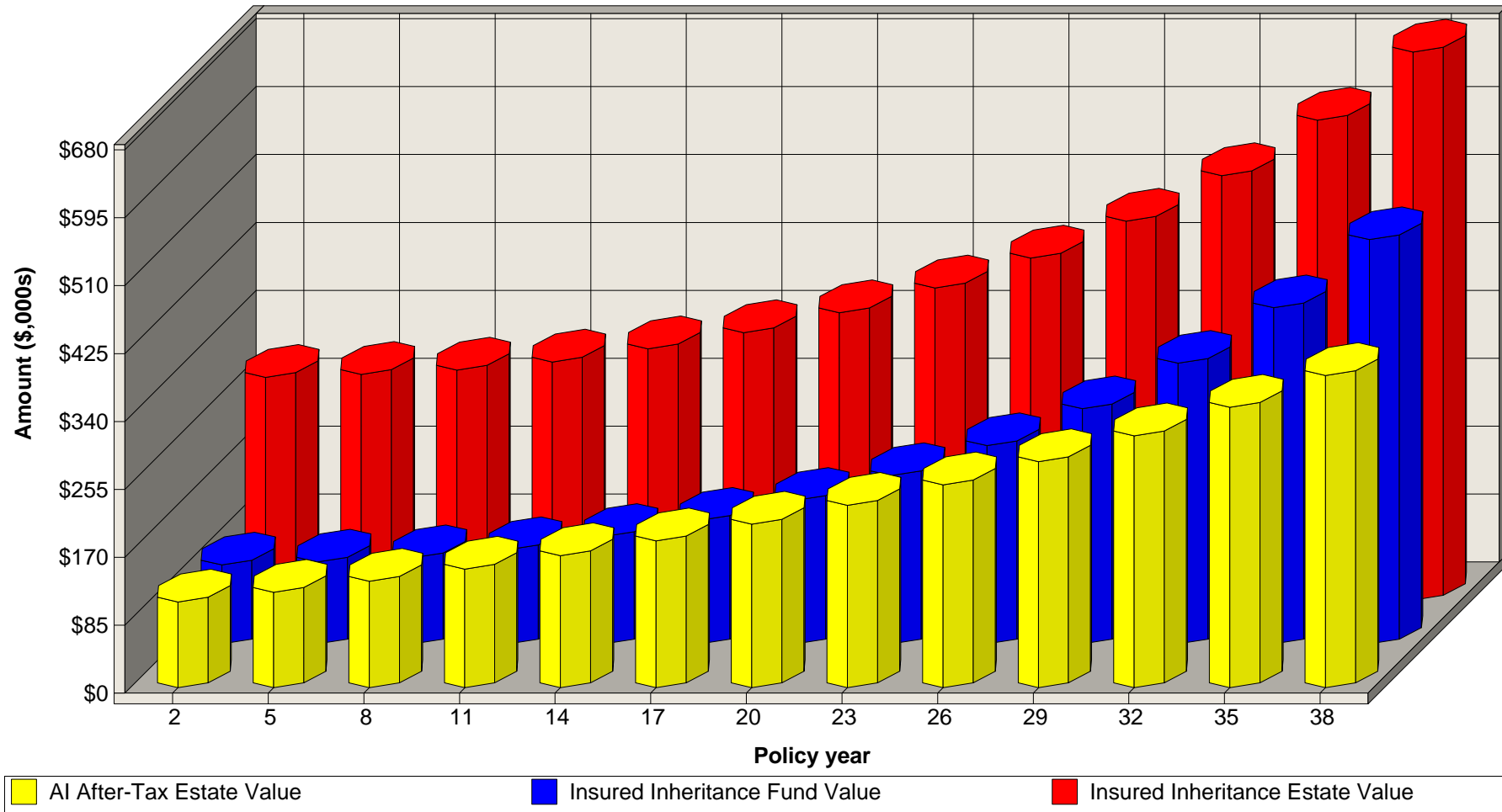
INSURED INHERITANCE

Life Insurance Policy							Estate Benefit Difference	
Pol Yr	Age	Annual Deposit	Policy Death Benefit	NPV of Term Certain Annuity	Total Estate Benefit	Policy Fund Value	Policy minus AI	Percent Increase Using Life Insurance
1	62	11,086	188,341	89,498	277,839	97,839	174,187	168%
2	63	11,086	197,183	81,710	278,893	98,893	171,455	160%
3	64	11,086	206,555	73,454	280,009	100,009	168,646	151%
4	65	11,086	216,490	64,703	281,193	101,193	165,763	144%
5	66	11,086	227,255	55,427	282,682	102,682	163,036	136%
6	67	11,086	238,724	45,594	284,318	104,318	160,302	129%
7	68	11,086	250,942	35,172	286,114	106,114	157,568	123%
8	69	11,086	263,957	24,124	288,081	108,081	154,840	116%
9	70	11,086	277,822	12,413	290,235	110,235	152,127	110%
10	71	11,086	293,153		293,153	113,153	150,001	105%
11	72		297,977		297,977	117,977	149,596	101%
12	73		303,141		303,141	123,141	149,341	97%
13	74		308,669		308,669	128,669	149,251	94%
14	75		314,588		314,588	134,588	149,347	90%
15	76		320,925		320,925	140,925	149,649	87%
16	77		327,709		327,709	147,709	150,177	85%
17	78		334,972		334,972	154,972	150,956	82%
18	79		342,748		342,748	162,748	152,011	80%
19	80		351,073		351,073	171,073	153,369	78%
20	81		359,986		359,986	179,986	155,061	76%
21	82		369,528		369,528	189,528	157,118	74%
22	83		379,743		379,743	199,743	159,574	72%
23	84		390,680		390,680	210,680	162,470	71%
24	85		402,389		402,389	222,389	165,843	70%
25	86		414,924		414,924	234,924	169,739	69%
26	87		428,345		428,345	248,345	174,204	69%
27	88		442,713		442,713	262,713	179,290	68%
28	89		458,095		458,095	278,095	185,050	68%
29	90		474,564		474,564	294,564	191,546	68%
30	91		492,195		492,195	312,195	198,840	68%
31	92		511,071		511,071	331,071	207,001	68%
32	93		531,279		531,279	351,279	216,103	69%
33	94		552,914		552,914	372,914	226,226	69%
34	95		576,077		576,077	396,077	237,457	70%
35	96		600,875		600,875	420,875	249,887	71%
36	97		627,423		627,423	447,423	263,615	72%
37	98		655,846		655,846	475,846	278,750	74%
38	99		686,276		686,276	506,276	295,407	76%
39	100		718,854		718,854	538,854	313,708	77%

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Proposal For: Generous Lady Prepared By: Agent / Broker

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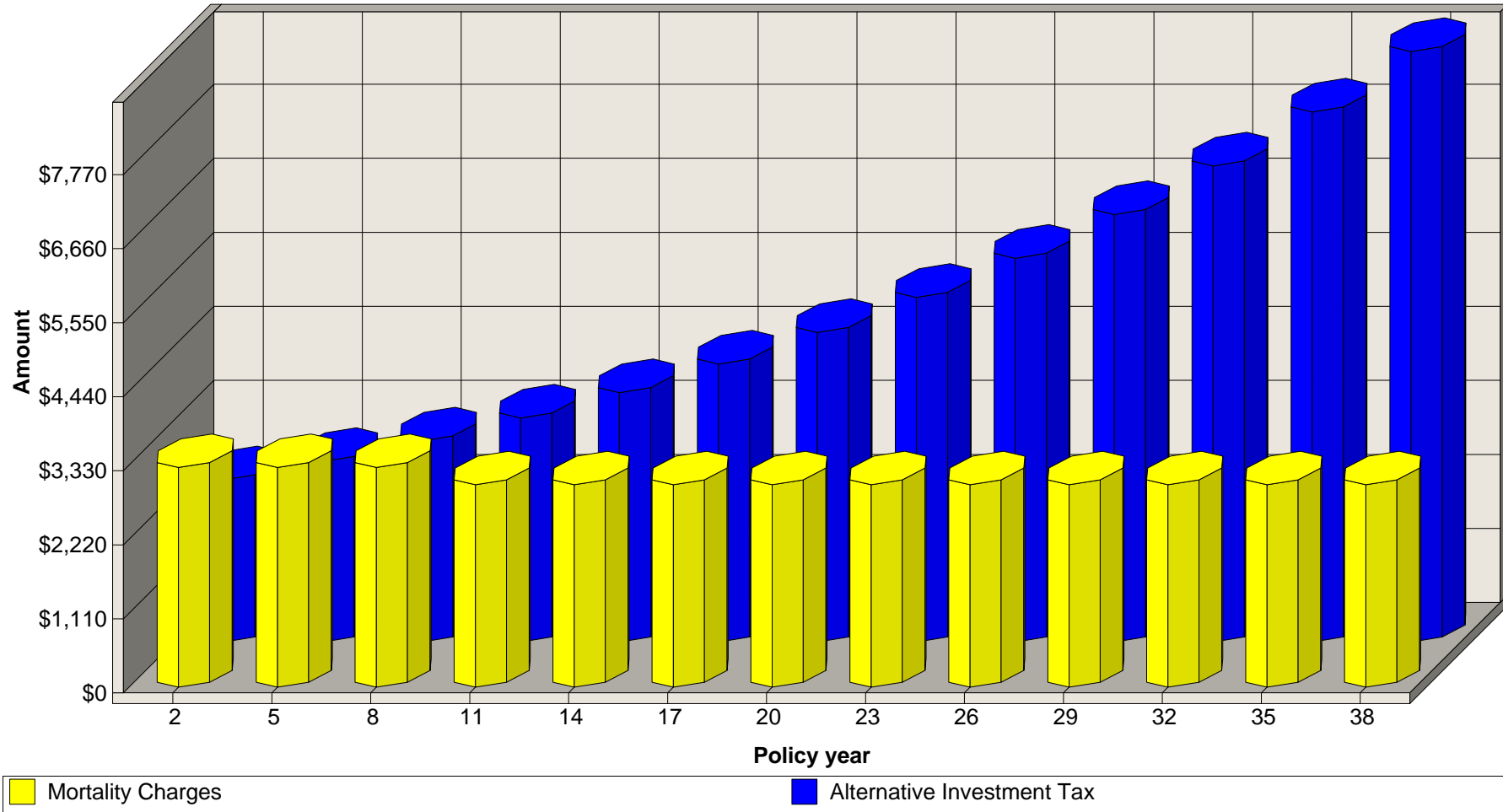


Female 61 NS. PRODUCT: Universal Life. FACE AMOUNT: \$180,000. TAX RATE: 45.00%
INVESTMENT: \$100,000. Annuity Rate: 4.25%.
AI RATE SPREAD: 0.00%.
NOTE: F.V. shown as portion of D.B. Must accompany a policy illustration. E.&O.E.

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