Your Company Name
Family Split Dollar

"Use a Tax Sheltered plan to create a family asset exchange!"

Yes, there is a way for a parent or grandparent to use their assets to assist another family member (usually a child), to purchase needed insurance coverage and accumulate assets. That is by cost splitting a tax sheltered Life Insurance policy!

Many people are unaware that:

* The Fund Value and the Basic Death Benefit of a tax sheltered plan can be split. This creates a situation where one individual can pay for part of the cost of the insurance needed by another family member.

* In most circumstances the ownership of a policy can be changed in later years to create an asset transfer to someone in a lower tax bracket.

There are several methods of funding Split Dollar plans, for example:

In a Regular Split Dollar Net Cost of Pure Insurance (NCPI) plan, the deposit that funds the policy is split with the child usually paying the NCPI, and the parent or grandparent paying the rest, up to the total deposit. The Parent or Grandparent owns the policy and receives the "Fund Value" portion upon the child's death. The child's beneficiary receives the difference between the Total Death Benefit, and the Fund Value.

Utilizing a life insurance policy that qualifies under section 148 of the Income Tax Act, is an excellent planning tool because it creates a growing tax advantaged account. This account is totally accessible while the child is alive, and is paid out to the beneficiary tax free on death. As long as the tax advantaged account does not cause the policy to become non-exempt, the policy could be funded with large deposits over a short period of time. This adds to the attractiveness of this for parents or grandparents with assets they would like to invest on a tax favoured basis.

A split dollar plan is neither a type of insurance nor a reason for purchasing an insurance policy. Split dollar plans are simply a method of splitting the costs and benefits of a life insurance policy between two parties. The split dollar arrangement is usually documented in a separate contract from the life insurance policy. This split dollar contract typically defines the ownership rights over policy values and death benefits as well as the premium paying responsibilities of the two parties. Any two parties can be involved in a split dollar plan but the most common application in a family is with a parent and adult child.

Regular Split Dollar on NCPI Basis

In a Regular Split Dollar calculated on a Net Cost of Pure Insurance (NCPI) basis, the Parent owns the Fund Value portion of the policy and receives the Fund Value upon the death of the Child. The Child's beneficiary receives the difference between the Total Death Benefit and the Fund Value. The Child pays a portion of the premium equal to the lesser of the NCPI and the Annual Deposit. The Parent pays the difference (if any) between the Annual Deposit and the Child's share of the premium.

Since NCPI approximates yearly renewable term coverage, the Child's share of the premiums will be lower in the early years and will increase in the later years.

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.

CONCEPT ASSUMPTIONS

Insureds

Insured: College Graduate,
Male Age 20 Non-Smoker

Prepared By:

Name: Agent / Broker

Product

Name: Universal Life
Policy Type: Single Life
Face Amount: $100,000
Payment Method: Planned Deposits (10 Years)
Projected Annual Growth Rate: 6.000%

Other Details

Split Type: Regular
Calculation Basis: NCPI

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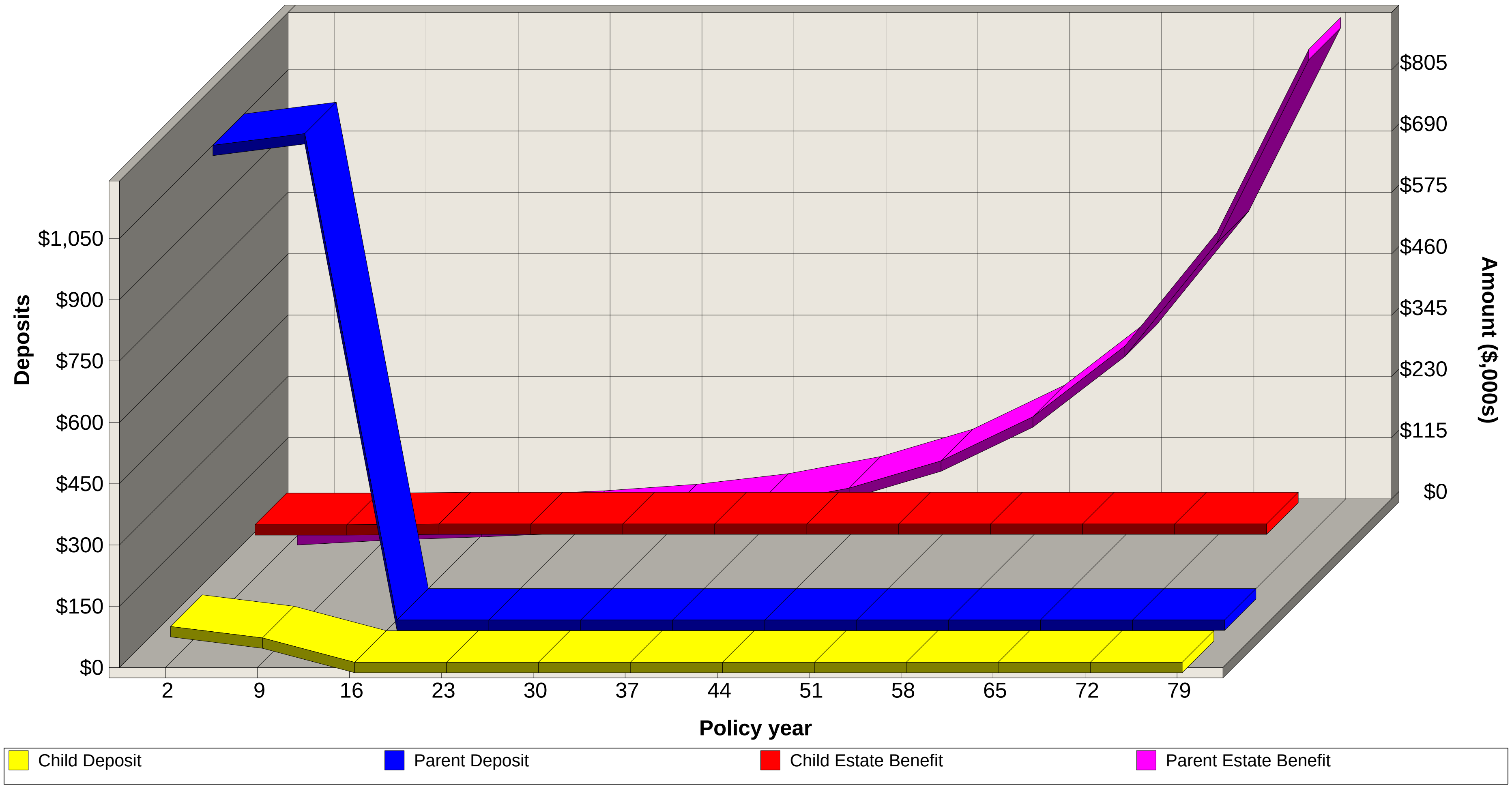
		Deposits			Estate Benefit		
Pol Yr	Age	Annual Deposit	Child Deposit	Parent Deposit	Parent Estate Benefit	Child Estate Benefit	Policy Estate Benefit
1	21	1,250	95	1,155	963	100,000	100,963
2	22	1,250	88	1,162	1,984	100,000	101,984
3	23	1,250	84	1,166	3,067	100,000	103,067
4	24	1,250	82	1,168	4,214	100,000	104,214
5	25	1,250	78	1,172	5,457	100,000	105,457
6	26	1,250	72	1,178	6,781	100,000	106,781
7	27	1,250	67	1,183	8,192	100,000	108,192
8	28	1,250	62	1,188	9,695	100,000	109,695
9	29	1,250	60	1,190	11,296	100,000	111,296
10	30	1,250	61	1,189	13,067	101,583	114,650
11	31				13,654	101,583	115,237
12	32				14,282	101,584	115,866
13	33				14,955	101,584	116,539
14	34				15,676	101,583	117,259
15	35				16,447	101,584	118,031
16	36				17,273	101,583	118,856
17	37				18,157	101,583	119,740
18	38				19,103	101,584	120,687
19	39				20,116	101,584	121,700
20	40				21,200	101,584	122,784
35	55				50,468	101,584	152,052
40	60				69,009	101,584	170,593
45	65				95,058	101,583	196,641
50	70				131,642	101,584	233,226
55	75				182,998	101,584	284,582
80	100				976,199	101,584	1,077,783

Your Company Name

Proposal For: College Graduate   Prepared By: Agent / Broker

Family Split Dollar



Male 20 NS. PRODUCT: Universal Life. FACE AMOUNT: $100,000. TAX RATE: 45.00%
CALCULATION BASIS: NCPI SPLIT TYPE: Regular
NOTE: Must accompany a policy illustration. E.&O.E.