

Loan-Based Split Dollar

For Frank Contini



Retirement Plan

Presented By: _____

[Licensed user's name appears here]

Preface

This executive fringe benefit involves a series of employer-sponsored loans to a valued executive for the purpose of purchasing a cash value life insurance policy.

Promissory Notes: The loans associated with the arrangement are evidenced by a series of promissory notes between the employer and the executive, and the life insurance policy is assigned as collateral security for the loans. The loans are term loans, i.e., they are due at the end of a specific period of years; however, the promissory note calls for the acceleration of repayment should the executive die prior to the date of scheduled loan repayments.

Loan Interest: The interest rate for the life of each loan is set at least to the long-term rate in effect at the beginning of the loan under IRC Sections 7872(f)(2)(A) and 1274(d) (often referred to as the "Applicable Federal Rate" or "AFR"). As an additional benefit in some arrangements, the employer will help offset the executive's loan interest payments via a bonus.

If no interest or an inadequate rate of interest is charged on a loan, the IRS recharacterizes the loan into an "arms-length" transaction and imputes an interest rate that is deemed to have been received by the lender and paid by the borrower. The rate is published monthly and is determined by the length of the loan transaction, i.e., either the short-term rate (3 years or less), the mid-term rate (over 3 years but not over 9 years), or the long-term rate (over 9 years).

So long as the loan interest rate is equal to or exceeds the Applicable Federal Rate, no interest is imputed by the IRS on the transaction. For illustrative purposes, the entire series of premium loans illustrated in the accompanying material reflects a constant 3.37% interest rate, the long-term AFR in effect for the month in which this report is written (May 2014).

The loan interest rate for each new loan will likely be different, and each future loan must bear interest equal to or greater than the AFR in effect during the month the new loan is executed. Each new loan should be evidenced by its own promissory note as well.

There are four ways to deal with unknown future loan interest rates:

1. If a bonus is paid to the executive to offset the loan interest, accept the risk: Changing interest rates may increase or decrease the amount of the bonus; however, the loan interest paid to the employer by the executive should provide a significant offset.
2. Accrue additional loan interest: If the loan interest rate increases, the executive could be allowed to accrue the additional loan interest. Alternatively, the executive may be able to withdraw funds from the policy to make up the difference in the loan interest due.
3. Renegotiate the loans: Wait until a time when AFR dips and recast the series of promissory notes into a new note at the reduced rate.
4. Consolidate all loans at the inception of the plan: In this case, the loaned funds in excess of the amount needed to pay the policy's initial premium should be reserved by the executive to pay the remaining stream of premiums as they fall due. The employer may wish to consider requiring some form of custodianship for the reserved funds to be certain they are used for the intended purpose.

Preface (continued)

Repayment of Loans from the Employer

In the event of the executive's death, the employer's loans are repaid from the life insurance policy's death benefit; otherwise, loan repayment is handled in one of the following ways.

1. The executive uses personal funds to repay the loans from the employer.
2. The executive borrows against the policy or surrenders a portion of policy values to repay the loans from the employer.
3. The employer bonuses an amount to the executive to offset the repayment of the loans.
4. The employer grosses up a bonus to the executive to offset both the repayment of the loans and the tax on the bonus.

Living Benefits for the Executive

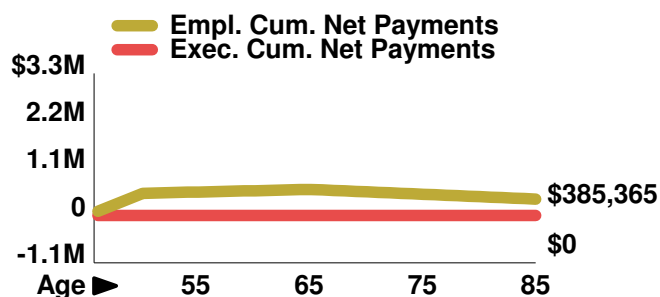
The executive may, if the parties agree, have direct access to policy cash values in excess of the amount required to collateralize the loans from the employer.

If the loans have been repaid, the executive has free access to the cash values. The cash values can be accessed via: 1) policy loans or 2) policy withdrawals or 3) a combination of loans and withdrawals.

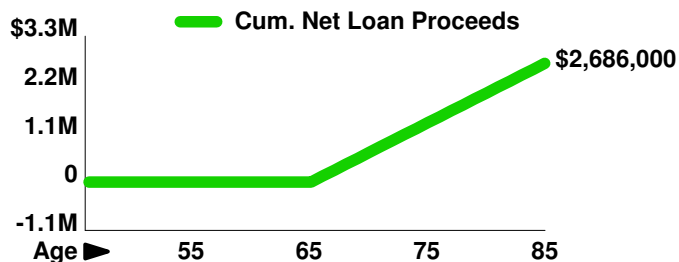
Death Benefits for Beneficiaries

Income tax free death benefits from the executive's share of the life insurance policy's death benefit can produce income streams for the executive's family or liquidity to help offset wealth transfer taxes.

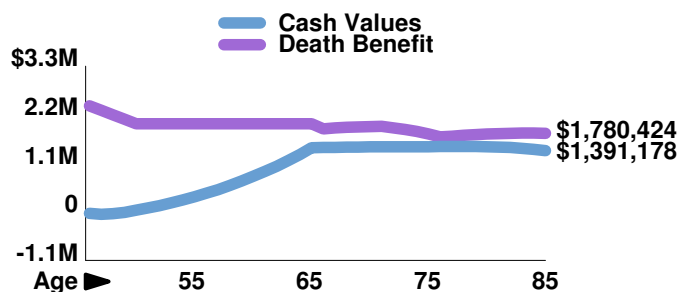
Plan Payments



Executive's Cash Flow



Executive's Values



Notes

IRC Section 409A: Section 409A should not apply to loan regime collateral assignment split dollar plans unless the employer is bound by the agreement between the parties to forgive the loan, waive payments, etc.

Be sure to consult with your own tax attorney and accountant before entering into this or any other arrangement involving tax, legal, and economic considerations.

Supplemental Report: Duration of Loans

Contini Brothers, Inc.

Each premium payment is considered a new loan, and the accompanying illustrations reflect loans that may remain in effect for many years. Most loans illustrated are assumed to be long-term loans (over 9 years) bearing a loan interest rate equal to or greater than the Applicable Federal Rate of 3.37% for May 2014. Other Applicable Federal Rates in effect for May 2014 are:

Mid-term loans (over 3 years but not over 9): 1.93%;

Short-term loans (3 years or less): 0.33%;

Demand loans: 0.33%.

The demand loan rate changes monthly -- an unhappy condition for a loan expected to remain in effect for many years. A so-called "blended" rate that is stable for one year at a time can be used for demand loans. The 2014 blended rate for demand loans will not be announced until late June 2014.

Stability of loan interest is an important component of any arrangement involving loans. A dramatic rise in loan interest rates at the maturity of a demand, short-term or mid-term loan may result in less-than-acceptable loan interest rates when the loan is renewed. When you are dealing with a financial arrangement of many years, long-term loans produce more stable interest rates that can be renegotiated downward should rates decline, but are capped at rates that are known as each loan is made. For an example of renegotiating loan interest downward, see the report entitled "Renegotiating the Applicable Federal Rate".

Due to the relative stability of the long-term Applicable Federal Rate coupled with the ability to renegotiate it downward, you may wish to establish your arrangement using long-term loans.

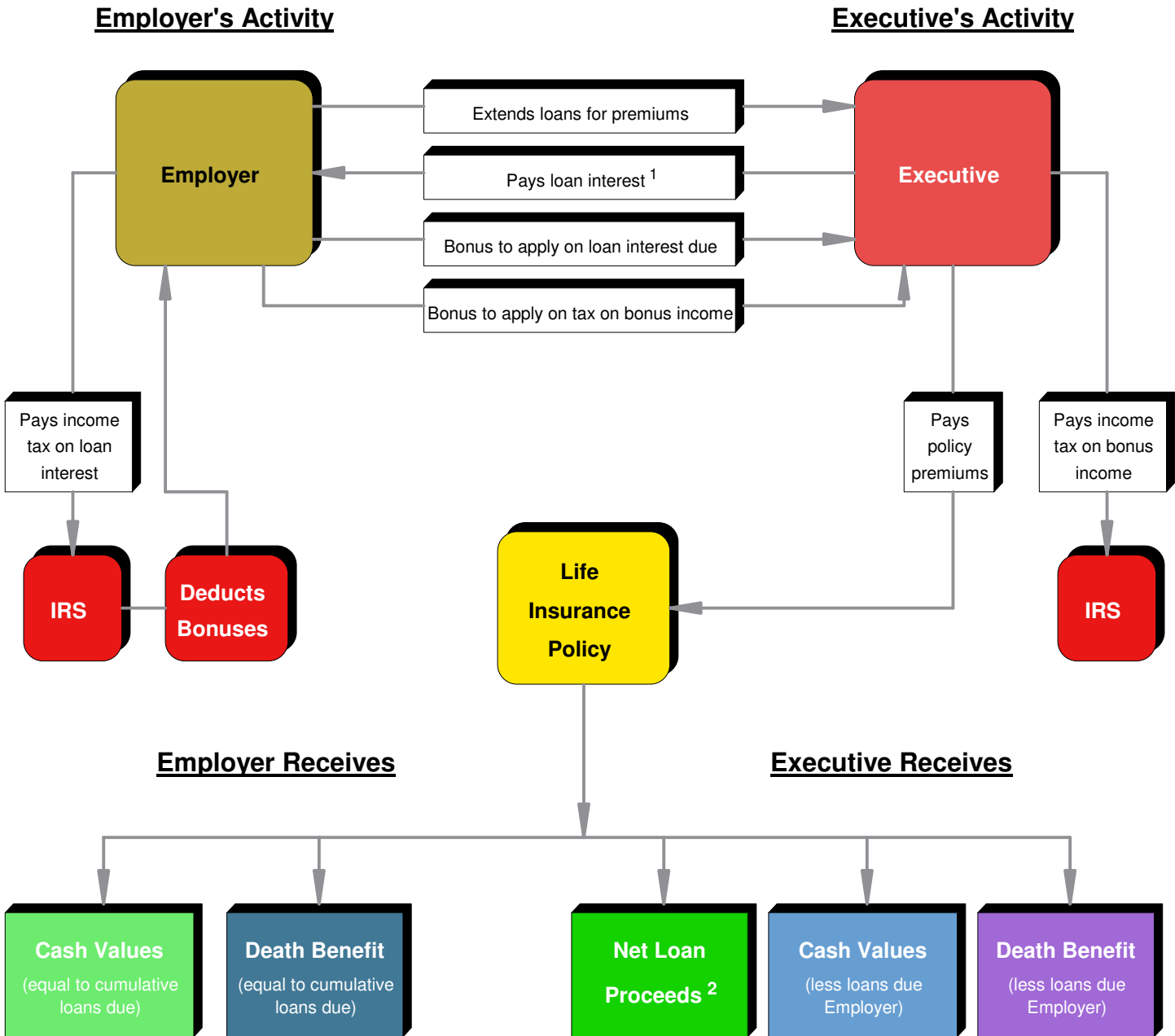
Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Flow Chart



¹ If the loan interest paid on each loan is equal to or greater than the Applicable Federal Rate established under IRC Sections 7872(f)(2)(A) and 1274(d), then no additional loan interest will be imputed to the Executive.

² For loan interest due the employer and retirement income for the executive.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Illustration of Policy Values Funding The Plan

Indexed UL Interest Rate 8.50% Initial Premium 100,000 Initial Policy Death Benefit 2,500,000

Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
1	45	100,000	0	102,198	67,198	2,500,000
2	46	100,000	0	213,869	143,869	2,500,000
3	47	100,000	0	335,427	260,927	2,500,000
4	48	100,000	0	467,797	393,297	2,500,000
5	49	100,000	0	612,010	537,510	2,500,000
6	50	0	0	659,828	589,053	2,500,000
7	51	0	0	711,459	645,154	2,500,000
8	52	0	0	767,257	706,167	2,500,000
9	53	0	0	827,578	772,448	2,500,000
10	54	0	0	892,823	844,398	2,500,000
11	55	0	0	963,473	922,498	2,500,000
12	56	0	0	1,040,048	1,007,268	2,500,000
13	57	0	0	1,123,108	1,099,268	2,500,000
14	58	0	0	1,213,329	1,199,174	2,500,000
15	59	0	0	1,311,468	1,311,468	2,500,000
16	60	0	0	1,418,351	1,418,351	2,500,000
17	61	0	0	1,534,977	1,534,977	2,500,000
18	62	0	0	1,662,474	1,662,474	2,500,000
19	63	0	0	1,802,130	1,802,130	2,500,000
20	64	0	0	1,955,453	1,955,453	2,500,000
21	65	0	151,150	1,960,302	1,960,301	2,384,406
22	66	0	151,150	1,964,639	1,964,639	2,400,630
23	67	0	151,150	1,968,344	1,968,344	2,414,459
24	68	0	151,150	1,971,300	1,971,300	2,425,573
25	69	0	151,150	1,973,362	1,973,362	2,433,607
26	70	0	151,150	1,974,393	1,974,393	2,438,188
27	71	0	151,150	1,975,118	1,975,118	2,406,714
28	72	0	151,150	1,975,779	1,975,779	2,367,549
29	73	0	151,150	1,976,744	1,976,744	2,320,352
30	74	0	151,150	1,978,533	1,978,533	2,264,858
		500,000	1,511,500			

*This is an example of an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

30 Year Summary

Cum. Payments	500,000
Cum. Net Policy Loan Proceeds	1,511,500
Cash Value	1,978,533
Death Benefit	2,264,858

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Illustration of Policy Values Funding The Plan

Contini Brothers, Inc.

Indexed UL Interest Rate 8.50%
 Initial Premium 100,000
 Initial Policy Death Benefit 2,500,000

Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
31	75	0	151,150	1,981,880	1,981,880	2,200,911
32	76	0	151,150	1,983,904	1,983,904	2,218,244
33	77	0	151,150	1,984,245	1,984,245	2,234,721
34	78	0	151,150	1,982,471	1,982,471	2,249,945
35	79	0	151,150	1,978,071	1,978,071	2,263,438
36	80	0	151,150	1,970,444	1,970,444	2,274,627
37	81	0	151,150	1,958,865	1,958,865	2,282,820
38	82	0	151,150	1,942,490	1,942,490	2,287,198
39	83	0	151,150	1,920,319	1,920,319	2,286,784
40	84	0	151,150	1,891,178	1,891,178	2,280,424

500,000 3,023,000

40 Year Summary

Cum. Payments	500,000
Cum. Net Policy Loan Proceeds	3,023,000
Cash Value	1,891,178
Death Benefit	2,280,424

*This is an example of an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Summary

Employer's Tax Bracket 34.00%	Executive's Tax Bracket 35.00%	Indexed UL Interest Rate 8.50%	Initial Policy Death Benefit 2,500,000	Assumed Long-Term AFR for All Years Illustrated 3.37%	Promissory Note Interest Rate 3.37%
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		Employer				Executive				
				Loan Collateral						
Year	Male Age	(1) Net Payment*	(2) Cumulative Net Payments	(3) Portion of Col. (2) Due as a Loan Receivable	(4) Cumulative Charge to Earnings (2) - (3)	(5) Net Payment*	(6) Net Policy Loan Proceeds Available for Retirement Income	(7) Accum Value**	(8) Cash Value**	(9) Death Benefit
1	45	101,198	101,198	100,000	1,198	0	0	102,198	67,198	2,500,000
2	46	102,396	203,594	200,000	3,594	0	0	213,869	143,869	2,500,000
3	47	103,593	307,187	300,000	7,187	0	0	335,427	260,927	2,500,000
4	48	104,790	411,977	400,000	11,977	0	0	467,797	393,297	2,500,000
5	49	105,988	517,965	500,000	17,965	0	0	612,010	537,510	2,500,000
6	50	5,988	523,953	500,000	23,953	0	0	659,828	589,053	2,500,000
7	51	5,988	529,941	500,000	29,941	0	0	711,459	645,154	2,500,000
8	52	5,988	535,929	500,000	35,929	0	0	767,257	706,167	2,500,000
9	53	5,988	541,917	500,000	41,917	0	0	827,578	772,448	2,500,000
10	54	5,988	547,905	500,000	47,905	0	0	892,823	844,398	2,500,000
11	55	5,988	553,893	500,000	53,893	0	0	963,473	922,498	2,500,000
12	56	5,988	559,881	500,000	59,881	0	0	1,040,048	1,007,268	2,500,000
13	57	5,988	565,869	500,000	65,869	0	0	1,123,108	1,099,268	2,500,000
14	58	5,988	571,857	500,000	71,857	0	0	1,213,329	1,199,174	2,500,000
15	59	5,988	577,845	500,000	77,845	0	0	1,311,468	1,311,468	2,500,000
16	60	5,988	583,833	500,000	83,833	0	0	1,418,351	1,418,351	2,500,000
17	61	5,988	589,821	500,000	89,821	0	0	1,534,977	1,534,977	2,500,000
18	62	5,988	595,809	500,000	95,809	0	0	1,662,474	1,662,474	2,500,000
19	63	5,988	601,797	500,000	101,797	0	0	1,802,130	1,802,130	2,500,000
20	64	5,988	607,785	500,000	107,785	0	0	1,955,453	1,955,453	2,500,000
21	65	-11,121	596,664	500,000	96,664	0	134,300	1,960,302	1,960,301	2,384,406
22	66	-11,121	585,543	500,000	85,543	0	134,300	1,964,639	1,964,639	2,400,630
23	67	-11,121	574,422	500,000	74,422	0	134,300	1,968,344	1,968,344	2,414,459
24	68	-11,121	563,301	500,000	63,301	0	134,300	1,971,300	1,971,300	2,425,573
25	69	-11,121	552,180	500,000	52,180	0	134,300	1,973,362	1,973,362	2,433,607
26	70	-11,121	541,059	500,000	41,059	0	134,300	1,974,393	1,974,393	2,438,188
27	71	-11,121	529,938	500,000	29,938	0	134,300	1,975,118	1,975,118	2,406,714
28	72	-11,121	518,817	500,000	18,817	0	134,300	1,975,779	1,975,779	2,367,549
29	73	-11,121	507,696	500,000	7,696	0	134,300	1,976,744	1,976,744	2,320,352
30	74	-11,121	496,575	500,000	-3,425	0	134,300	1,978,533	1,978,533	2,264,858
		496,575				0	1,343,000			

Executive's 30 Year Summary

*See appropriate Net Payment Analysis for details.

**This is an example of an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

	Living Values †	Death Benefit
Indexed Universal Life:	1,978,533	2,264,858
Less Loan Repayment Due Employer:	500,000	500,000
Equals Executive's Net Value:	1,478,533	1,764,858
Plus Cumulative After Tax Cash Flow:	1,343,000	1,343,000
Equals Executive's Total Net Value:	2,821,533	3,107,858

†Cash value less employer's loans plus cum. net policy loans.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Summary

Employer's Tax Bracket 34.00%	Executive's Tax Bracket 35.00%	Indexed UL Interest Rate 8.50%	Initial Policy Death Benefit 2,500,000	Assumed Long-Term AFR for All Years Illustrated 3.37%	Promissory Note Interest Rate 3.37%
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		Employer				Executive				
				Loan Collateral						
Year	Male Age	(1) Net Payment*	(2) Cumulative Net Payments	(3) Portion of Col. (2) Due as a Loan Receivable	(4) Cumulative Charge to Earnings (2) - (3)	(5) Net Payment*	(6) Net Policy Loan Proceeds Available for Retirement Income	(7) Accum Value**	(8) Cash Value**	(9) Death Benefit
31	75	-11,121	485,454	500,000	-14,546	0	134,300	1,981,880	1,981,880	2,200,911
32	76	-11,121	474,333	500,000	-25,667	0	134,300	1,983,904	1,983,904	2,218,244
33	77	-11,121	463,212	500,000	-36,788	0	134,300	1,984,245	1,984,245	2,234,721
34	78	-11,121	452,091	500,000	-47,909	0	134,300	1,982,471	1,982,471	2,249,945
35	79	-11,121	440,970	500,000	-59,030	0	134,300	1,978,071	1,978,071	2,263,438
36	80	-11,121	429,849	500,000	-70,151	0	134,300	1,970,444	1,970,444	2,274,627
37	81	-11,121	418,728	500,000	-81,272	0	134,300	1,958,865	1,958,865	2,282,820
38	82	-11,121	407,607	500,000	-92,393	0	134,300	1,942,490	1,942,490	2,287,198
39	83	-11,121	396,486	500,000	-103,514	0	134,300	1,920,319	1,920,319	2,286,784
40	84	-11,121	385,365	500,000	-114,635	0	134,300	1,891,178	1,891,178	2,280,424

385,365

0 2,686,000

Executive's 40 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	1,891,178	2,280,424
Less Loan Repayment Due Employer:	500,000	500,000
Equals Executive's Net Value:	1,391,178	1,780,424
Plus Cumulative After Tax Cash Flow:	2,686,000	2,686,000
Equals Executive's Total Net Value:	4,077,178	4,466,424

*See appropriate Net Payment Analysis for details.

**This is an example of an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

†Cash value less employer's loans plus cum. net policy loans.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Employer's Net Payment Analysis

		Employer's Tax Bracket 34.00%	Assumed Long-Term AFR for All Years Illustrated 3.37%*	Promissory Note Interest Rate 3.37%						
Year	Male Age	(1) Beginning of Year Loan to Executive	(2) Cumulative Loan to Executive	(3) Loan Interest Received from Executive	(4) After Tax Loan Interest Received from Executive	(5) Bonus Paid to Executive	(6) After Tax Cost of Bonus Paid to Executive	(7) Employer's Net Payment (1) - (4) + (6)	(8) Employer's Annual Charge to Earnings (6) - (4)	(9) Employer's Cumulative Charge to Earnings
1	45	100,000	100,000	3,370	2,224	5,185	3,422	101,198	1,198	1,198
2	46	100,000	200,000	6,740	4,448	10,369	6,844	102,396	2,396	3,594
3	47	100,000	300,000	10,110	6,673	15,554	10,266	103,593	3,593	7,187
4	48	100,000	400,000	13,480	8,897	20,738	13,687	104,790	4,790	11,977
5	49	100,000	500,000	16,850	11,121	25,923	17,109	105,988	5,988	17,965
6	50	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	23,953
7	51	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	29,941
8	52	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	35,929
9	53	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	41,917
10	54	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	47,905
11	55	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	53,893
12	56	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	59,881
13	57	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	65,869
14	58	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	71,857
15	59	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	77,845
16	60	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	83,833
17	61	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	89,821
18	62	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	95,809
19	63	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	101,797
20	64	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	107,785
21	65	0	500,000	16,850	11,121	0	0	-11,121	-11,121	96,664
22	66	0	500,000	16,850	11,121	0	0	-11,121	-11,121	85,543
23	67	0	500,000	16,850	11,121	0	0	-11,121	-11,121	74,422
24	68	0	500,000	16,850	11,121	0	0	-11,121	-11,121	63,301
25	69	0	500,000	16,850	11,121	0	0	-11,121	-11,121	52,180
26	70	0	500,000	16,850	11,121	0	0	-11,121	-11,121	41,059
27	71	0	500,000	16,850	11,121	0	0	-11,121	-11,121	29,938
28	72	0	500,000	16,850	11,121	0	0	-11,121	-11,121	18,817
29	73	0	500,000	16,850	11,121	0	0	-11,121	-11,121	7,696
30	74	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-3,425
		500,000		471,800	311,388	466,614	307,963	496,575	-3,425	

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Employer's Net Payment Analysis

Employer's Tax Bracket 34.00% Assumed Long-Term AFR for All Years Illustrated 3.37%* Promissory Note Interest Rate 3.37%

Year	Male Age	(1) Beginning of Year Loan to Executive	(2) Cumulative Loan to Executive	(3) Loan Interest Received from Executive	(4) After Tax Loan Interest Received from Executive	(5) Bonus Paid to Executive	(6) After Tax Cost of Bonus Paid to Executive	(7) Employer's Net Payment (1) - (4) + (6)	(8) Employer's Annual Charge to Earnings (6) - (4)	(9) Employer's Cumulative Charge to Earnings
31	75	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-14,546
32	76	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-25,667
33	77	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-36,788
34	78	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-47,909
35	79	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-59,030
36	80	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-70,151
37	81	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-81,272
38	82	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-92,393
39	83	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-103,514
40	84	0	500,000	16,850	11,121	0	0	-11,121	-11,121	-114,635
		500,000		640,300	422,598	466,614	307,963	385,365	-114,635	

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Executive's Net Payment Analysis

Contini Brothers, Inc.

		Executive's Tax Bracket 35.00%		Assumed Long-Term AFR for All Years Illustrated 3.37%*		Promissory Note Interest Rate 3.37%				
Year	Male Age	(1) Policy Premium Due by Executive	(2) Beginning of Year Loan from Employer	(3) Cumulative Loan Due Employer	(4) Loan Interest Paid to Employer	(5) Net Policy Loan Proceeds for Loan Interest	(6) Bonus Received from Employer	(7) After Tax Bonus Received from Employer	(8) Executive's Net Payment**	(9) Net Policy Loan Proceeds Available for Retirement Income
1	45	100,000	100,000	100,000	3,370	0	5,185	3,370	0	0
2	46	100,000	100,000	200,000	6,740	0	10,369	6,740	0	0
3	47	100,000	100,000	300,000	10,110	0	15,554	10,110	0	0
4	48	100,000	100,000	400,000	13,480	0	20,738	13,480	0	0
5	49	100,000	100,000	500,000	16,850	0	25,923	16,850	0	0
6	50	0	0	500,000	16,850	0	25,923	16,850	0	0
7	51	0	0	500,000	16,850	0	25,923	16,850	0	0
8	52	0	0	500,000	16,850	0	25,923	16,850	0	0
9	53	0	0	500,000	16,850	0	25,923	16,850	0	0
10	54	0	0	500,000	16,850	0	25,923	16,850	0	0
11	55	0	0	500,000	16,850	0	25,923	16,850	0	0
12	56	0	0	500,000	16,850	0	25,923	16,850	0	0
13	57	0	0	500,000	16,850	0	25,923	16,850	0	0
14	58	0	0	500,000	16,850	0	25,923	16,850	0	0
15	59	0	0	500,000	16,850	0	25,923	16,850	0	0
16	60	0	0	500,000	16,850	0	25,923	16,850	0	0
17	61	0	0	500,000	16,850	0	25,923	16,850	0	0
18	62	0	0	500,000	16,850	0	25,923	16,850	0	0
19	63	0	0	500,000	16,850	0	25,923	16,850	0	0
20	64	0	0	500,000	16,850	0	25,923	16,850	0	0
21	65	0	0	500,000	16,850	16,850	0	0	0	134,300
22	66	0	0	500,000	16,850	16,850	0	0	0	134,300
23	67	0	0	500,000	16,850	16,850	0	0	0	134,300
24	68	0	0	500,000	16,850	16,850	0	0	0	134,300
25	69	0	0	500,000	16,850	16,850	0	0	0	134,300
26	70	0	0	500,000	16,850	16,850	0	0	0	134,300
27	71	0	0	500,000	16,850	16,850	0	0	0	134,300
28	72	0	0	500,000	16,850	16,850	0	0	0	134,300
29	73	0	0	500,000	16,850	16,850	0	0	0	134,300
30	74	0	0	500,000	16,850	16,850	0	0	0	134,300
		500,000	500,000		471,800	168,500	466,614	303,300	0	1,343,000

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

**Column (8) = Columns (1) - (2) + (4) - (5) - (7)

The employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Executive's Net Payment Analysis

Contini Brothers, Inc.

Executive's Tax Bracket 35.00% Assumed Long-Term AFR for All Years Illustrated 3.37%* Promissory Note Interest Rate 3.37%

Year	Male Age	(1) Policy Premium Due by Executive	(2) Beginning of Year Loan from Employer	(3) Cumulative Loan Due Employer	(4) Loan Interest Paid to Employer	(5) Net Policy Loan Proceeds for Loan Interest	(6) Bonus Received from Employer	(7) After Tax Bonus Received from Employer	(8) Executive's Net Payment**	(9) Net Policy Loan Proceeds Available for Retirement Income
31	75	0	0	500,000	16,850	16,850	0	0	0	134,300
32	76	0	0	500,000	16,850	16,850	0	0	0	134,300
33	77	0	0	500,000	16,850	16,850	0	0	0	134,300
34	78	0	0	500,000	16,850	16,850	0	0	0	134,300
35	79	0	0	500,000	16,850	16,850	0	0	0	134,300
36	80	0	0	500,000	16,850	16,850	0	0	0	134,300
37	81	0	0	500,000	16,850	16,850	0	0	0	134,300
38	82	0	0	500,000	16,850	16,850	0	0	0	134,300
39	83	0	0	500,000	16,850	16,850	0	0	0	134,300
40	84	0	0	500,000	16,850	16,850	0	0	0	134,300
		500,000	500,000		640,300	337,000	466,614	303,300	0	2,686,000

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

**Column (8) = Columns (1) - (2) + (4) - (5) - (7)

The employer's loans must be repaid no later than the date specified in the plan documentation.

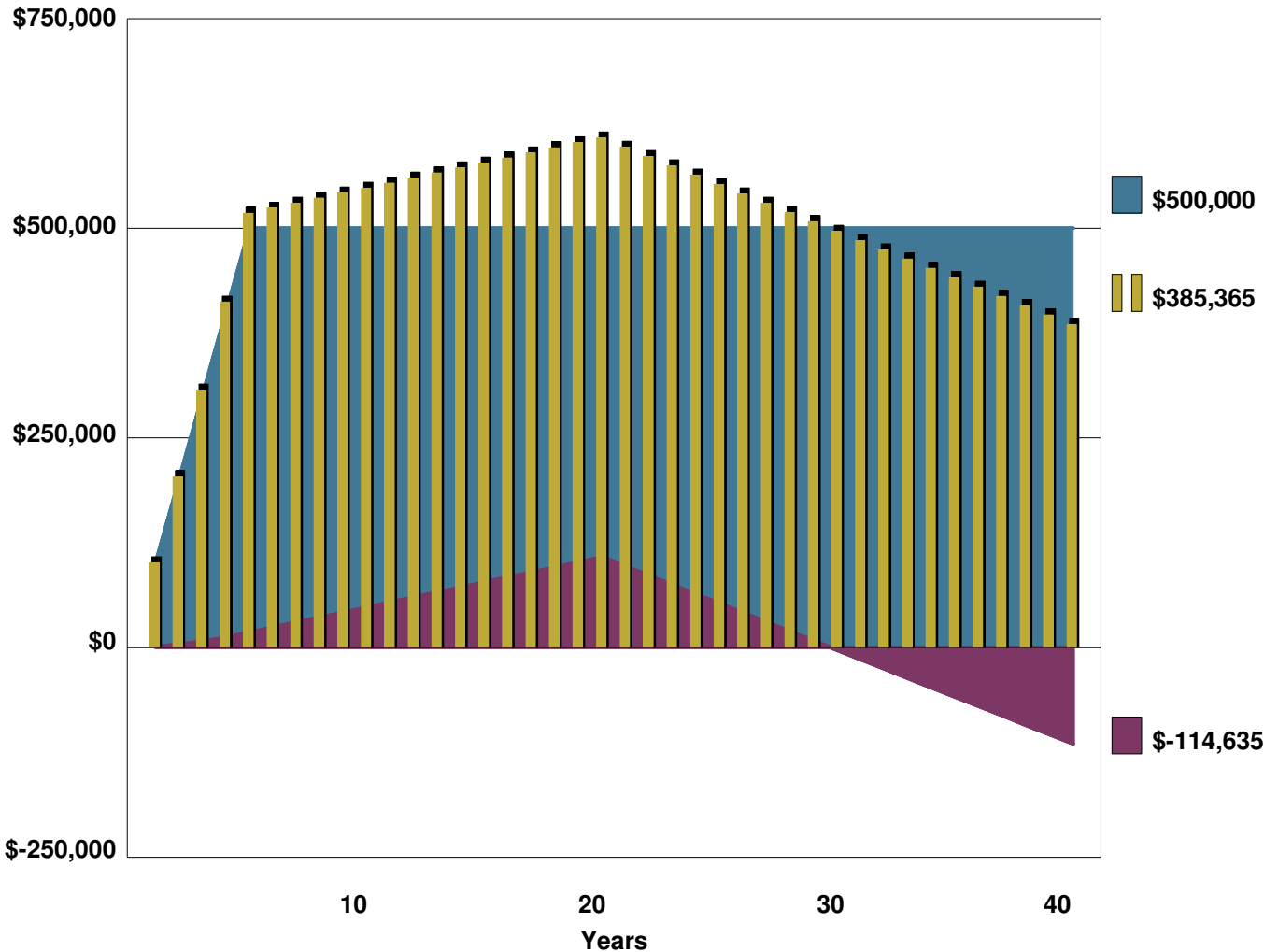
Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Employer's 40 Year Analysis

Contini Brothers, Inc.



	<u>At Year 40</u>
Employer's Cumulative Net Payments	\$385,365
Cumulative Charge to Earnings	\$-114,635
Loans Due Employer from Executive	\$500,000

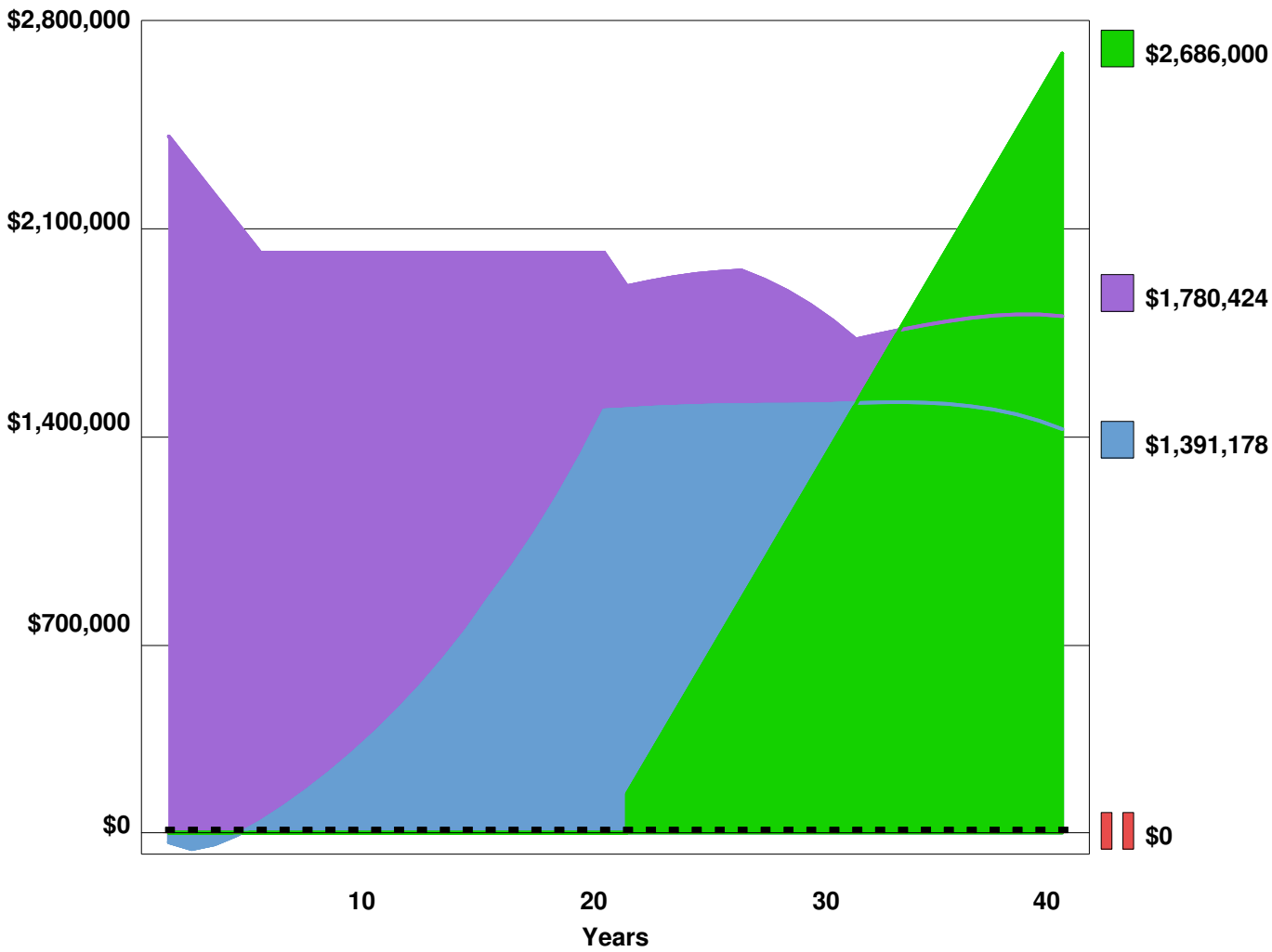
Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Executive's 40 Year Analysis

Contini Brothers, Inc.



	<u>At Year 40</u>
Executive's Cumulative Net Payments	\$0
Executive's Cumulative Net Loan Proceeds ¹	\$2,686,000
Executive's Cash Value Less Cum. Loan Due Employer	\$1,391,178
Executive's Death Benefit Less Cum. Loan Due Employer	\$1,780,424

¹ For retirement income.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Promissory Note Analysis

Contini Brothers, Inc.

Assumed Long-Term AFR
for All Years Illustrated
3.37%**

Promissory Note
Interest Rate
3.37%

Loan Collateral

Year	Male Age	(1) Beginning of Year Loan to Executive	(2) Annual Loan Interest Paid from Non-Policy Values	(3) Annual Loan Interest Paid from Policy Values	(4) Loan Repayments from Non-Policy Values	(5) Loan Repayments from Policy Values	(6) Year End Cumulative Loan to Executive	Loan Collateral		
								(7) Year End Policy Accum Value*	(8) Year End Policy Cash Value*	(9) Year End Policy Death Benefit*
1	45	100,000	3,370	0	0	0	100,000	102,198	67,198	2,500,000
2	46	100,000	6,740	0	0	0	200,000	213,869	143,869	2,500,000
3	47	100,000	10,110	0	0	0	300,000	335,427	260,927	2,500,000
4	48	100,000	13,480	0	0	0	400,000	467,797	393,297	2,500,000
5	49	100,000	16,850	0	0	0	500,000	612,010	537,510	2,500,000
6	50	0	16,850	0	0	0	500,000	659,828	589,053	2,500,000
7	51	0	16,850	0	0	0	500,000	711,459	645,154	2,500,000
8	52	0	16,850	0	0	0	500,000	767,257	706,167	2,500,000
9	53	0	16,850	0	0	0	500,000	827,578	772,448	2,500,000
10	54	0	16,850	0	0	0	500,000	892,823	844,398	2,500,000
11	55	0	16,850	0	0	0	500,000	963,473	922,498	2,500,000
12	56	0	16,850	0	0	0	500,000	1,040,048	1,007,268	2,500,000
13	57	0	16,850	0	0	0	500,000	1,123,108	1,099,268	2,500,000
14	58	0	16,850	0	0	0	500,000	1,213,329	1,199,174	2,500,000
15	59	0	16,850	0	0	0	500,000	1,311,468	1,311,468	2,500,000
16	60	0	16,850	0	0	0	500,000	1,418,351	1,418,351	2,500,000
17	61	0	16,850	0	0	0	500,000	1,534,977	1,534,977	2,500,000
18	62	0	16,850	0	0	0	500,000	1,662,474	1,662,474	2,500,000
19	63	0	16,850	0	0	0	500,000	1,802,130	1,802,130	2,500,000
20	64	0	16,850	0	0	0	500,000	1,955,453	1,955,453	2,500,000
21	65	0	0	16,850	0	0	500,000	1,960,302	1,960,301	2,384,406
22	66	0	0	16,850	0	0	500,000	1,964,639	1,964,639	2,400,630
23	67	0	0	16,850	0	0	500,000	1,968,344	1,968,344	2,414,459
24	68	0	0	16,850	0	0	500,000	1,971,300	1,971,300	2,425,573
25	69	0	0	16,850	0	0	500,000	1,973,362	1,973,362	2,433,607
26	70	0	0	16,850	0	0	500,000	1,974,393	1,974,393	2,438,188
27	71	0	0	16,850	0	0	500,000	1,975,118	1,975,118	2,406,714
28	72	0	0	16,850	0	0	500,000	1,975,779	1,975,779	2,367,549
29	73	0	0	16,850	0	0	500,000	1,976,744	1,976,744	2,320,352
30	74	0	0	16,850	0	0	500,000	1,978,533	1,978,533	2,264,858
		500,000	303,300	168,500	0	0				

*This is an example of an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

**See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

Presented By: [Licensed User's name appears here]

Insured: Frank Contini

Contini Brothers, Inc.

Promissory Note Analysis

Assumed Long-Term AFR
for All Years Illustrated
3.37%**

Promissory Note
Interest Rate
3.37%

Year	Male Age								Loan Collateral		
		(1) Beginning of Year Loan to Executive	(2) Annual Loan Interest Paid from Non-Policy Values	(3) Annual Loan Interest Paid from Policy Values	(4) Loan Repayments from Non-Policy Values	(5) Loan Repayments from Policy Values	(6) Year End Cumulative Loan to Executive	(7) Year End Policy Accum Value*	(8) Year End Policy Cash Value*	(9) Year End Policy Death Benefit*	
31	75	0	0	16,850	0	0	500,000	1,981,880	1,981,880	2,200,911	
32	76	0	0	16,850	0	0	500,000	1,983,904	1,983,904	2,218,244	
33	77	0	0	16,850	0	0	500,000	1,984,245	1,984,245	2,234,721	
34	78	0	0	16,850	0	0	500,000	1,982,471	1,982,471	2,249,945	
35	79	0	0	16,850	0	0	500,000	1,978,071	1,978,071	2,263,438	
36	80	0	0	16,850	0	0	500,000	1,970,444	1,970,444	2,274,627	
37	81	0	0	16,850	0	0	500,000	1,958,865	1,958,865	2,282,820	
38	82	0	0	16,850	0	0	500,000	1,942,490	1,942,490	2,287,198	
39	83	0	0	16,850	0	0	500,000	1,920,319	1,920,319	2,286,784	
40	84	0	0	16,850	0	0	500,000	1,891,178	1,891,178	2,280,424	

500,000 303,300 337,000 0 0

*This is an example of an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote will refer to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

**See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

The employer's loans must be repaid no later than the date specified in the plan documentation.