

Executive Trifecta

For: Ferris Metallurgical, Inc.



Presented By: _____

[Licensed user's name appears here]

Executive Trifecta

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Executive Trifecta

**Plan Sponsor's Composite Analysis
of
Executive Trifecta
for
Magnus Electronics, Inc.**

Executive Trifecta for Magnus Electronics, Inc.

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

Plan Sponsor: Magnus Electronics, Inc.

Plan Sponsor's Composite Analysis of Costs and Policy Values

Number of Participants: 2
C Corporation

Plan Year	(1) Plan Sponsor's Net Payment	(2) Plan Sponsor's Cumulative Net Payments	(3) Plan Sponsor's Policy Accum Value*	(4) Plan Sponsor's Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated for Key Executive Coverage	(6) Portion of Policy Death Benefit Allocated for Survivor Income Benefit	(7) Plan Sponsor's Total Policy Death Benefit Required (5) + (6)	(8) Total Policy Death Benefit Provided
1	73,000	73,000	65,284	0	4,483,000	1,804,940	6,287,940	6,287,940
2	73,000	146,000	135,658	0	4,483,000	1,804,940	6,287,940	6,287,940
3	73,000	219,000	211,187	58,639	4,483,000	1,804,940	6,287,940	6,287,940
4	73,000	292,000	292,265	139,717	4,483,000	1,804,940	6,287,940	6,287,940
5	73,000	365,000	379,328	226,780	4,483,000	1,804,940	6,287,940	6,287,940
6	73,000	438,000	472,875	327,954	4,483,000	1,804,940	6,287,940	6,287,940
7	73,000	511,000	573,235	437,466	4,483,000	1,804,940	6,287,940	6,287,940
8	73,000	584,000	680,993	555,903	4,483,000	1,804,940	6,287,940	6,287,940
9	73,000	657,000	796,696	683,810	4,483,000	1,804,940	6,287,940	6,287,940
10	73,000	730,000	920,989	821,832	4,483,000	1,804,940	6,287,940	6,287,940
11	73,000	803,000	1,054,605	970,703	4,483,000	1,804,940	6,287,940	6,287,940
12	73,000	876,000	1,198,176	1,131,054	4,483,000	1,804,940	6,287,940	6,287,940
13	73,000	949,000	1,352,517	1,303,701	4,483,000	1,804,940	6,287,940	6,287,940
14	73,000	1,022,000	1,518,603	1,489,619	4,483,000	1,804,940	6,287,940	6,287,940
15	73,000	1,095,000	1,697,513	1,697,513	4,483,000	1,804,940	6,287,940	6,287,940
16	73,000	1,168,000	1,890,413	1,890,413	4,483,000	1,804,940	6,287,940	6,287,940
17	73,000	1,241,000	2,098,590	2,098,589	4,483,000	1,804,940	6,287,940	6,287,940
18	73,000	1,314,000	2,323,600	2,323,600	4,483,000	1,804,940	6,287,940	6,287,940
19	73,000	1,387,000	2,567,147	2,567,146	4,483,000	1,804,940	6,287,940	6,287,940
20	73,000	1,460,000	2,831,226	2,831,226	4,483,000	1,804,940	6,287,940	6,287,940
21	-356,000	1,104,000	747,102	747,102	1,704,900	746,296	2,451,196	2,451,196
22	18,000	1,122,000	819,081	819,081	1,704,900	746,296	2,451,196	2,451,196
23	18,000	1,140,000	896,643	896,642	1,704,900	746,296	2,451,196	2,451,196
24	18,000	1,158,000	980,332	980,332	1,704,900	746,296	2,451,196	2,451,196
25	18,000	1,176,000	1,070,753	1,070,753	1,704,900	746,296	2,451,196	2,451,196
26	18,000	1,194,000	1,168,551	1,168,551	1,704,900	746,296	2,451,196	2,451,196
27	18,000	1,212,000	1,274,525	1,274,525	1,704,900	746,296	2,451,196	2,451,196
28	18,000	1,230,000	1,389,565	1,389,565	1,704,900	746,296	2,451,196	2,451,196
29	18,000	1,248,000	1,514,679	1,514,679	1,704,900	746,296	2,451,196	2,451,196
30	18,000	1,266,000	1,651,050	1,651,050	1,704,900	746,296	2,451,196	2,451,196
	1,266,000							

List of Plan Participants:

Tony Callahan, age 45
Frank DiNicola, age 35

*This Composite page includes non-guaranteed life insurance values. Actual results are likely to vary. This page is not valid unless accompanied by a life insurance basic illustration for each participant in the Composite that details non-guaranteed and guaranteed elements.

Executive Trifecta for Magnus Electronics, Inc.

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

Plan Sponsor: Magnus Electronics, Inc.

Plan Sponsor's Composite Analysis of Costs and Policy Values

Number of Participants: 2
C Corporation

Plan Year	(1) Plan Sponsor's Net Payment	(2) Plan Sponsor's Cumulative Net Payments	(3) Plan Sponsor's Policy Accum Value*	(4) Plan Sponsor's Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated for Key Executive Coverage	(6) Portion of Policy Death Benefit Allocated for Survivor Income Benefit	(7) Plan Sponsor's Total Policy Death Benefit Required (5) + (6)	(8) Total Policy Death Benefit Provided
31	-183,600	1,082,400	0	0	0	0	0	0
32	0	1,082,400	0	0	0	0	0	0
33	0	1,082,400	0	0	0	0	0	0
34	0	1,082,400	0	0	0	0	0	0
35	0	1,082,400	0	0	0	0	0	0
36	0	1,082,400	0	0	0	0	0	0
37	0	1,082,400	0	0	0	0	0	0
38	0	1,082,400	0	0	0	0	0	0
39	0	1,082,400	0	0	0	0	0	0
40	0	1,082,400	0	0	0	0	0	0

1,082,400

List of Plan Participants:
Tony Callahan, age 45
Frank DiNicola, age 35

*This Composite page includes non-guaranteed life insurance values. Actual results are likely to vary. This page is not valid unless accompanied by a life insurance basic illustration for each participant in the Composite that details non-guaranteed and guaranteed elements.

Executive Trifecta for Magnus Electronics, Inc.

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

Plan Sponsor: Magnus Electronics, Inc.

Plan Sponsor's Composite Analysis of the Survivor Income Benefits

Number of Participants: 2
C Corporation

Names of Covered Plan Participants	(1) Initial Amount of Annual Survivor Income Benefit	(2) Years of Survivor Income Benefit	(3) Total Survivor Income Benefit (1) x (2)	(4) Plan Sponsor's Cost to Provide Survivor Income Benefit*
Tony Callahan	200,000	10	2,000,000	1,058,644
Frank DiNicola	250,000	5	1,250,000	746,296
			<u>3,250,000</u>	<u>1,804,940</u>

*For details, see each plan participant's individual report named C Corporation's Analysis of Survivor Income Benefit.

Executive Trifecta for Magnus Electronics, Inc.

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

Plan Sponsor: Magnus Electronics, Inc.

Plan Sponsor's Composite Analysis of Benefits*

Number of Participants: 2
C Corporation

Names of Covered Plan Participants	(1) Age of Plan Participants	(2) Year of Policy Transferred to Plan Participants	(3) Plan Participant's Out-of-Pocket Cost for Acquiring the Policy	(4) Plan Participant's Policy Cash Value in Year of Transfer	(5) Plan Participant's Death Benefit in Year of Transfer	(6) Plan Participant's Cumulative Retirement Income After Tax Policy Cash Flow Illustrated	(7) Plan Participant's Policy Cash Value in the Final Year Illustrated	(8) Plan Participant's Death Benefit in the Final Year Illustrated
Tony Callahan	45	21	0	1,357,480	2,854,088	1,250,000	1,538,524	1,751,788
Frank DiNicola	35	31	0	1,044,298	1,753,645	1,000,000	660,639	853,420

*This Composite page includes non-guaranteed life insurance values. Actual results are likely to vary. This page is not valid unless accompanied by a life insurance basic illustration for each participant in the Composite that details non-guaranteed and guaranteed elements.

Executive Trifecta

Individual Reports for Tony Callahan

Preface (for Key Executives of C Corporations)

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Key Executive Coverage, Survivor Income Benefit, and Subsequent Transfer of Policy to Key Executive

"Trifecta" refers to a winning sequence of three, and Executive Trifecta delivers three, very powerful, sequential benefits:

- 1) Selected executives whose deaths would cause a serious financial loss for the Corporation are insured in favor of the Corporation thereby providing indemnification for such a loss.
- 2) During their participation, each insured executive is provided with corporate-paid survivor income benefits should death occur while employed.
- 3) At the executive's retirement, disability, or involuntary severance from employment without cause, all as described in the Agreement between the parties, the life insurance policy is contractually transferred to the participating executive (as a deferred bonus) thereby creating a supplemental retirement asset. After the policy transfer, any payment of the life insurance death benefit is made directly to the executive's personal beneficiaries.

Part 1: Key Executive Coverage

Most firms would not consider operating without insuring against the loss of its property. The same logic should apply to its human capital -- a far more vital asset to the successful continuation of any business. Property can be rebuilt; not so with a human life.

In order to recognize the value of a key executive, a life insurance policy on the executive's life made payable to the Corporation is a prudent strategy. This coverage can provide needed cash to:

- a) Recover the costs of locating a replacement;

- b) Recover the loss of profits while training a replacement;
- c) Recover the permanent loss of profits if the executive is "irreplaceable";
- d) Assure creditors and suppliers that their loans and receivables are safe;
- e) Assure customers that the Corporation will continue its operations;
- f) Fund a stock buyout if the executive is a stockholder.

Features of this coverage for the Corporation are:

- a) Discriminatory participation as to the selection of participants;
- b) Income tax free policy death benefits;
- c) No regulatory approval required and ERISA compliance* is nominal.

Part 2: Survivor Income Benefit

With Executive Trifecta, the Corporation contractually agrees to pay scheduled amounts of income to the survivors of a participating executive. This provides the executive with:

- a) A source of continuing family income;
- b) Relief from purchasing expensive personal life insurance.

Features of this coverage for the Corporation are:

- a) Discriminatory participation as to the selection of participants;
- b) Deductible benefit payments;
- c) No regulatory approval required and ERISA compliance* is nominal.

*Some employers do not have the resources or expertise to administer a non-qualified plan such as Executive Trifecta. These employers may want to consider using a third-party administrator (TPA) to administer the plan to ensure that applicable ERISA requirements are implemented and monitored.

Preface (continued)

Part 3: Policy Transfer

At the executive's retirement, disability, or involuntary severance from employment without cause, all as described in the Agreement between the parties, the Corporation transfers ownership of the policy to the participating executive who, in turn, names personal beneficiaries. This provides the executive with:

- a) Policy cash values for use as a supplemental retirement asset;
- b) Income tax free policy death benefits for personal beneficiaries.

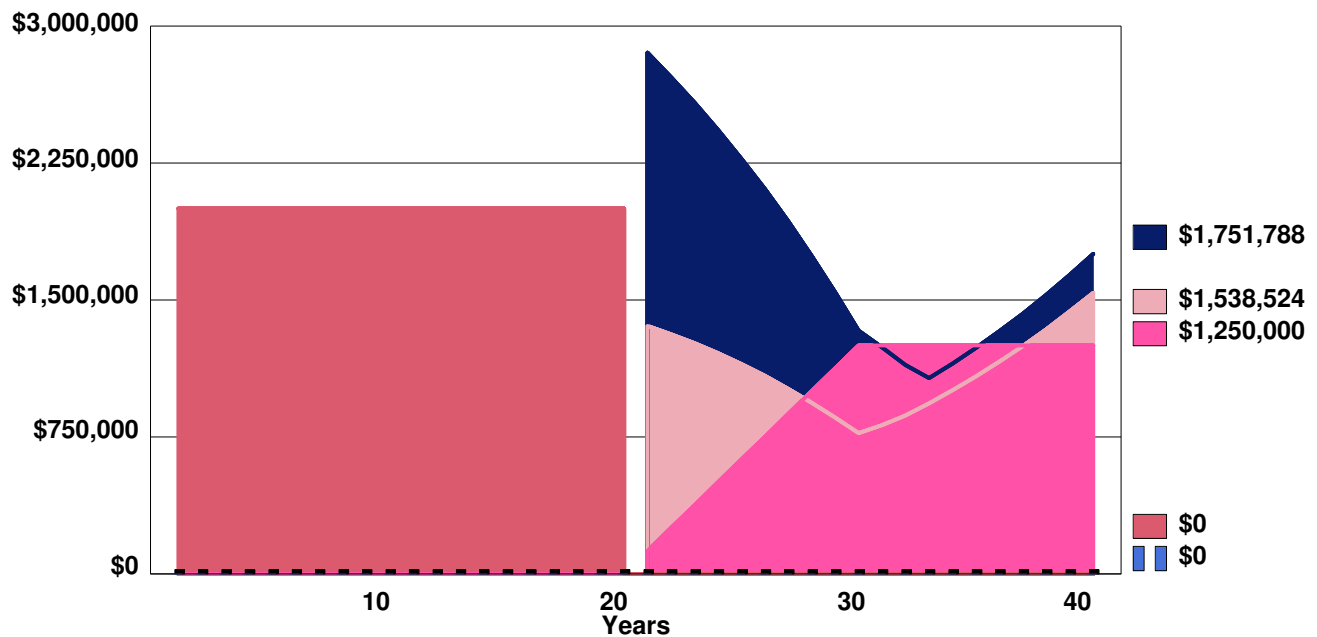
Conclusion

Executive Trifecta facilitates a nurturing environment that rewards key executives while simultaneously providing indemnification for the Corporation in the event of the untimely death of a covered participant.

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.

Specimen Documentation

Specimen documents for Executive Trifecta are available in InsMark's Cloud-Based Documents On A Disk.



	<u>At Year 40</u>
Executive's Cumulative Net Payments	\$0
Executive's Total Survivor Income Benefit	\$0
Executive's Cumulative After Tax Policy Cash Flow	\$1,250,000
Executive's Cash Value	\$1,538,524
Executive's Death Benefit	\$1,751,788

This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Illustration of Policy Values Funding the Plan

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		CVI Interest Rate 8.00%	Initial Premium 55,000	Initial Death Benefit 3,731,950		
Year	Male Age	(1) Premium Payment	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Policy Death Benefit
1	45	55,000	0	49,792	0	3,836,744
2	46	55,000	0	103,431	0	3,836,744
3	47	55,000	0	160,981	49,769	3,836,744
4	48	55,000	0	222,726	111,514	3,836,744
5	49	55,000	0	288,981	177,769	3,836,744
6	50	55,000	0	360,140	254,489	3,836,744
7	51	55,000	0	436,392	337,413	3,836,744
8	52	55,000	0	518,167	426,973	3,836,744
9	53	55,000	0	605,870	523,573	3,836,744
10	54	55,000	0	699,963	627,675	3,836,744
11	55	55,000	0	801,009	739,842	3,836,744
12	56	55,000	0	909,610	860,676	3,836,744
13	57	55,000	0	1,026,383	990,795	3,836,744
14	58	55,000	0	1,152,109	1,130,979	3,836,744
15	59	55,000	0	1,287,650	1,287,650	3,836,744
16	60	55,000	0	1,433,907	1,433,907	3,836,744
17	61	55,000	0	1,592,018	1,592,017	3,836,744
18	62	55,000	0	1,763,243	1,763,243	3,836,744
19	63	55,000	0	1,949,002	1,949,001	3,836,744
20	64	55,000	0	2,150,963	2,150,963	3,836,744
21	65	0	877,837	1,357,480	1,357,480	2,854,088
22	66	0	125,000	1,312,454	1,312,454	2,721,588
23	67	0	125,000	1,262,753	1,262,753	2,581,138
24	68	0	125,000	1,208,163	1,208,163	2,432,261
25	69	0	125,000	1,148,437	1,148,437	2,274,452
26	70	0	125,000	1,083,412	1,083,412	2,107,173
27	71	0	125,000	1,012,987	1,012,987	1,929,858
28	72	0	125,000	937,131	937,131	1,741,905
29	73	0	125,000	855,940	855,940	1,542,674
30	74	0	125,000	769,654	769,654	1,331,489
		1,100,000	2,002,837			

30 Year Summary

Cum. Premium Payments	1,100,000
Cum. Pre-Tax Cash Flow	2,002,837
Accum Value	769,654
Death Benefit	1,331,489

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Illustration of Policy Values Funding the Plan

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

CVI Interest Rate 8.00% Initial Premium 55,000 Initial Death Benefit 3,731,950

Year	Male Age	(1) Premium Payment	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Policy Death Benefit
31	75	0	0	814,516	814,516	1,240,133
32	76	0	0	867,347	867,347	1,143,295
33	77	0	0	933,805	933,804	1,071,167
34	78	0	0	1,004,842	1,004,842	1,151,196
35	79	0	0	1,080,679	1,080,678	1,236,592
36	80	0	0	1,161,526	1,161,526	1,327,594
37	81	0	0	1,247,575	1,247,575	1,424,425
38	82	0	0	1,339,002	1,339,002	1,527,292
39	83	0	0	1,435,950	1,435,950	1,636,367
40	84	0	0	1,538,524	1,538,524	1,751,788

1,100,000 2,002,837

40 Year Summary

Cum. Premium Payments	1,100,000
Cum. Pre-Tax Cash Flow	2,002,837
Accum Value	1,538,524
Death Benefit	1,751,788

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

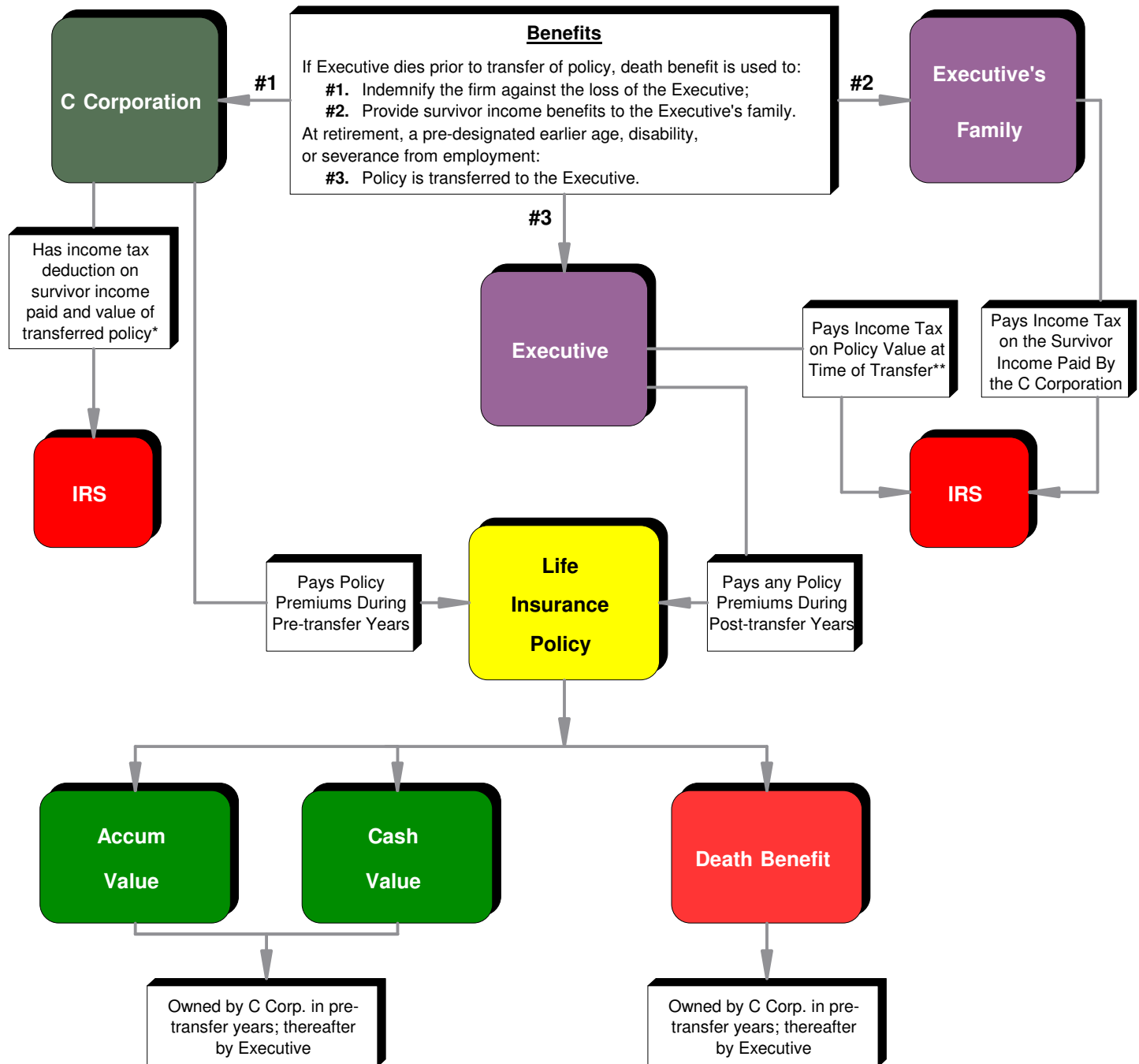
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Who Pays What - Who Receives What

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



*When the policy is transferred, the C Corporation must recognize gain to the extent that the policy value exceeds the C Corporation's premium payments; however, the C Corporation is entitled to a deduction equal to the amount the executive includes in income on the transfer - which is generally approximated by the policy value without regard to any surrender charges (IRS Rev. Proc. 2005-25).

**The executive has taxable income to the extent of the policy's fair market value (IRC Section 83) which is generally approximated by the policy value without reduction for surrender charges (IRS Rev. Proc. 2005-25).

Details of the Tax Consequences When the Policy is Transferred to the Executive

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy to Executive as Compensation)	Policy Transfer to Executive is Illustrated at Beginning of Year	C Corporation's Tax Bracket	Executive's Tax Bracket
	21	34.00%	35.00%

Transfer Details:

- Year the transfer is illustrated: Beginning of year 21
- Accumulation value of policy when transferred: \$2,150,963
- C Corporation's cumulative premiums prior to transfer: \$1,100,000
- Executive's cumulative premiums prior to transfer: \$0

C Corporation's Transfer Tax Consequences:

When the policy is transferred, the C Corporation must recognize gain to the extent that the policy value exceeds the C Corporation's premium payments; however, the C Corporation is entitled to a deduction under IRC Section 162 equal to the amount the executive includes in income on the transfer -- which is generally approximated by the policy value without regard to any surrender charges.

Therefore, for this case:

1. The C Corporation has a taxable gain of the difference between \$2,150,963 (accumulation value of policy) and \$1,100,000 (C Corporation's cumulative premium share) which equals \$1,050,963 in taxable gain. $\$1,050,963 \times 34.00\%$ (the C Corporation's tax bracket) = \$357,327 of income tax due.
2. In addition, the C Corporation has an income tax deduction of the difference between \$2,150,963 (policy accumulation value) and \$0 (Executive's cumulative premium share) which equals \$2,150,963 in taxable gain. $\$2,150,963 \times 34.00\%$ = \$731,327 of income tax savings.
3. \$731,327 of income tax savings less \$357,327 of income tax due = \$374,000 of net income tax savings to the C Corporation at transfer.

Executive's Transfer Tax Consequences:

The executive has taxable income to the extent of the policy's fair market value (IRC Section 83) which is generally approximated by the policy's accumulation value without reduction for surrender charges (IRS Rev. Proc. 2005-25).

Therefore, for this case:

1. The executive has a taxable income of \$2,150,963 (the policy accumulation value).
2. $\$2,150,963 \times 35.00\%$ = \$752,837 of income tax due.
3. Immediately upon transfer of the policy, the executive is illustrated making a policy withdrawal of \$752,837 thereby reducing the executive's out-of-pocket cost for the transfer to \$0 (\$752,837 minus \$752,837).
4. The executive has basis in the policy of \$2,150,963 (the amount of taxable income).

Note: Any premium payments, increase in policy values, or policy activity (loans, withdrawals, etc.) in the year of transfer are presumed to occur after the transfer takes place.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
1	45	0	0	0	0	0	2,000,000
2	46	0	0	0	0	0	2,000,000
3	47	0	0	0	0	0	2,000,000
4	48	0	0	0	0	0	2,000,000
5	49	0	0	0	0	0	2,000,000
6	50	0	0	0	0	0	2,000,000
7	51	0	0	0	0	0	2,000,000
8	52	0	0	0	0	0	2,000,000
9	53	0	0	0	0	0	2,000,000
10	54	0	0	0	0	0	2,000,000
11	55	0	0	0	0	0	2,000,000
12	56	0	0	0	0	0	2,000,000
13	57	0	0	0	0	0	2,000,000
14	58	0	0	0	0	0	2,000,000
15	59	0	0	0	0	0	2,000,000
16	60	0	0	0	0	0	2,000,000
17	61	0	0	0	0	0	2,000,000
18	62	0	0	0	0	0	2,000,000
19	63	0	0	0	0	0	2,000,000
20	64	0	0	0	0	0	2,000,000
21	65	0	125,000	1,357,480	1,357,480	2,854,088	0
22	66	0	125,000	1,312,454	1,312,454	2,721,588	0
23	67	0	125,000	1,262,753	1,262,753	2,581,138	0
24	68	0	125,000	1,208,163	1,208,163	2,432,261	0
25	69	0	125,000	1,148,437	1,148,437	2,274,452	0
26	70	0	125,000	1,083,412	1,083,412	2,107,173	0
27	71	0	125,000	1,012,987	1,012,987	1,929,858	0
28	72	0	125,000	937,131	937,131	1,741,905	0
29	73	0	125,000	855,940	855,940	1,542,674	0
30	74	0	125,000	769,654	769,654	1,331,489	0
		0	1,250,000				

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Survivor Income Benefit is terminated at the beginning of year 21 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
31	75	0	0	814,516	814,516	1,240,133	0
32	76	0	0	867,347	867,347	1,143,295	0
33	77	0	0	933,805	933,804	1,071,167	0
34	78	0	0	1,004,842	1,004,842	1,151,196	0
35	79	0	0	1,080,679	1,080,678	1,236,592	0
36	80	0	0	1,161,526	1,161,526	1,327,594	0
37	81	0	0	1,247,575	1,247,575	1,424,425	0
38	82	0	0	1,339,002	1,339,002	1,527,292	0
39	83	0	0	1,435,950	1,435,950	1,636,367	0
40	84	0	0	1,538,524	1,538,524	1,751,788	0

0 1,250,000

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Survivor Income Benefit is terminated at the beginning of year 21 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's Personal Report

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	Executive's Costs	Executive's Values				
		(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
1	45	0	0	0	0	0	2,000,000
2	46	0	0	0	0	0	2,000,000
3	47	0	0	0	0	0	2,000,000
4	48	0	0	0	0	0	2,000,000
5	49	0	0	0	0	0	2,000,000
6	50	0	0	0	0	0	2,000,000
7	51	0	0	0	0	0	2,000,000
8	52	0	0	0	0	0	2,000,000
9	53	0	0	0	0	0	2,000,000
10	54	0	0	0	0	0	2,000,000
11	55	0	0	0	0	0	2,000,000
12	56	0	0	0	0	0	2,000,000
13	57	0	0	0	0	0	2,000,000
14	58	0	0	0	0	0	2,000,000
15	59	0	0	0	0	0	2,000,000
16	60	0	0	0	0	0	2,000,000
17	61	0	0	0	0	0	2,000,000
18	62	0	0	0	0	0	2,000,000
19	63	0	0	0	0	0	2,000,000
20	64	0	0	0	0	0	2,000,000
21	65	0	125,000	1,357,480	1,357,480	2,854,088	0
22	66	0	125,000	1,312,454	1,312,454	2,721,588	0
23	67	0	125,000	1,262,753	1,262,753	2,581,138	0
24	68	0	125,000	1,208,163	1,208,163	2,432,261	0
25	69	0	125,000	1,148,437	1,148,437	2,274,452	0
26	70	0	125,000	1,083,412	1,083,412	2,107,173	0
27	71	0	125,000	1,012,987	1,012,987	1,929,858	0
28	72	0	125,000	937,131	937,131	1,741,905	0
29	73	0	125,000	855,940	855,940	1,542,674	0
30	74	0	125,000	769,654	769,654	1,331,489	0
		0	1,250,000				

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**\$2,000,000 is the sum of 10 scheduled survivor income payments from the C Corporation to the executive's beneficiaries.

**Survivor Income Benefit is terminated at the beginning of year 21 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's Personal Report

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	Executive's Costs	Executive's Values				
		(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
31	75	0	0	814,516	814,516	1,240,133	0
32	76	0	0	867,347	867,347	1,143,295	0
33	77	0	0	933,805	933,804	1,071,167	0
34	78	0	0	1,004,842	1,004,842	1,151,196	0
35	79	0	0	1,080,679	1,080,678	1,236,592	0
36	80	0	0	1,161,526	1,161,526	1,327,594	0
37	81	0	0	1,247,575	1,247,575	1,424,425	0
38	82	0	0	1,339,002	1,339,002	1,527,292	0
39	83	0	0	1,435,950	1,435,950	1,636,367	0
40	84	0	0	1,538,524	1,538,524	1,751,788	0

0 1,250,000

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**\$2,000,000 is the sum of 10 scheduled survivor income payments from the C Corporation to the executive's beneficiaries.

**Survivor Income Benefit is terminated at the beginning of year 21 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Income from Policy Transfer*	(3) Income Tax Due on Col (2)	(4) After Tax Policy Cash Flow	(5) Net Payment (1)+(3)-(4)
1	45	0	0	0	0	0
2	46	0	0	0	0	0
3	47	0	0	0	0	0
4	48	0	0	0	0	0
5	49	0	0	0	0	0
6	50	0	0	0	0	0
7	51	0	0	0	0	0
8	52	0	0	0	0	0
9	53	0	0	0	0	0
10	54	0	0	0	0	0
11	55	0	0	0	0	0
12	56	0	0	0	0	0
13	57	0	0	0	0	0
14	58	0	0	0	0	0
15	59	0	0	0	0	0
16	60	0	0	0	0	0
17	61	0	0	0	0	0
18	62	0	0	0	0	0
19	63	0	0	0	0	0
20	64	0	0	0	0	0
21	65	0	2,150,963	752,837	752,837	0
22	66	0	0	0	0	0
23	67	0	0	0	0	0
24	68	0	0	0	0	0
25	69	0	0	0	0	0
26	70	0	0	0	0	0
27	71	0	0	0	0	0
28	72	0	0	0	0	0
29	73	0	0	0	0	0
30	74	0	0	0	0	0
		0	2,150,963	752,837	752,837	0

*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 21 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Income from Policy Transfer*	(3) Income Tax Due on Col (2)	(4) After Tax Policy Cash Flow	(5) Net Payment (1)+(3)-(4)
31	75	0	0	0	0	0
32	76	0	0	0	0	0
33	77	0	0	0	0	0
34	78	0	0	0	0	0
35	79	0	0	0	0	0
36	80	0	0	0	0	0
37	81	0	0	0	0	0
38	82	0	0	0	0	0
39	83	0	0	0	0	0
40	84	0	0	0	0	0

0	2,150,963	752,837	752,837	0
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*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 21 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 21	Plan Sponsor's Tax Bracket 34.00%	CVI Interest Rate 8.00%				
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated for Key Executive Coverage	(6) Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	(7) Total Policy Death Benefit Required (5) + (6)	(8) Total Policy Death Benefit Provided
1	45	55,000	55,000	49,792	0	2,778,100	1,058,644	3,836,744	3,836,744
2	46	55,000	110,000	103,431	0	2,778,100	1,058,644	3,836,744	3,836,744
3	47	55,000	165,000	160,981	49,769	2,778,100	1,058,644	3,836,744	3,836,744
4	48	55,000	220,000	222,726	111,514	2,778,100	1,058,644	3,836,744	3,836,744
5	49	55,000	275,000	288,981	177,769	2,778,100	1,058,644	3,836,744	3,836,744
6	50	55,000	330,000	360,140	254,489	2,778,100	1,058,644	3,836,744	3,836,744
7	51	55,000	385,000	436,392	337,413	2,778,100	1,058,644	3,836,744	3,836,744
8	52	55,000	440,000	518,167	426,973	2,778,100	1,058,644	3,836,744	3,836,744
9	53	55,000	495,000	605,870	523,573	2,778,100	1,058,644	3,836,744	3,836,744
10	54	55,000	550,000	699,963	627,675	2,778,100	1,058,644	3,836,744	3,836,744
11	55	55,000	605,000	801,009	739,842	2,778,100	1,058,644	3,836,744	3,836,744
12	56	55,000	660,000	909,610	860,676	2,778,100	1,058,644	3,836,744	3,836,744
13	57	55,000	715,000	1,026,383	990,795	2,778,100	1,058,644	3,836,744	3,836,744
14	58	55,000	770,000	1,152,109	1,130,979	2,778,100	1,058,644	3,836,744	3,836,744
15	59	55,000	825,000	1,287,650	1,287,650	2,778,100	1,058,644	3,836,744	3,836,744
16	60	55,000	880,000	1,433,907	1,433,907	2,778,100	1,058,644	3,836,744	3,836,744
17	61	55,000	935,000	1,592,018	1,592,017	2,778,100	1,058,644	3,836,744	3,836,744
18	62	55,000	990,000	1,763,243	1,763,243	2,778,100	1,058,644	3,836,744	3,836,744
19	63	55,000	1,045,000	1,949,002	1,949,001	2,778,100	1,058,644	3,836,744	3,836,744
20	64	55,000	1,100,000	2,150,963	2,150,963	2,778,100	1,058,644	3,836,744	3,836,744
21	65	-374,000	726,000	0	0	0	0	0	0
22	66	0	726,000	0	0	0	0	0	0
23	67	0	726,000	0	0	0	0	0	0
24	68	0	726,000	0	0	0	0	0	0
25	69	0	726,000	0	0	0	0	0	0
26	70	0	726,000	0	0	0	0	0	0
27	71	0	726,000	0	0	0	0	0	0
28	72	0	726,000	0	0	0	0	0	0
29	73	0	726,000	0	0	0	0	0	0
30	74	0	726,000	0	0	0	0	0	0
		726,000							

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 21 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 21	Plan Sponsor's Tax Bracket 34.00%	CVI Interest Rate 8.00%				
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated for Key Executive Coverage	(6) Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	(7) Total Policy Death Benefit Required (5) + (6)	(8) Total Policy Death Benefit Provided
31	75	0	726,000	0	0	0	0	0	0
32	76	0	726,000	0	0	0	0	0	0
33	77	0	726,000	0	0	0	0	0	0
34	78	0	726,000	0	0	0	0	0	0
35	79	0	726,000	0	0	0	0	0	0
36	80	0	726,000	0	0	0	0	0	0
37	81	0	726,000	0	0	0	0	0	0
38	82	0	726,000	0	0	0	0	0	0
39	83	0	726,000	0	0	0	0	0	0
40	84	0	726,000	0	0	0	0	0	0

726,000

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 21 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Plan Sponsor's Tax Bracket 34.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payment	(3) Income Tax Savings from Transfer*	(4) Net Payment (1) - (3)	(5) Cumulative Net Payments
1	45	55,000	55,000	0	55,000	55,000
2	46	55,000	110,000	0	55,000	110,000
3	47	55,000	165,000	0	55,000	165,000
4	48	55,000	220,000	0	55,000	220,000
5	49	55,000	275,000	0	55,000	275,000
6	50	55,000	330,000	0	55,000	330,000
7	51	55,000	385,000	0	55,000	385,000
8	52	55,000	440,000	0	55,000	440,000
9	53	55,000	495,000	0	55,000	495,000
10	54	55,000	550,000	0	55,000	550,000
11	55	55,000	605,000	0	55,000	605,000
12	56	55,000	660,000	0	55,000	660,000
13	57	55,000	715,000	0	55,000	715,000
14	58	55,000	770,000	0	55,000	770,000
15	59	55,000	825,000	0	55,000	825,000
16	60	55,000	880,000	0	55,000	880,000
17	61	55,000	935,000	0	55,000	935,000
18	62	55,000	990,000	0	55,000	990,000
19	63	55,000	1,045,000	0	55,000	1,045,000
20	64	55,000	1,100,000	0	55,000	1,100,000
21	65	0	0	374,000	-374,000	726,000
22	66	0	0	0	0	726,000
23	67	0	0	0	0	726,000
24	68	0	0	0	0	726,000
25	69	0	0	0	0	726,000
26	70	0	0	0	0	726,000
27	71	0	0	0	0	726,000
28	72	0	0	0	0	726,000
29	73	0	0	0	0	726,000
30	74	0	0	0	0	726,000
		1,100,000			726,000	

*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 21 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 21 Plan Sponsor's Tax Bracket 34.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payment	(3) Income Tax Savings from Transfer*	(4) Net Payment (1) - (3)	(5) Cumulative Net Payments
31	75	0	0	0	0	726,000
32	76	0	0	0	0	726,000
33	77	0	0	0	0	726,000
34	78	0	0	0	0	726,000
35	79	0	0	0	0	726,000
36	80	0	0	0	0	726,000
37	81	0	0	0	0	726,000
38	82	0	0	0	0	726,000
39	83	0	0	0	0	726,000
40	84	0	0	0	0	726,000

1,100,000

726,000

*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 21 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Analysis of Key Executive Life Insurance Coverage

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Year	Male Age	Column (1)	Column (2)	Column (3)	Column (4)	Column (5)	Column (6)	Column (7)
		Growth Factor 7.50%	Growth Factor 7.50%		Growth Factor 10.00%	Growth Factor 6.00% for 6 yrs, 10.00% Thereafter		
		(1) Annual Net Revenue With Current Executive†	(2) Annual Net Revenue With Replacement Executive†	(3) Difference in Annual Net Revenue (1) - (2)	(4) Current Executive's Compensation††	(5) Replacement Executive's Compensation††	(6) Difference in Compensation (4) - (5)	(7) Loss Due to Death of Current Executive (3) - (6)
1	45	2,257,500	1,128,750	1,128,750	330,000	318,000	12,000	1,116,750
2	46	2,426,813	1,456,088	970,725	363,000	337,080	25,920	944,805
3	47	2,608,823	1,826,176	782,647	399,300	357,305	41,995	740,652
4	48	2,804,485	2,243,588	560,897	439,230	378,743	60,487	500,410
5	49	3,014,822	2,713,340	301,482	483,153	401,468	81,685	219,797
6	50	3,240,933	3,240,933	0	531,468	425,556	105,913	-105,913
7	51	3,484,003	3,484,003	0	584,615	468,111	116,504	-116,504
8	52	3,745,303	3,745,303	0	643,077	514,922	128,154	-128,154
9	53	4,026,201	4,026,201	0	707,384	566,415	140,970	-140,970
10	54	4,328,166	4,328,166	0	778,123	623,056	155,067	-155,067
				<u>3,744,501</u>			<u>868,695</u>	<u>2,875,806</u>

Analysis of Key Executive Coverage Required

Present Value* of Column (7) Loss	2,603,100
Cost of Signing Bonus	50,000
Cost of Relocation Package	50,000
Cost for Executive Search Firm	75,000
Portion of Policy Death Benefit Allocated for Key Executive Coverage	2,778,100
Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	1,058,644
Total Key Executive Coverage Required	3,836,744
Key Executive Coverage Provided	3,836,744

*Present value interest rate assumption: 8.00%

**See attached Plan Sponsor's Analysis of Survivor Income Benefit

† See the report named Plan Sponsor's Analysis of Annual Net Revenue.

†† See the report named Plan Sponsor's Analysis of Executive Compensation.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Analysis of Annual Net Revenue

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Year	Male Age	Current Executive				Replacement Executive		(7) Loss of Annual Net Revenue from Loss of Current Executive (4) - (6)
		(1) Annual Net Revenue With Current Executive	(2) Column (1) Growth Factor 7.50%	(3) Percent of Revenue Attributable to Current Executive	(4) Annual Net Revenue Attributable to Current Executive (2) x (3)	(5) Annual Percent of Column (4) Expected With Replacement Executive	(6) Annual Net Revenue Attributable to Replacement Executive (4) x (5)	
1	45	3,500,000	3,762,500	60.00%	2,257,500	50.00%	1,128,750	1,128,750
2	46	3,500,000	4,044,688	60.00%	2,426,813	60.00%	1,456,088	970,725
3	47	3,500,000	4,348,039	60.00%	2,608,823	70.00%	1,826,176	782,647
4	48	3,500,000	4,674,142	60.00%	2,804,485	80.00%	2,243,588	560,897
5	49	3,500,000	5,024,703	60.00%	3,014,822	90.00%	2,713,340	301,482
6	50	3,500,000	5,401,555	60.00%	3,240,933	100.00%	3,240,933	0
7	51	3,500,000	5,806,672	60.00%	3,484,003	100.00%	3,484,003	0
8	52	3,500,000	6,242,172	60.00%	3,745,303	100.00%	3,745,303	0
9	53	3,500,000	6,710,335	60.00%	4,026,201	100.00%	4,026,201	0
10	54	3,500,000	7,213,610	60.00%	4,328,166	100.00%	4,328,166	0
								3,744,501

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's Analysis of Executive Compensation

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Year	Male Age	Current Executive		Replacement Executive		(5) Difference in Compensation (2) - (4)
		(1) Current Executive's Compensation	(2) Column (1) Growth Factor 10.00%	(3) Replacement Executive's Compensation	(4) Column (3) Growth Factor 6.00% for 6 yrs, 10.00% Thereafter	
1	45	300,000	330,000	300,000	318,000	12,000
2	46	300,000	363,000	300,000	337,080	25,920
3	47	300,000	399,300	300,000	357,305	41,995
4	48	300,000	439,230	300,000	378,743	60,487
5	49	300,000	483,153	300,000	401,468	81,685
6	50	300,000	531,468	300,000	425,556	105,913
7	51	300,000	584,615	300,000	468,111	116,504
8	52	300,000	643,077	300,000	514,922	128,154
9	53	300,000	707,384	300,000	566,415	140,970
10	54	300,000	778,123	300,000	623,056	155,067
						868,695

Executive Trifecta® Using Cash Value Insurance (CVI)

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

For the Beneficiaries of: Tony Callahan

Plan Sponsor's Analysis of Survivor Income Benefit

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Plan Sponsor's Tax Bracket 34.00% Assumed Use of Money 8.00% Cost to Provide the Benefit* 1,058,644 Total Survivor Benefit Scheduled 2,000,000

Year Following Executive's Death	Benefits and Costs		Survivor Income Account Activity		
	(1) Annual Benefit Payment to Executive's Survivors	(2) Annual After Tax Cost of Payment to Survivors	(3) Beginning of Year Balance in Survivor Benefit Account	(4) Balance in Account to Accrue (3) - (2)	(5) Year End After Tax Accrual of Account
1	200,000	132,000	1,058,644	926,644	975,570
2	200,000	132,000	975,570	843,570	888,111
3	200,000	132,000	888,111	756,111	796,034
4	200,000	132,000	796,034	664,034	699,094
5	200,000	132,000	699,094	567,094	597,037
6	200,000	132,000	597,037	465,037	489,591
7	200,000	132,000	489,591	357,591	376,472
8	200,000	132,000	376,472	244,472	257,380
9	200,000	132,000	257,380	125,380	132,000
10	200,000	132,000	132,000	0	0
	2,000,000	1,320,000			

*See Column (3), year 1. (Funding source is a portion of the proceeds from the Key Executive coverage.)

This table shows the escrow calculations (columns 3, 4 and 5) necessary to produce the survivor benefit shown in column (1). Rounding may cause minor math inconsistencies. Calculation formulae are:

- Column (2) = column (1) times (1-(tax bracket/100))
- Column (4) = column (3) minus column (2)
- Column (5) = column (4) plus the after tax interest credit

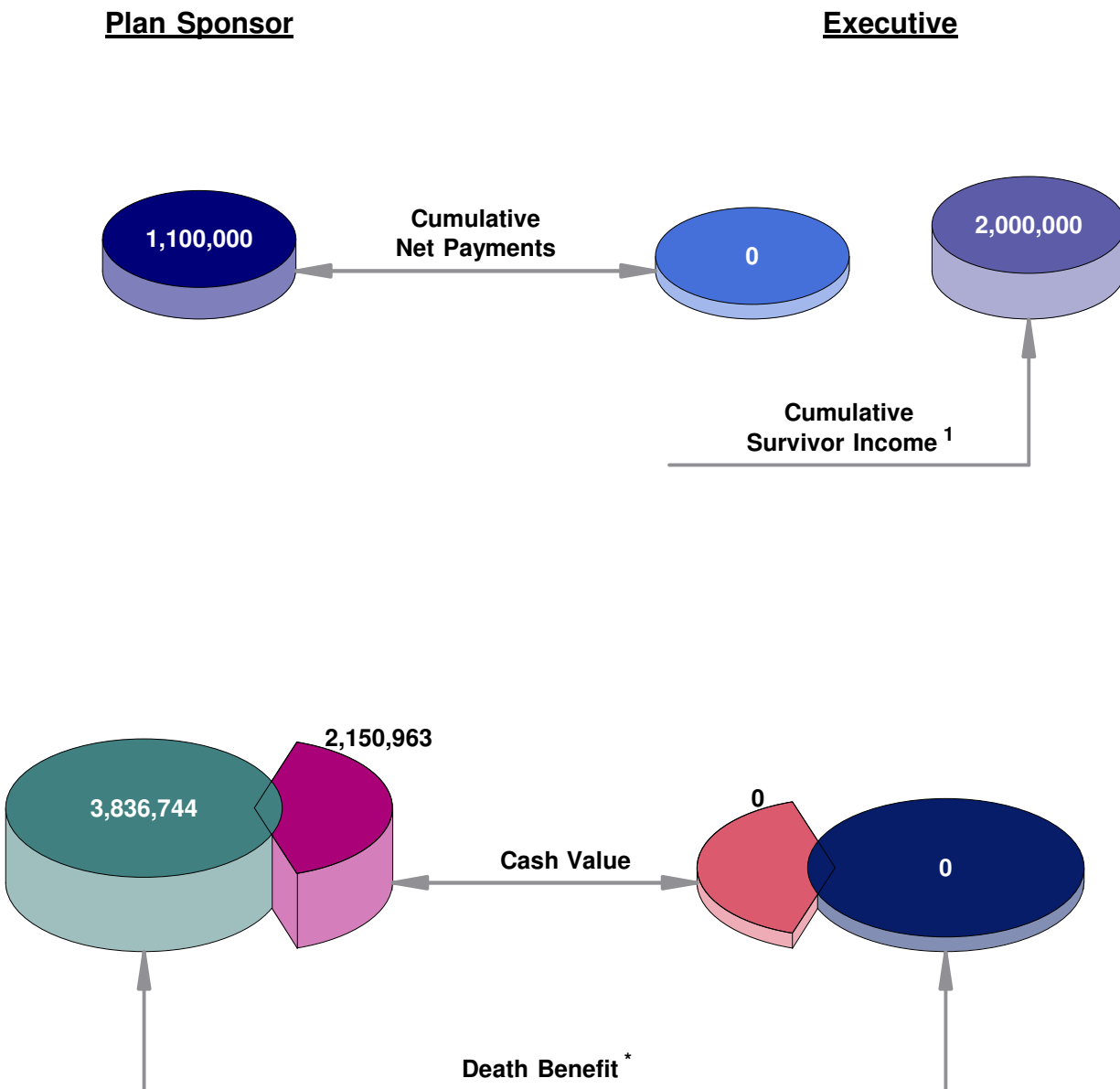
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

A Look at Year 20

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



* Employer's Death Benefit includes an amount allocated for funding the survivor income benefit for the executive's beneficiaries.

¹ For Family Income

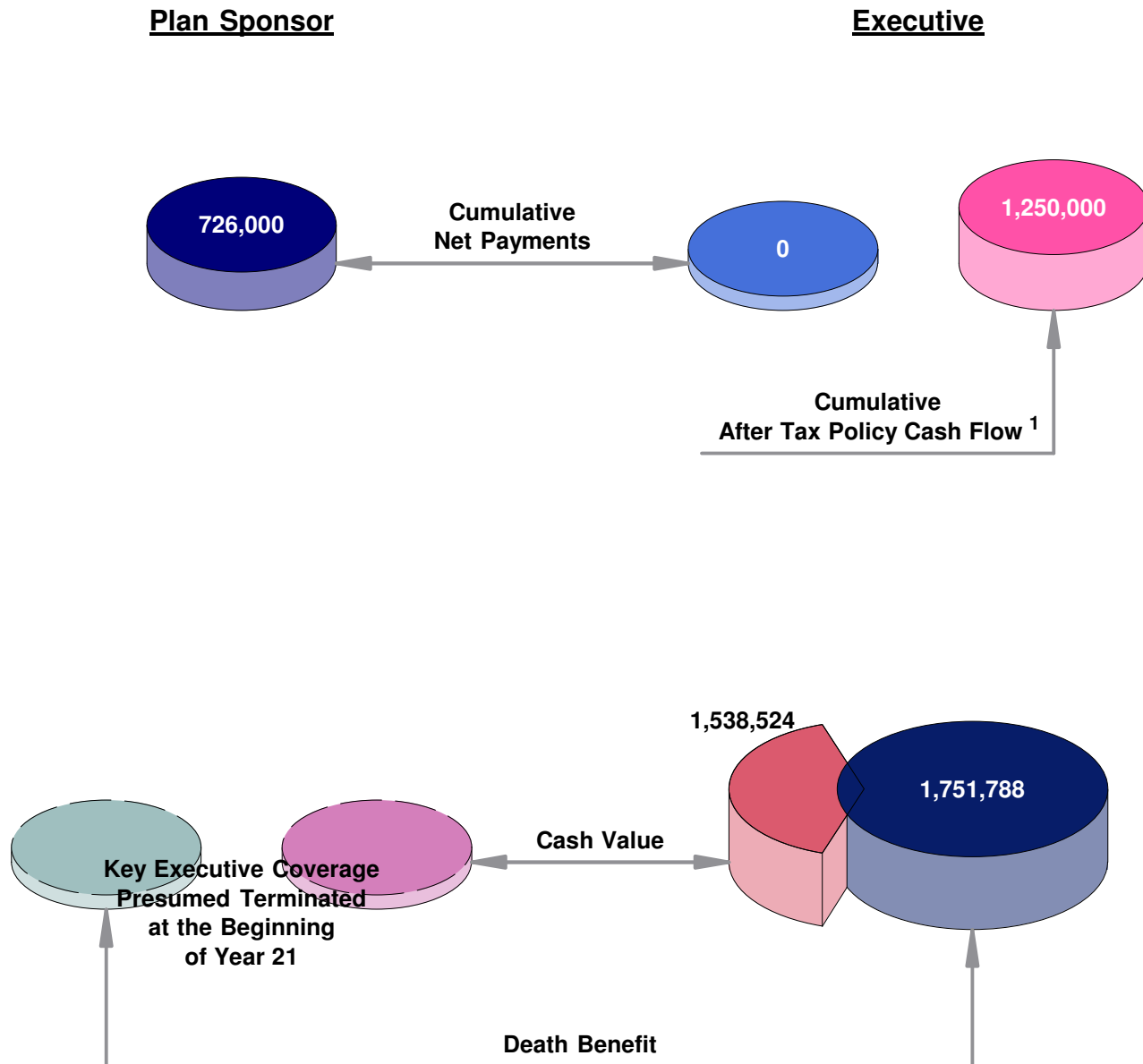
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

A Look at Year 40

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



¹ For Retirement Income.

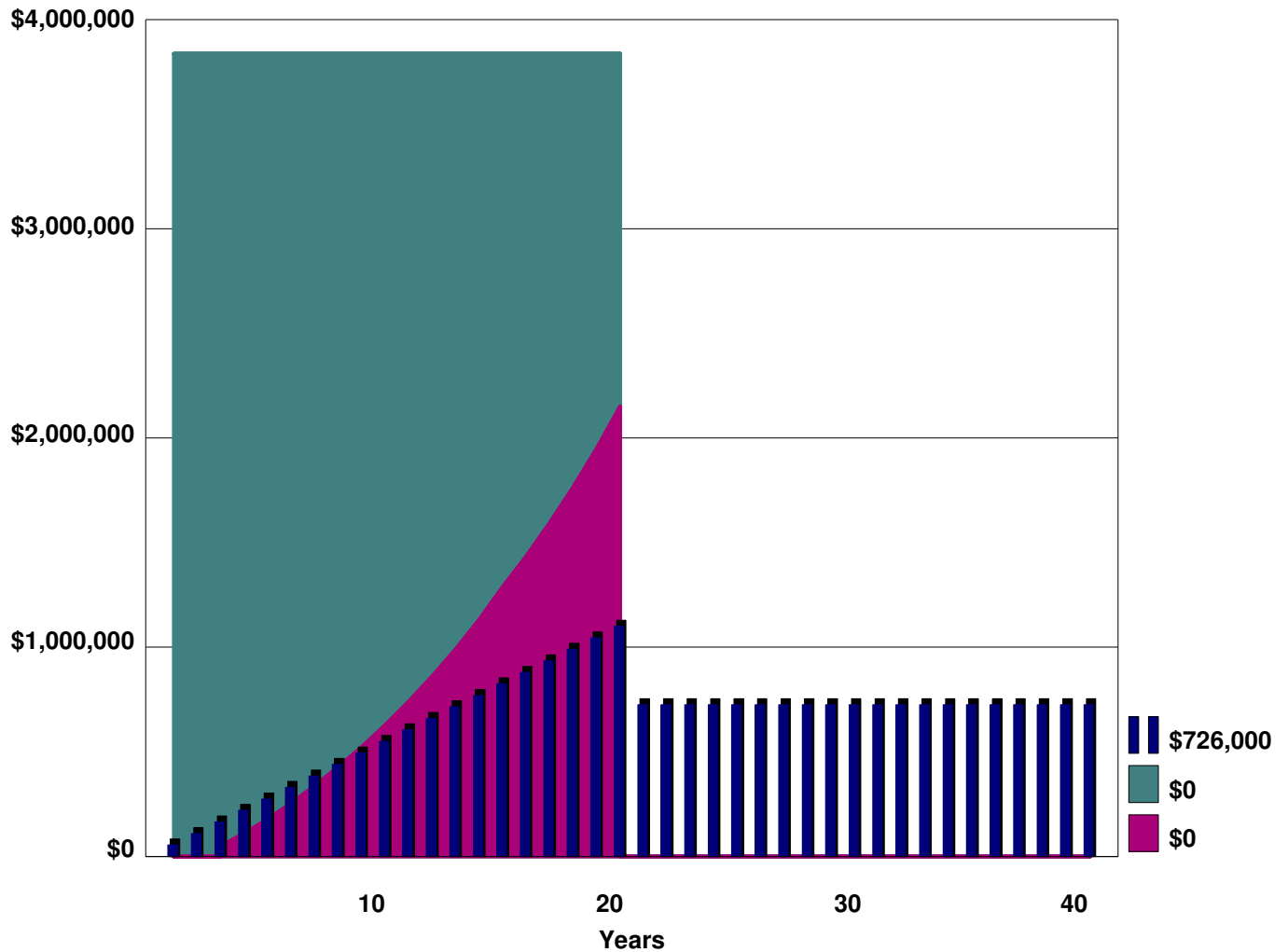
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Plan Sponsor's 40 Year Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



	<u>At Year 40</u>
Plan Sponsor's Cumulative Net Payments	\$726,000
Plan Sponsor's Cash Value	\$0
Plan Sponsor's Death Benefit*	\$0

* Plan Sponsor's Death Benefit includes an amount allocated for funding the survivor income benefit for the executive's beneficiaries.

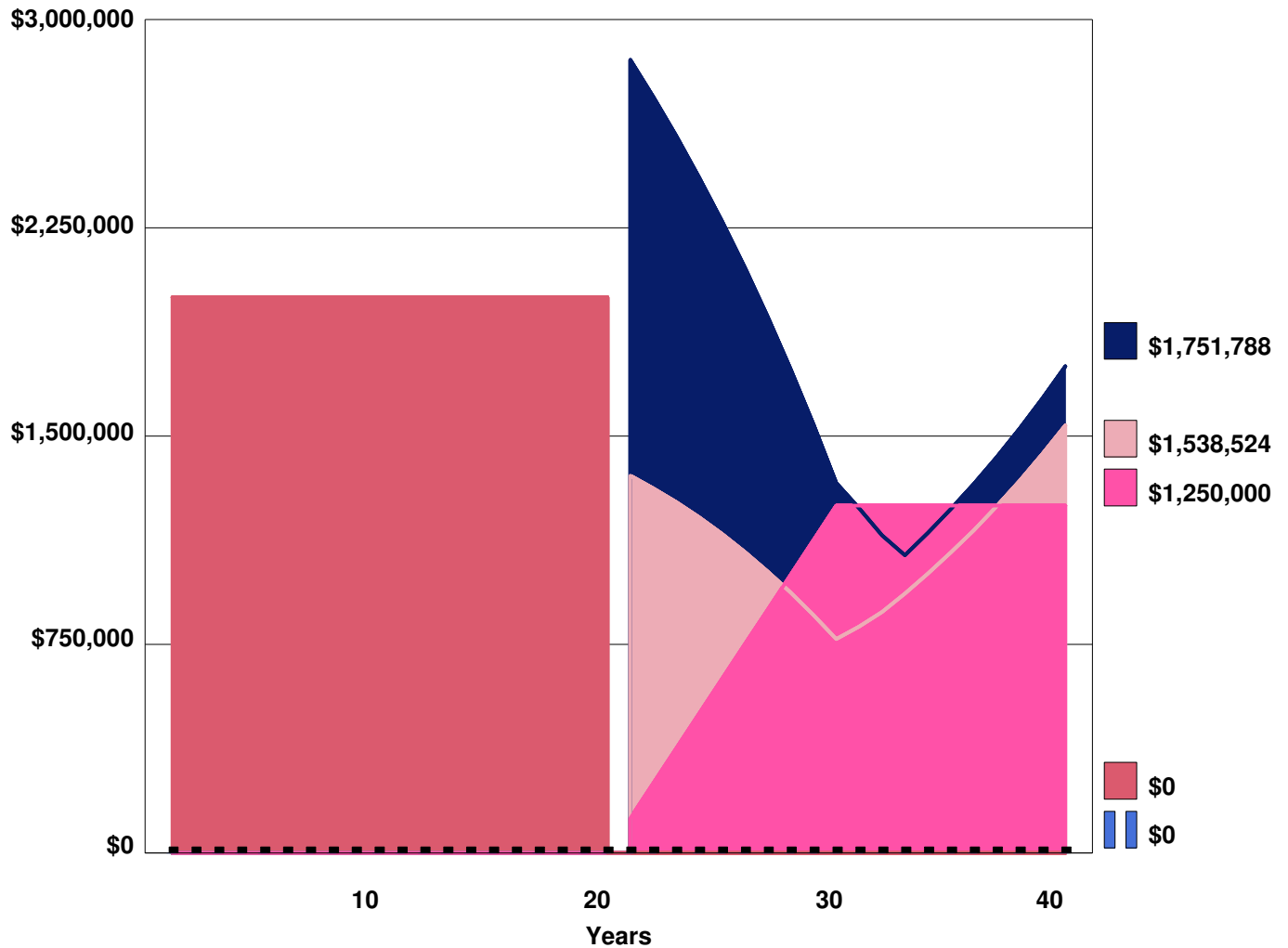
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Tony Callahan

Executive's 40 Year Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



	At Year 40
Executive's Cumulative Net Payments	\$0
Executive's Total Survivor Income Benefit	\$0
Executive's Cumulative After Tax Policy Cash Flow ¹	\$1,250,000
Executive's Cash Value	\$1,538,524
Executive's Death Benefit	\$1,751,788

¹ For Retirement Income.

Executive Trifecta

**Individual Reports
for
Frank DiNicola**

Preface (for Key Executives of C Corporations)

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Key Executive Coverage, Survivor Income Benefit, and Subsequent Transfer of Policy to Key Executive

"Trifecta" refers to a winning sequence of three, and Executive Trifecta delivers three, very powerful, sequential benefits:

- 1) Selected executives whose deaths would cause a serious financial loss for the Corporation are insured in favor of the Corporation thereby providing indemnification for such a loss.
- 2) During their participation, each insured executive is provided with corporate-paid survivor income benefits should death occur while employed.
- 3) At the executive's retirement, disability, or involuntary severance from employment without cause, all as described in the Agreement between the parties, the life insurance policy is contractually transferred to the participating executive (as a deferred bonus) thereby creating a supplemental retirement asset. After the policy transfer, any payment of the life insurance death benefit is made directly to the executive's personal beneficiaries.

Part 1: Key Executive Coverage

Most firms would not consider operating without insuring against the loss of its property. The same logic should apply to its human capital -- a far more vital asset to the successful continuation of any business. Property can be rebuilt; not so with a human life.

In order to recognize the value of a key executive, a life insurance policy on the executive's life made payable to the Corporation is a prudent strategy. This coverage can provide needed cash to:

- a) Recover the costs of locating a replacement;

- b) Recover the loss of profits while training a replacement;
- c) Recover the permanent loss of profits if the executive is "irreplaceable";
- d) Assure creditors and suppliers that their loans and receivables are safe;
- e) Assure customers that the Corporation will continue its operations;
- f) Fund a stock buyout if the executive is a stockholder.

Features of this coverage for the Corporation are:

- a) Discriminatory participation as to the selection of participants;
- b) Income tax free policy death benefits;
- c) No regulatory approval required and ERISA compliance* is nominal.

Part 2: Survivor Income Benefit

With Executive Trifecta, the Corporation contractually agrees to pay scheduled amounts of income to the survivors of a participating executive. This provides the executive with:

- a) A source of continuing family income;
- b) Relief from purchasing expensive personal life insurance.

Features of this coverage for the Corporation are:

- a) Discriminatory participation as to the selection of participants;
- b) Deductible benefit payments;
- c) No regulatory approval required and ERISA compliance* is nominal.

*Some employers do not have the resources or expertise to administer a non-qualified plan such as Executive Trifecta. These employers may want to consider using a third-party administrator (TPA) to administer the plan to ensure that applicable ERISA requirements are implemented and monitored.

Preface (continued)

Part 3: Policy Transfer

At the executive's retirement, disability, or involuntary severance from employment without cause, all as described in the Agreement between the parties, the Corporation transfers ownership of the policy to the participating executive who, in turn, names personal beneficiaries. This provides the executive with:

- a) Policy cash values for use as a supplemental retirement asset;
- b) Income tax free policy death benefits for personal beneficiaries.

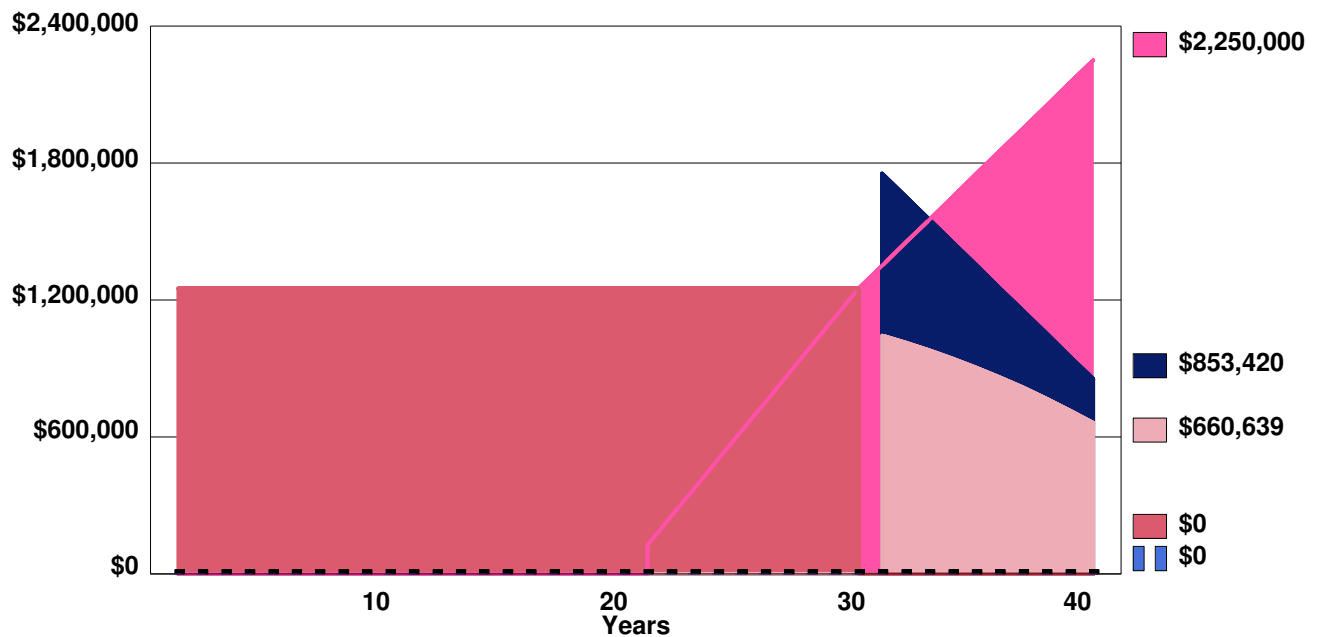
Conclusion

Executive Trifecta facilitates a nurturing environment that rewards key executives while simultaneously providing indemnification for the Corporation in the event of the untimely death of a covered participant.

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.

Specimen Documentation

Specimen documents for Executive Trifecta are available in InsMark's Cloud-Based Documents On A Disk.



	At Year 40
Executive's Cumulative Net Payments	\$0
Executive's Total Survivor Income Benefit	\$0
Executive's Cumulative After Tax Policy Cash Flow	\$2,250,000
Executive's Cash Value	\$660,639
Executive's Death Benefit	\$853,420

This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Illustration of Policy Values Funding the Plan

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		CVI Interest Rate 8.00%	Initial Premium 18,000	Initial Death Benefit 2,431,538		
Year	Male Age	(1) Premium Payment	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Policy Death Benefit
1	35	18,000	0	15,492	0	2,451,196
2	36	18,000	0	32,227	0	2,451,196
3	37	18,000	0	50,206	8,870	2,451,196
4	38	18,000	0	69,539	28,203	2,451,196
5	39	18,000	0	90,347	49,011	2,451,196
6	40	18,000	0	112,735	73,465	2,451,196
7	41	18,000	0	136,843	100,053	2,451,196
8	42	18,000	0	162,826	128,930	2,451,196
9	43	18,000	0	190,826	160,237	2,451,196
10	44	18,000	0	221,026	194,157	2,451,196
11	45	18,000	0	253,596	230,861	2,451,196
12	46	18,000	0	288,566	270,378	2,451,196
13	47	18,000	0	326,134	312,906	2,451,196
14	48	18,000	0	366,494	358,640	2,451,196
15	49	18,000	0	409,863	409,863	2,451,196
16	50	18,000	0	456,506	456,506	2,451,196
17	51	18,000	0	506,572	506,572	2,451,196
18	52	18,000	0	560,357	560,357	2,451,196
19	53	18,000	0	618,145	618,145	2,451,196
20	54	18,000	0	680,263	680,263	2,451,196
21	55	18,000	0	747,102	747,102	2,451,196
22	56	18,000	0	819,081	819,081	2,451,196
23	57	18,000	0	896,643	896,642	2,451,196
24	58	18,000	0	980,332	980,332	2,451,196
25	59	18,000	0	1,070,753	1,070,753	2,451,196
26	60	18,000	0	1,168,551	1,168,551	2,451,196
27	61	18,000	0	1,274,525	1,274,525	2,451,196
28	62	18,000	0	1,389,565	1,389,565	2,451,196
29	63	18,000	0	1,514,679	1,514,679	2,451,196
30	64	18,000	0	1,651,050	1,651,050	2,451,196
		540,000	0			

30 Year Summary

Cum. Premium Payments	540,000
Cum. Pre-Tax Cash Flow	0
Accum Value	1,651,050
Death Benefit	2,451,196

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Illustration of Policy Values Funding the Plan

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

CVI Interest Rate 8.00% Initial Premium 18,000 Initial Death Benefit 2,431,538

Year	Male Age	(1) Premium Payment	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Policy Death Benefit
31	65	0	677,868	1,044,298	1,044,298	1,753,645
32	66	0	100,000	1,013,025	1,013,025	1,653,620
33	67	0	100,000	979,234	979,234	1,553,595
34	68	0	100,000	942,807	942,807	1,453,570
35	69	0	100,000	903,597	903,596	1,353,545
36	70	0	100,000	861,464	861,464	1,253,520
37	71	0	100,000	816,266	816,266	1,153,495
38	72	0	100,000	767,844	767,844	1,053,470
39	73	0	100,000	716,031	716,031	953,445
40	74	0	100,000	660,639	660,639	853,420

540,000 1,577,868

40 Year Summary

Cum. Premium Payments	540,000
Cum. Pre-Tax Cash Flow	1,577,868
Accum Value	660,639
Death Benefit	853,420

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

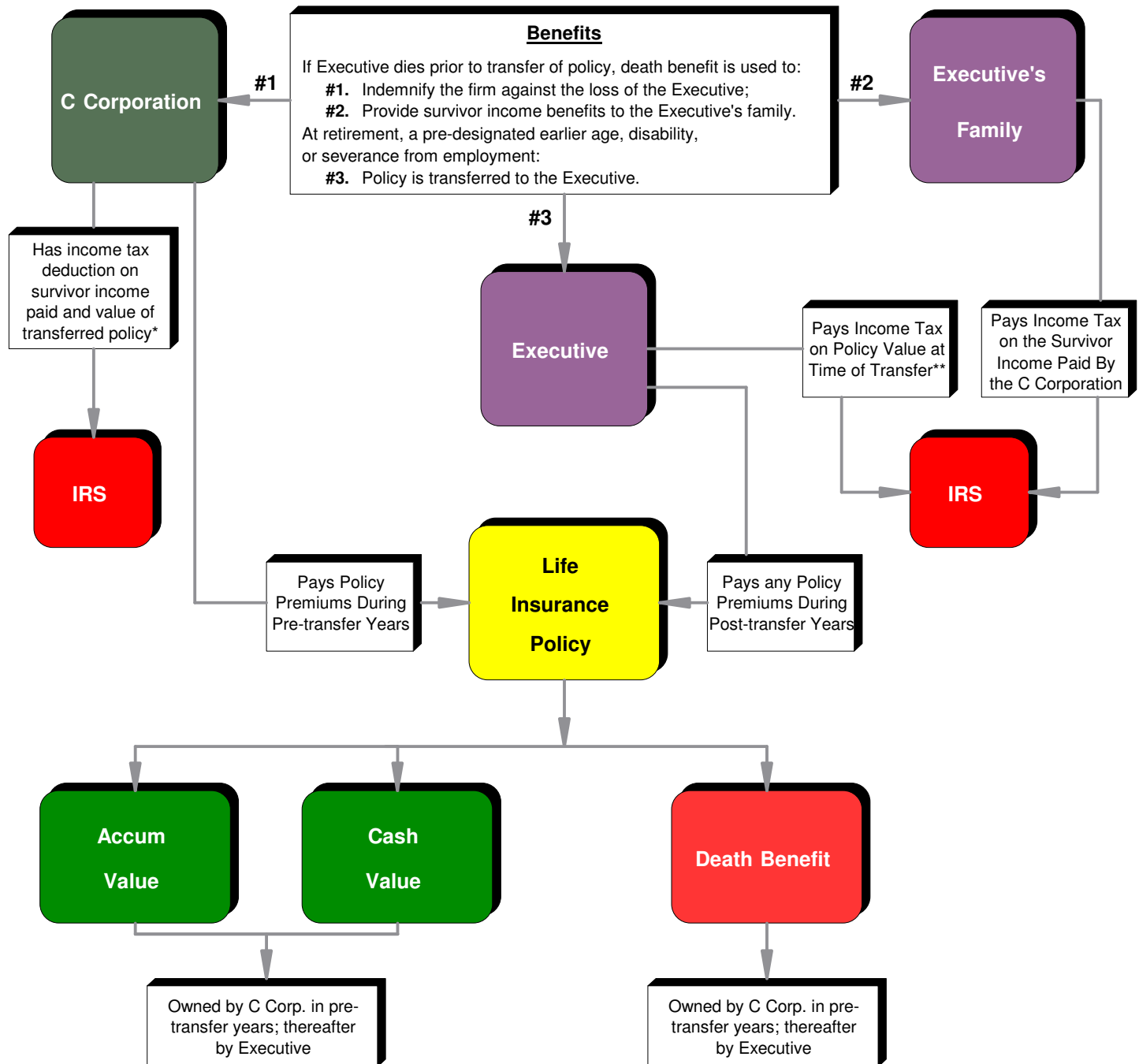
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Who Pays What - Who Receives What

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



*When the policy is transferred, the C Corporation must recognize gain to the extent that the policy value exceeds the C Corporation's premium payments; however, the C Corporation is entitled to a deduction equal to the amount the executive includes in income on the transfer - which is generally approximated by the policy value without regard to any surrender charges (IRS Rev. Proc. 2005-25).

**The executive has taxable income to the extent of the policy's fair market value (IRC Section 83) which is generally approximated by the policy value without reduction for surrender charges (IRS Rev. Proc. 2005-25).

Details of the Tax Consequences When the Policy is Transferred to the Executive

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy to Executive as Compensation)	Policy Transfer to Executive is Illustrated at Beginning of Year	C Corporation's Tax Bracket	Executive's Tax Bracket
	31	34.00%	35.00%

Transfer Details:

- Year the transfer is illustrated: Beginning of year 31
- Accumulation value of policy when transferred: \$1,651,050
- C Corporation's cumulative premiums prior to transfer: \$540,000
- Executive's cumulative premiums prior to transfer: \$0

C Corporation's Transfer Tax Consequences:

When the policy is transferred, the C Corporation must recognize gain to the extent that the policy value exceeds the C Corporation's premium payments; however, the C Corporation is entitled to a deduction under IRC Section 162 equal to the amount the executive includes in income on the transfer -- which is generally approximated by the policy value without regard to any surrender charges.

Therefore, for this case:

1. The C Corporation has a taxable gain of the difference between \$1,651,050 (accumulation value of policy) and \$540,000 (C Corporation's cumulative premium share) which equals \$1,111,050 in taxable gain. $\$1,111,050 \times 34.00\%$ (the C Corporation's tax bracket) = \$377,757 of income tax due.
2. In addition, the C Corporation has an income tax deduction of the difference between \$1,651,050 (policy accumulation value) and \$0 (Executive's cumulative premium share) which equals \$1,651,050 in taxable gain. $\$1,651,050 \times 34.00\%$ = \$561,357 of income tax savings.
3. \$561,357 of income tax savings less \$377,757 of income tax due = \$183,600 of net income tax savings to the C Corporation at transfer.

Executive's Transfer Tax Consequences:

The executive has taxable income to the extent of the policy's fair market value (IRC Section 83) which is generally approximated by the policy's accumulation value without reduction for surrender charges (IRS Rev. Proc. 2005-25).

Therefore, for this case:

1. The executive has a taxable income of \$1,651,050 (the policy accumulation value).
2. $\$1,651,050 \times 35.00\%$ = \$577,868 of income tax due.
3. Immediately upon transfer of the policy, the executive is illustrated making a policy withdrawal of \$577,868 thereby reducing the executive's out-of-pocket cost for the transfer to \$0 (\$577,868 minus \$577,868).
4. The executive has basis in the policy of \$1,651,050 (the amount of taxable income).

Note: Any premium payments, increase in policy values, or policy activity (loans, withdrawals, etc.) in the year of transfer are presumed to occur after the transfer takes place.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 31	Executive's Tax Bracket 35.00%	CVI Interest Rate 8.00%		
Year	Male Age	(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
1	35	0	0	0	0	0	1,250,000
2	36	0	0	0	0	0	1,250,000
3	37	0	0	0	0	0	1,250,000
4	38	0	0	0	0	0	1,250,000
5	39	0	0	0	0	0	1,250,000
6	40	0	0	0	0	0	1,250,000
7	41	0	0	0	0	0	1,250,000
8	42	0	0	0	0	0	1,250,000
9	43	0	0	0	0	0	1,250,000
10	44	0	0	0	0	0	1,250,000
11	45	0	0	0	0	0	1,250,000
12	46	0	0	0	0	0	1,250,000
13	47	0	0	0	0	0	1,250,000
14	48	0	0	0	0	0	1,250,000
15	49	0	0	0	0	0	1,250,000
16	50	0	0	0	0	0	1,250,000
17	51	0	0	0	0	0	1,250,000
18	52	0	0	0	0	0	1,250,000
19	53	0	0	0	0	0	1,250,000
20	54	0	0	0	0	0	1,250,000
21	55	0	0	0	0	0	1,250,000
22	56	0	0	0	0	0	1,250,000
23	57	0	0	0	0	0	1,250,000
24	58	0	0	0	0	0	1,250,000
25	59	0	0	0	0	0	1,250,000
26	60	0	0	0	0	0	1,250,000
27	61	0	0	0	0	0	1,250,000
28	62	0	0	0	0	0	1,250,000
29	63	0	0	0	0	0	1,250,000
30	64	0	0	0	0	0	1,250,000
		0	0				

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Survivor Income Benefit is terminated at the beginning of year 31 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 31 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
31	65	0	100,000	1,044,298	1,044,298	1,753,645	0
32	66	0	100,000	1,013,025	1,013,025	1,653,620	0
33	67	0	100,000	979,234	979,234	1,553,595	0
34	68	0	100,000	942,807	942,807	1,453,570	0
35	69	0	100,000	903,597	903,596	1,353,545	0
36	70	0	100,000	861,464	861,464	1,253,520	0
37	71	0	100,000	816,266	816,266	1,153,495	0
38	72	0	100,000	767,844	767,844	1,053,470	0
39	73	0	100,000	716,031	716,031	953,445	0
40	74	0	100,000	660,639	660,639	853,420	0

0 1,000,000

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Survivor Income Benefit is terminated at the beginning of year 31 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's Personal Report

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 31	Executive's Tax Bracket 35.00%	CVI Interest Rate 8.00%		
		Executive's Costs		Executive's Values			
Year	Male Age	(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
1	35	0	0	0	0	0	1,250,000
2	36	0	0	0	0	0	1,250,000
3	37	0	0	0	0	0	1,250,000
4	38	0	0	0	0	0	1,250,000
5	39	0	0	0	0	0	1,250,000
6	40	0	0	0	0	0	1,250,000
7	41	0	0	0	0	0	1,250,000
8	42	0	0	0	0	0	1,250,000
9	43	0	0	0	0	0	1,250,000
10	44	0	0	0	0	0	1,250,000
11	45	0	0	0	0	0	1,250,000
12	46	0	0	0	0	0	1,250,000
13	47	0	0	0	0	0	1,250,000
14	48	0	0	0	0	0	1,250,000
15	49	0	0	0	0	0	1,250,000
16	50	0	0	0	0	0	1,250,000
17	51	0	0	0	0	0	1,250,000
18	52	0	0	0	0	0	1,250,000
19	53	0	0	0	0	0	1,250,000
20	54	0	0	0	0	0	1,250,000
21	55	0	0	0	0	0	1,250,000
22	56	0	0	0	0	0	1,250,000
23	57	0	0	0	0	0	1,250,000
24	58	0	0	0	0	0	1,250,000
25	59	0	0	0	0	0	1,250,000
26	60	0	0	0	0	0	1,250,000
27	61	0	0	0	0	0	1,250,000
28	62	0	0	0	0	0	1,250,000
29	63	0	0	0	0	0	1,250,000
30	64	0	0	0	0	0	1,250,000
		0	0				

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**\$1,250,000 is the sum of 5 scheduled survivor income payments from the C Corporation to the executive's beneficiaries.

**Survivor Income Benefit is terminated at the beginning of year 31 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's Personal Report

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 31 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

		Executive's Costs	Executive's Values				
Year	Male Age	(1) Net Payment	(2) Retirement Income After Tax Policy Cash Flow	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
31	65	0	100,000	1,044,298	1,044,298	1,753,645	0
32	66	0	100,000	1,013,025	1,013,025	1,653,620	0
33	67	0	100,000	979,234	979,234	1,553,595	0
34	68	0	100,000	942,807	942,807	1,453,570	0
35	69	0	100,000	903,597	903,596	1,353,545	0
36	70	0	100,000	861,464	861,464	1,253,520	0
37	71	0	100,000	816,266	816,266	1,153,495	0
38	72	0	100,000	767,844	767,844	1,053,470	0
39	73	0	100,000	716,031	716,031	953,445	0
40	74	0	100,000	660,639	660,639	853,420	0

0 1,000,000

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**\$1,250,000 is the sum of 5 scheduled survivor income payments from the C Corporation to the executive's beneficiaries.

**Survivor Income Benefit is terminated at the beginning of year 31 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)		Policy Transfer to Executive is Illustrated at Beginning of Year 31	Executive's Tax Bracket 35.00%	CVI Interest Rate 8.00%		
Year	Male Age	(1) Premium Payment	(2) Income from Policy Transfer*	(3) Income Tax Due on Col (2)	(4) After Tax Policy Cash Flow	(5) Net Payment (1)+(3)-(4)
1	35	0	0	0	0	0
2	36	0	0	0	0	0
3	37	0	0	0	0	0
4	38	0	0	0	0	0
5	39	0	0	0	0	0
6	40	0	0	0	0	0
7	41	0	0	0	0	0
8	42	0	0	0	0	0
9	43	0	0	0	0	0
10	44	0	0	0	0	0
11	45	0	0	0	0	0
12	46	0	0	0	0	0
13	47	0	0	0	0	0
14	48	0	0	0	0	0
15	49	0	0	0	0	0
16	50	0	0	0	0	0
17	51	0	0	0	0	0
18	52	0	0	0	0	0
19	53	0	0	0	0	0
20	54	0	0	0	0	0
21	55	0	0	0	0	0
22	56	0	0	0	0	0
23	57	0	0	0	0	0
24	58	0	0	0	0	0
25	59	0	0	0	0	0
26	60	0	0	0	0	0
27	61	0	0	0	0	0
28	62	0	0	0	0	0
29	63	0	0	0	0	0
30	64	0	0	0	0	0
		0	0	0	0	0

*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 31 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 31 Executive's Tax Bracket 35.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Income from Policy Transfer*	(3) Income Tax Due on Col (2)	(4) After Tax Policy Cash Flow	(5) Net Payment (1)+(3)-(4)
31	65	0	1,651,050	577,868	577,868	0
32	66	0	0	0	0	0
33	67	0	0	0	0	0
34	68	0	0	0	0	0
35	69	0	0	0	0	0
36	70	0	0	0	0	0
37	71	0	0	0	0	0
38	72	0	0	0	0	0
39	73	0	0	0	0	0
40	74	0	0	0	0	0

0	1,651,050	577,868	577,868	0
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*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 31 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 31	Plan Sponsor's Tax Bracket 34.00%	CVI Interest Rate 8.00%				
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated for Key Executive Coverage	(6) Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	(7) Total Policy Death Benefit Required (5) + (6)	(8) Total Policy Death Benefit Provided
1	35	18,000	18,000	15,492	0	1,704,900	746,296	2,451,196	2,451,196
2	36	18,000	36,000	32,227	0	1,704,900	746,296	2,451,196	2,451,196
3	37	18,000	54,000	50,206	8,870	1,704,900	746,296	2,451,196	2,451,196
4	38	18,000	72,000	69,539	28,203	1,704,900	746,296	2,451,196	2,451,196
5	39	18,000	90,000	90,347	49,011	1,704,900	746,296	2,451,196	2,451,196
6	40	18,000	108,000	112,735	73,465	1,704,900	746,296	2,451,196	2,451,196
7	41	18,000	126,000	136,843	100,053	1,704,900	746,296	2,451,196	2,451,196
8	42	18,000	144,000	162,826	128,930	1,704,900	746,296	2,451,196	2,451,196
9	43	18,000	162,000	190,826	160,237	1,704,900	746,296	2,451,196	2,451,196
10	44	18,000	180,000	221,026	194,157	1,704,900	746,296	2,451,196	2,451,196
11	45	18,000	198,000	253,596	230,861	1,704,900	746,296	2,451,196	2,451,196
12	46	18,000	216,000	288,566	270,378	1,704,900	746,296	2,451,196	2,451,196
13	47	18,000	234,000	326,134	312,906	1,704,900	746,296	2,451,196	2,451,196
14	48	18,000	252,000	366,494	358,640	1,704,900	746,296	2,451,196	2,451,196
15	49	18,000	270,000	409,863	409,863	1,704,900	746,296	2,451,196	2,451,196
16	50	18,000	288,000	456,506	456,506	1,704,900	746,296	2,451,196	2,451,196
17	51	18,000	306,000	506,572	506,572	1,704,900	746,296	2,451,196	2,451,196
18	52	18,000	324,000	560,357	560,357	1,704,900	746,296	2,451,196	2,451,196
19	53	18,000	342,000	618,145	618,145	1,704,900	746,296	2,451,196	2,451,196
20	54	18,000	360,000	680,263	680,263	1,704,900	746,296	2,451,196	2,451,196
21	55	18,000	378,000	747,102	747,102	1,704,900	746,296	2,451,196	2,451,196
22	56	18,000	396,000	819,081	819,081	1,704,900	746,296	2,451,196	2,451,196
23	57	18,000	414,000	896,643	896,642	1,704,900	746,296	2,451,196	2,451,196
24	58	18,000	432,000	980,332	980,332	1,704,900	746,296	2,451,196	2,451,196
25	59	18,000	450,000	1,070,753	1,070,753	1,704,900	746,296	2,451,196	2,451,196
26	60	18,000	468,000	1,168,551	1,168,551	1,704,900	746,296	2,451,196	2,451,196
27	61	18,000	486,000	1,274,525	1,274,525	1,704,900	746,296	2,451,196	2,451,196
28	62	18,000	504,000	1,389,565	1,389,565	1,704,900	746,296	2,451,196	2,451,196
29	63	18,000	522,000	1,514,679	1,514,679	1,704,900	746,296	2,451,196	2,451,196
30	64	18,000	540,000	1,651,050	1,651,050	1,704,900	746,296	2,451,196	2,451,196
		540,000							

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 31 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 31	Plan Sponsor's Tax Bracket 34.00%	CVI Interest Rate 8.00%				
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated for Key Executive Coverage	(6) Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	(7) Total Policy Death Benefit Required (5) + (6)	(8) Total Policy Death Benefit Provided
31	65	-183,600	356,400	0	0	0	0	0	0
32	66	0	356,400	0	0	0	0	0	0
33	67	0	356,400	0	0	0	0	0	0
34	68	0	356,400	0	0	0	0	0	0
35	69	0	356,400	0	0	0	0	0	0
36	70	0	356,400	0	0	0	0	0	0
37	71	0	356,400	0	0	0	0	0	0
38	72	0	356,400	0	0	0	0	0	0
39	73	0	356,400	0	0	0	0	0	0
40	74	0	356,400	0	0	0	0	0	0

356,400

*This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

**Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 31 when the policy is transferred to the executive.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 31 Plan Sponsor's Tax Bracket 34.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payment	(3) Income Tax Savings from Transfer*	(4) Net Payment (1) - (3)	(5) Cumulative Net Payments
1	35	18,000	18,000	0	18,000	18,000
2	36	18,000	36,000	0	18,000	36,000
3	37	18,000	54,000	0	18,000	54,000
4	38	18,000	72,000	0	18,000	72,000
5	39	18,000	90,000	0	18,000	90,000
6	40	18,000	108,000	0	18,000	108,000
7	41	18,000	126,000	0	18,000	126,000
8	42	18,000	144,000	0	18,000	144,000
9	43	18,000	162,000	0	18,000	162,000
10	44	18,000	180,000	0	18,000	180,000
11	45	18,000	198,000	0	18,000	198,000
12	46	18,000	216,000	0	18,000	216,000
13	47	18,000	234,000	0	18,000	234,000
14	48	18,000	252,000	0	18,000	252,000
15	49	18,000	270,000	0	18,000	270,000
16	50	18,000	288,000	0	18,000	288,000
17	51	18,000	306,000	0	18,000	306,000
18	52	18,000	324,000	0	18,000	324,000
19	53	18,000	342,000	0	18,000	342,000
20	54	18,000	360,000	0	18,000	360,000
21	55	18,000	378,000	0	18,000	378,000
22	56	18,000	396,000	0	18,000	396,000
23	57	18,000	414,000	0	18,000	414,000
24	58	18,000	432,000	0	18,000	432,000
25	59	18,000	450,000	0	18,000	450,000
26	60	18,000	468,000	0	18,000	468,000
27	61	18,000	486,000	0	18,000	486,000
28	62	18,000	504,000	0	18,000	504,000
29	63	18,000	522,000	0	18,000	522,000
30	64	18,000	540,000	0	18,000	540,000
		540,000			540,000	

*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 31 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Cost Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive) Policy Transfer to Executive is Illustrated at Beginning of Year 31 Plan Sponsor's Tax Bracket 34.00% CVI Interest Rate 8.00%

Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payment	(3) Income Tax Savings from Transfer*	(4) Net Payment (1) - (3)	(5) Cumulative Net Payments
31	65	0	0	183,600	-183,600	356,400
32	66	0	0	0	0	356,400
33	67	0	0	0	0	356,400
34	68	0	0	0	0	356,400
35	69	0	0	0	0	356,400
36	70	0	0	0	0	356,400
37	71	0	0	0	0	356,400
38	72	0	0	0	0	356,400
39	73	0	0	0	0	356,400
40	74	0	0	0	0	356,400

540,000

356,400

*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 31 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

This is an example of a "supplemental" life insurance illustration. In actual presentations, this footnote will refer you to an accompanying "basic" illustration from a specific life insurance company.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Analysis of Key Executive Life Insurance Coverage

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Year	Male Age	Column (1)	Column (2)	(3)	Column (4)	Column (5)	(6)	(7)
		Growth Factor 10.00%	Growth Factor 6.00% for 2 yrs, 10.00% Thereafter		Growth Factor 10.00%	Growth Factor 5.00% for 2 yrs, 10.00% Thereafter		
		(1) Annual Net Sales With Current Executive†	(2) Annual Net Sales With Replacement Executive†	(3) Difference in Annual Net Sales (1) - (2)	(4) Current Executive's Compensation††	(5) Replacement Executive's Compensation††	(6) Difference in Compensation (4) - (5)	(7) Loss Due to Death of Current Executive (3) - (6)
1	35	2,200,000	1,430,000	770,000	330,000	210,000	120,000	650,000
2	36	2,420,000	1,694,000	726,000	363,000	248,063	114,938	611,063
3	37	2,662,000	2,129,600	532,400	399,300	303,188	96,113	436,288
4	38	2,928,200	2,635,380	292,820	439,230	366,857	72,373	220,447
5	39	3,221,020	3,221,020	0	483,153	440,228	42,925	-42,925
				2,321,220			446,349	1,874,873

Analysis of Key Executive Coverage Required

Present Value* of Column (7) Loss	1,604,900
Cost of Signing Bonus	25,000
Cost of Relocation Package	25,000
Cost for Executive Search Firm	50,000
Portion of Policy Death Benefit Allocated for Key Executive Coverage	1,704,900
Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	746,296
Total Key Executive Coverage Required	2,451,196
Key Executive Coverage Provided	2,451,196

*Present value interest rate assumption: 8.00%

**See attached Plan Sponsor's Analysis of Survivor Income Benefit

† See the report named Plan Sponsor's Analysis of Annual Net Sales.

†† See the report named Plan Sponsor's Analysis of Executive Compensation.

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Analysis of Annual Net Sales

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

		Current Executive				Replacement Executive		
Year	Male Age	(1) Annual Net Sales With Current Executive	(2) Column (1) Growth Factor 10.00%	(3) Percent of Sales Attributable to Current Executive	(4) Annual Net Sales Attributable to Current Executive (2) x (3)	(5) Annual Percent of Column (4) Expected With Replacement Executive	(6) Annual Net Sales Attributable to Replacement Executive (4) x (5)	(7) Loss of Annual Net Sales from Loss of Current Executive (4) - (6)
1	35	2,000,000	2,200,000	100.00%	2,200,000	65.00%	1,430,000	770,000
2	36	2,000,000	2,420,000	100.00%	2,420,000	70.00%	1,694,000	726,000
3	37	2,000,000	2,662,000	100.00%	2,662,000	80.00%	2,129,600	532,400
4	38	2,000,000	2,928,200	100.00%	2,928,200	90.00%	2,635,380	292,820
5	39	2,000,000	3,221,020	100.00%	3,221,020	100.00%	3,221,020	0
								2,321,220

Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's Analysis of Executive Compensation

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Year	Male Age	Current Executive		Replacement Executive		(5) Difference in Compensation (2) - (4)
		(1) Current Executive's Compensation	(2) Column (1) Growth Factor 10.00%	(3) Replacement Executive's Compensation	(4) Column (3) Growth Factor 5.00% for 2 yrs, 10.00% Thereafter	
1	35	300,000	330,000	200,000	210,000	120,000
2	36	300,000	363,000	225,000	248,063	114,938
3	37	300,000	399,300	250,000	303,188	96,113
4	38	300,000	439,230	275,000	366,857	72,373
5	39	300,000	483,153	300,000	440,228	42,925
						446,349

Executive Trifecta® Using Cash Value Insurance (CVI)

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

For the Beneficiaries of: Frank DiNicola

Plan Sponsor's Analysis of Survivor Income Benefit

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Plan Sponsor's Tax Bracket 34.00% Assumed Use of Money 8.00% Cost to Provide the Benefit* 746,296 Total Survivor Benefit Scheduled 1,250,000

Year Following Executive's Death	Benefits and Costs		Survivor Income Account Activity		
	(1) Annual Benefit Payment to Executive's Survivors	(2) Annual After Tax Cost of Payment to Survivors	(3) Beginning of Year Balance in Survivor Benefit Account	(4) Balance in Account to Accrue (3) - (2)	(5) Year End After Tax Accrual of Account
1	250,000	165,000	746,296	581,296	611,989
2	250,000	165,000	611,989	446,989	470,590
3	250,000	165,000	470,590	305,590	321,725
4	250,000	165,000	321,725	156,725	165,000
5	250,000	165,000	165,000	0	0

1,250,000 825,000

*See Column (3), year 1. (Funding source is a portion of the proceeds from the Key Executive coverage.)

This table shows the escrow calculations (columns 3, 4 and 5) necessary to produce the survivor benefit shown in column (1). Rounding may cause minor math inconsistencies. Calculation formulae are:

Column (2) = column (1) times (1-(tax bracket/100))

Column (4) = column (3) minus column (2)

Column (5) = column (4) plus the after tax interest credit

Executive Trifecta® Using Cash Value Insurance (CVI)

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

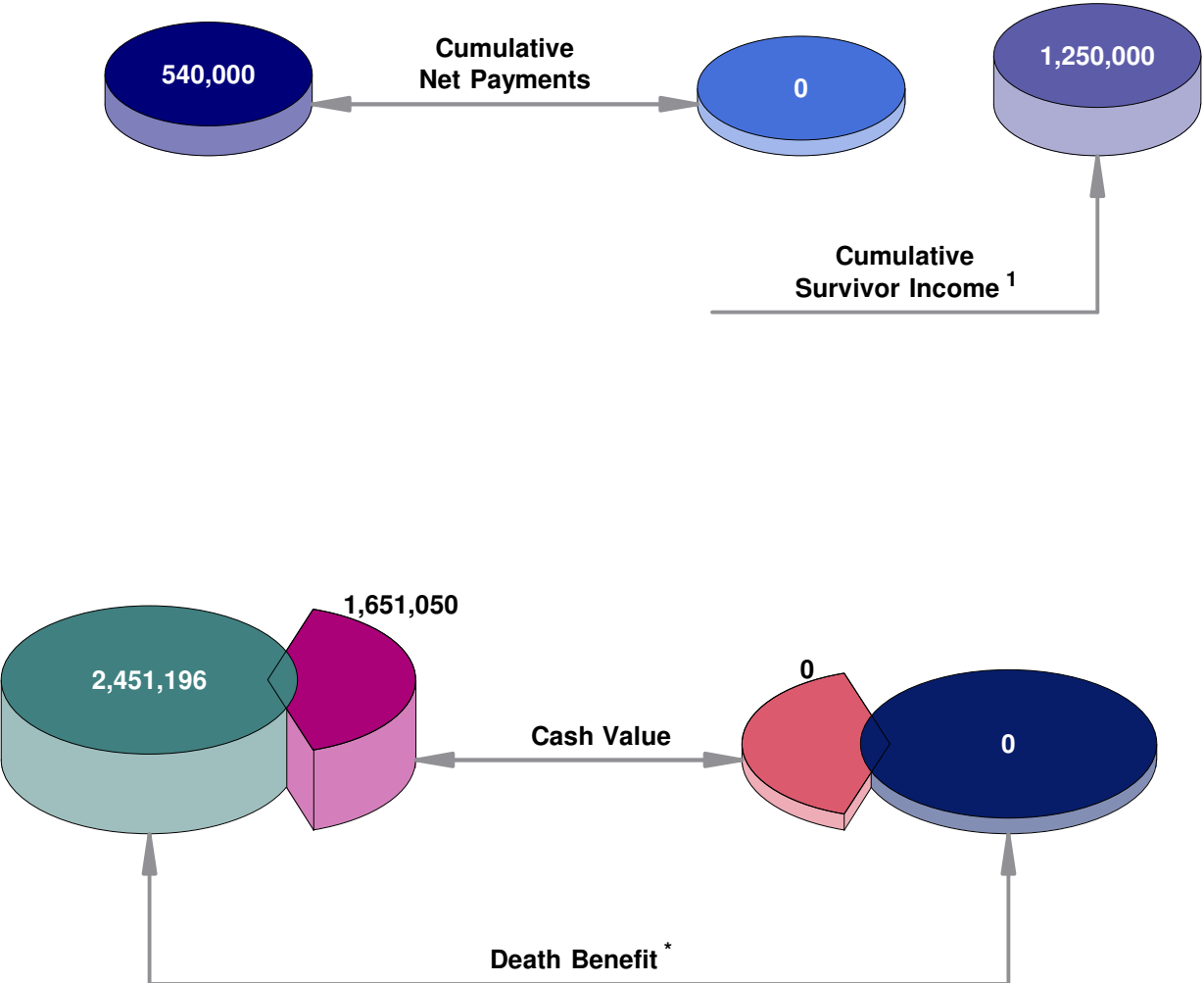
Insured: Frank DiNicola

A Look at Year 30

Plan Sponsor: Magnus Electronics, Inc.
C Corporation

Plan Sponsor

Executive



¹ For Family Income

* Employer's Death Benefit includes an amount allocated for funding the survivor income benefit for the executive's beneficiaries.

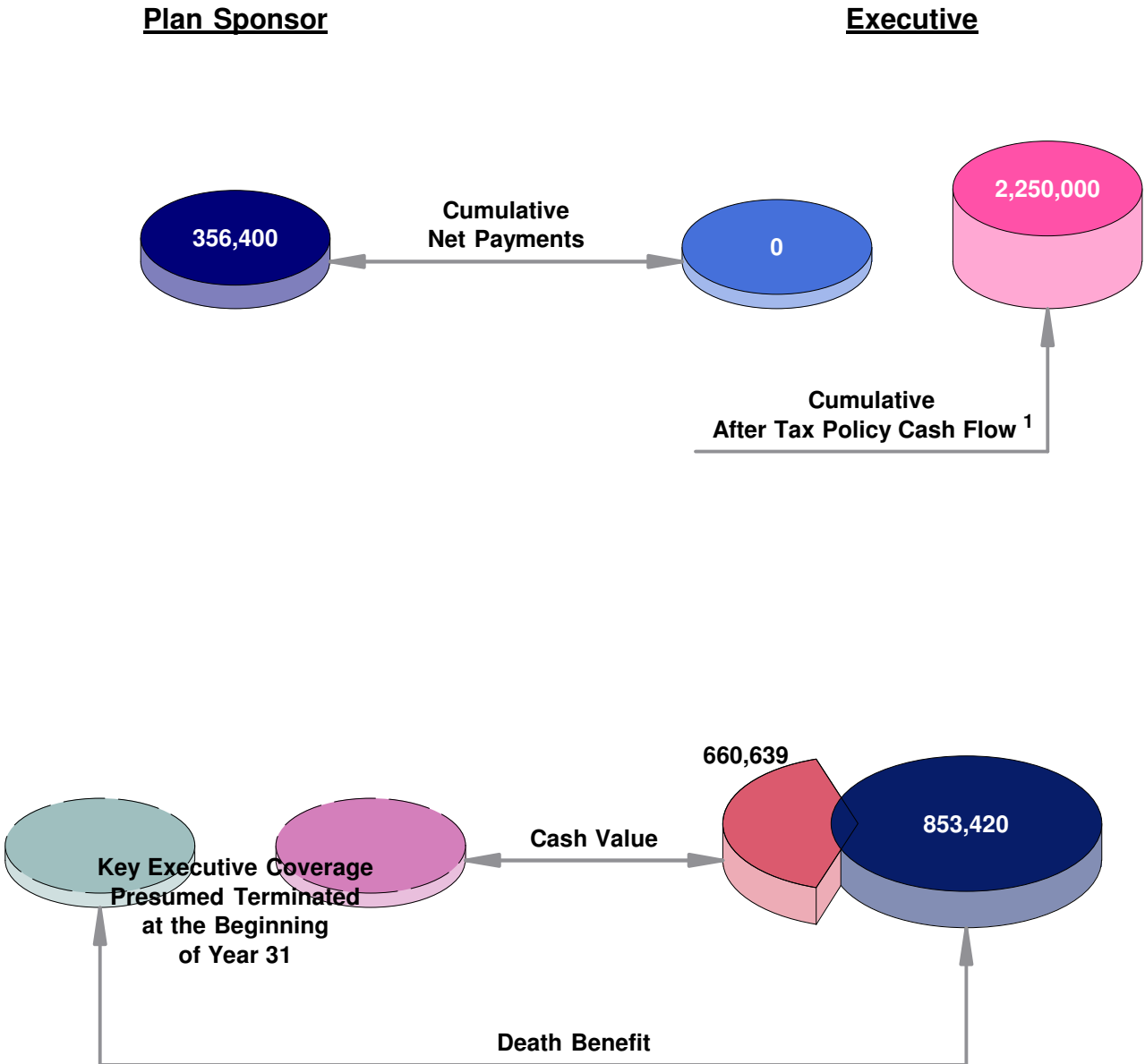
Executive Trifecta[®] Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

A Look at Year 40

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



¹ For Retirement Income.

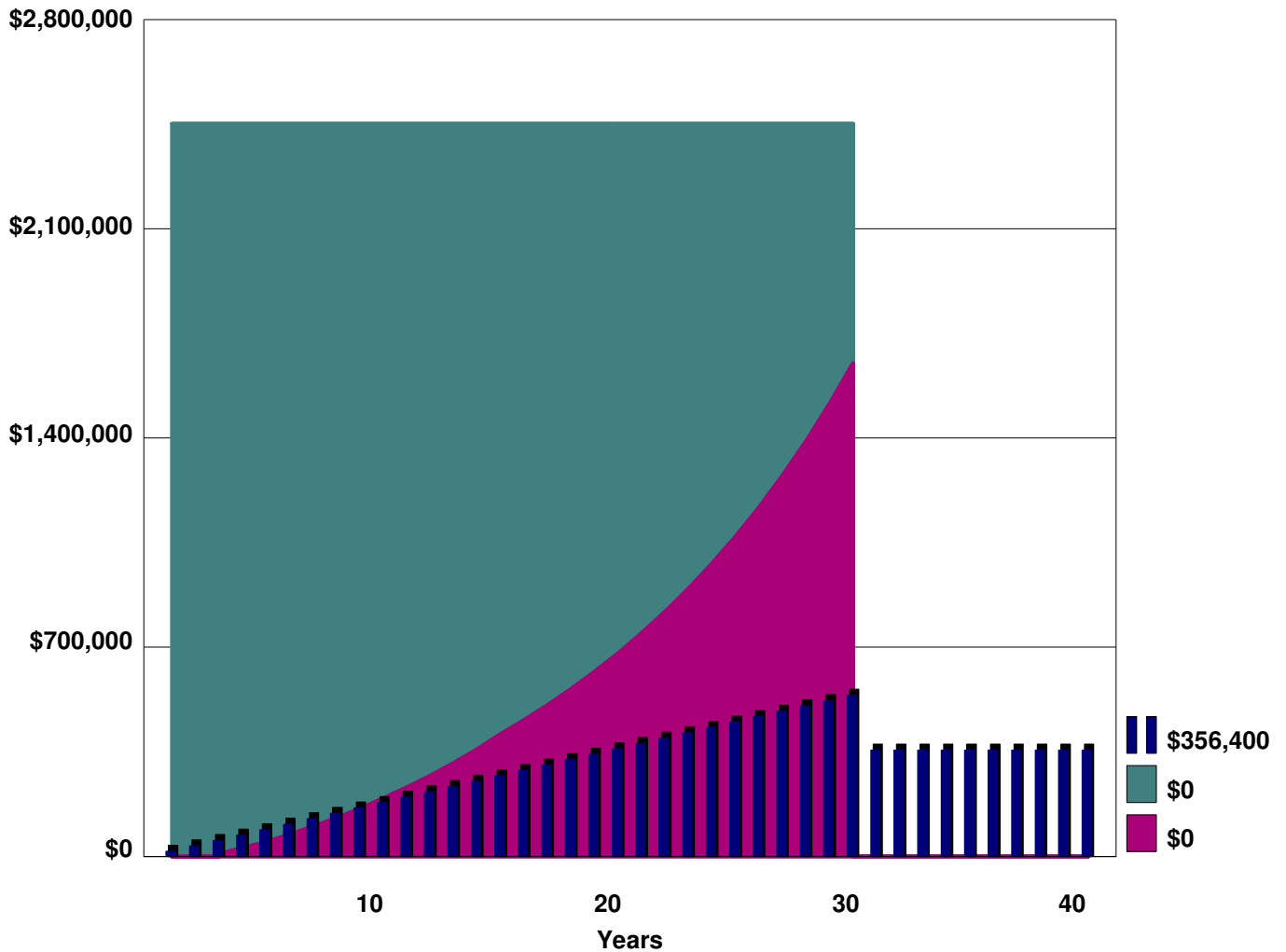
Executive Trifecta® Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Plan Sponsor's 40 Year Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



	<u>At Year 40</u>
Plan Sponsor's Cumulative Net Payments	\$356,400
Plan Sponsor's Cash Value	\$0
Plan Sponsor's Death Benefit*	\$0

* Plan Sponsor's Death Benefit includes an amount allocated for funding the survivor income benefit for the executive's beneficiaries.

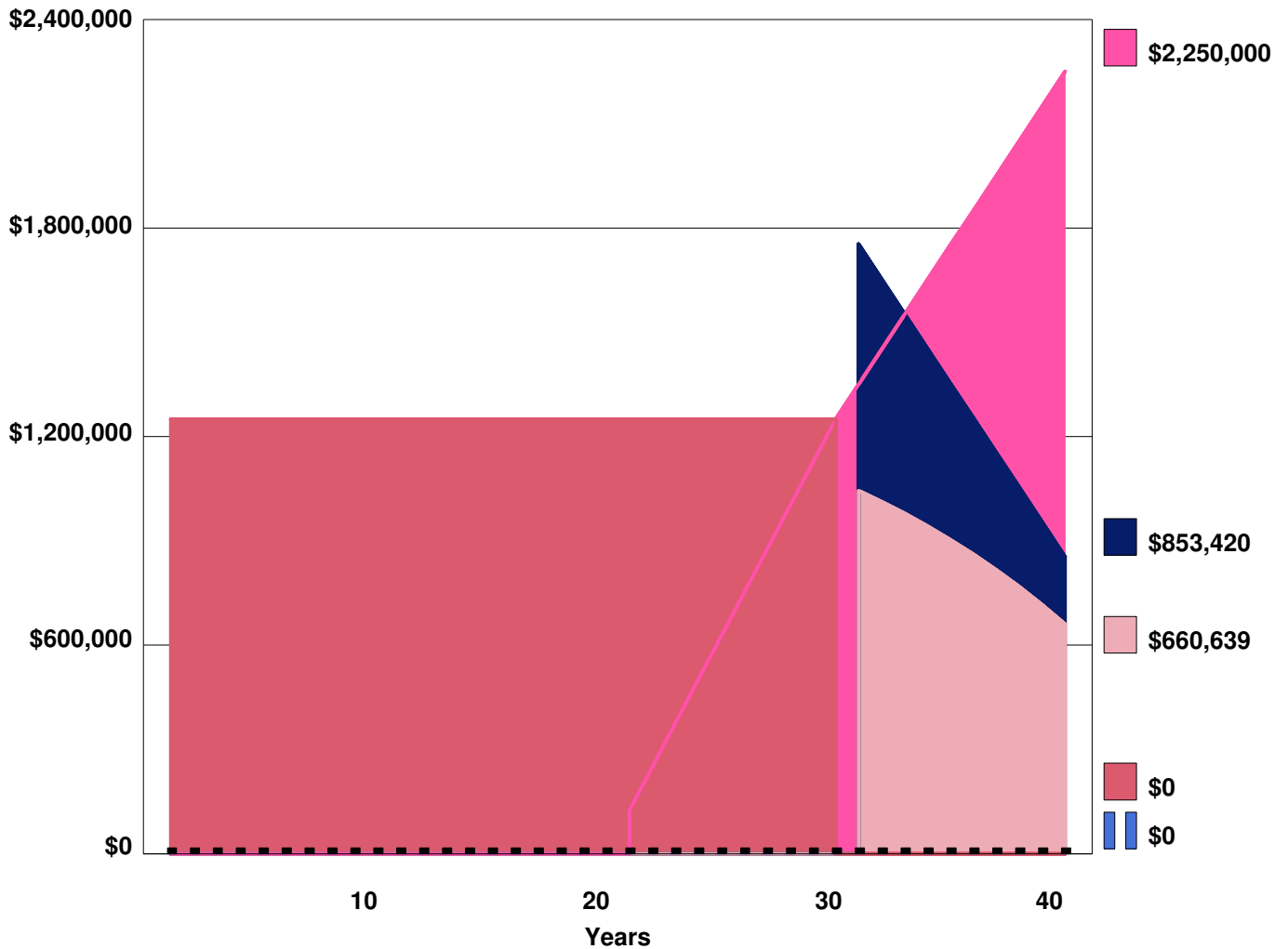
Executive Trifecta[®] Using Cash Value Insurance (CVI)

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

Insured: Frank DiNicola

Executive's 40 Year Analysis

Plan Sponsor: Magnus Electronics, Inc.
C Corporation



	At Year 40
Executive's Cumulative Net Payments	\$0
Executive's Total Survivor Income Benefit	\$0
Executive's Cumulative After Tax Policy Cash Flow ¹	\$2,250,000
Executive's Cash Value	\$660,639
Executive's Death Benefit	\$853,420

¹ For Retirement Income.

Supplemental Report

Important Note

This material is for educational purposes only. In all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.