

Indexed Product vs. Various Financial Alternatives

For: A30male Example



"A goal without a plan is just a wish."

Antoine De Saint-Exupery

Presented By: _____

Robert J. Moody

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RWM Insurance - Independent Brokers

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A30male Example

Preface

A decision to acquire additional life insurance can represent one of several significant phases in your overall financial planning.

An important part of this decision involves the comparison of the life insurance policy to alternative investment possibilities.

To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to these alternatives:

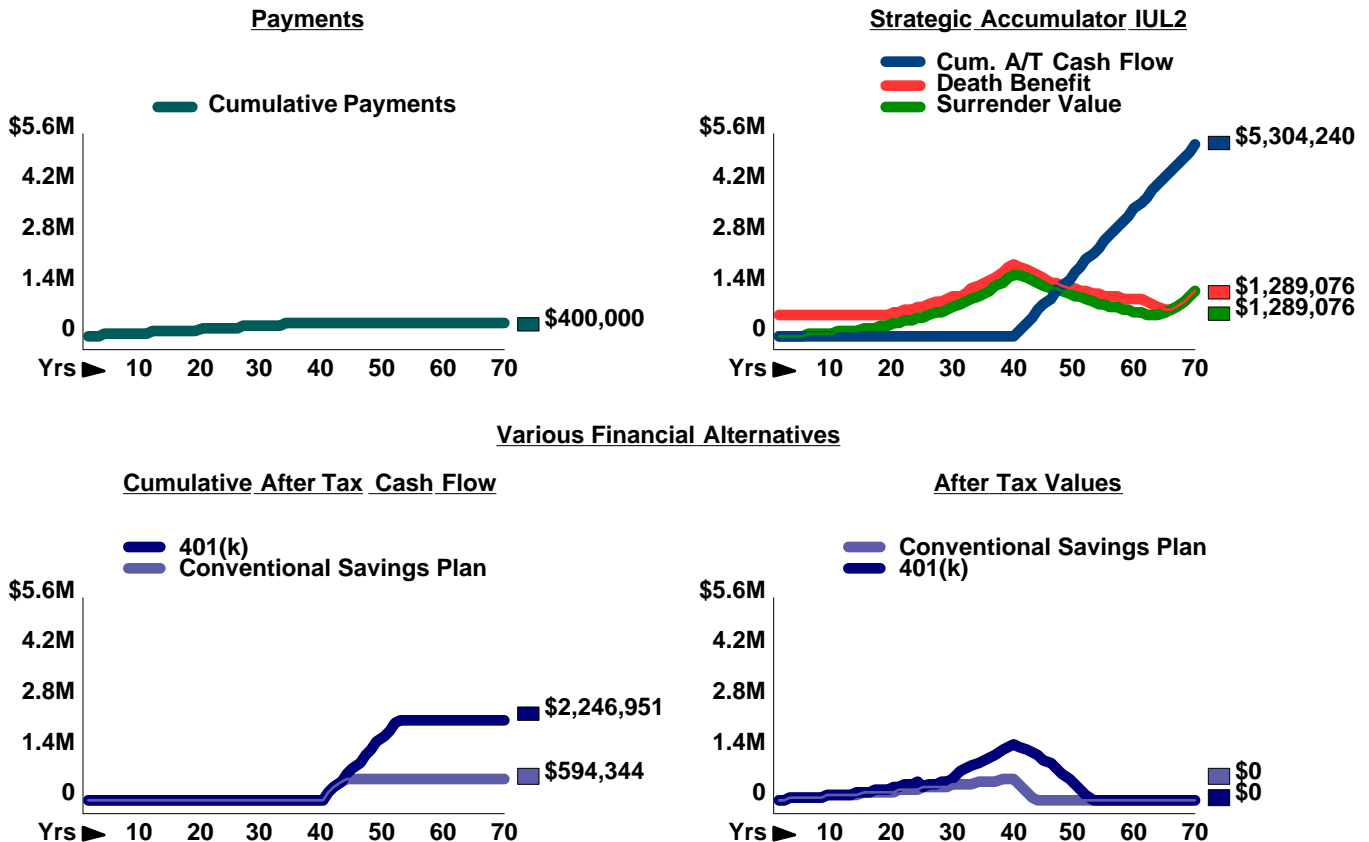
Tax Deductible Retirement Plan (TDRP);
Conventional Savings Plan.

The study offers information from which you and your advisers can draw informed conclusions about the suitability of either plan.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

1. Income tax free death benefits;
2. Probate free death benefits;
3. Accumulating cash values;
4. Income tax deferred growth of cash values;
5. Competitive current interest rate;
6. Tax free access to cash values via policy loans;
7. Privacy of all transactions;
8. Advance of death benefits in certain adverse health circumstances -- as defined in the policy contract.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage.



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.

Various Financial Alternatives vs. Strategic Accumulator IUL2

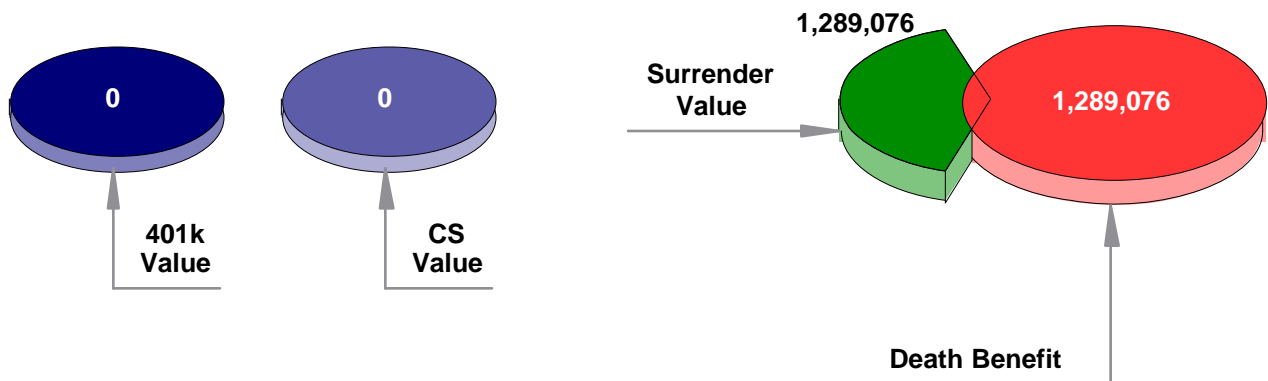
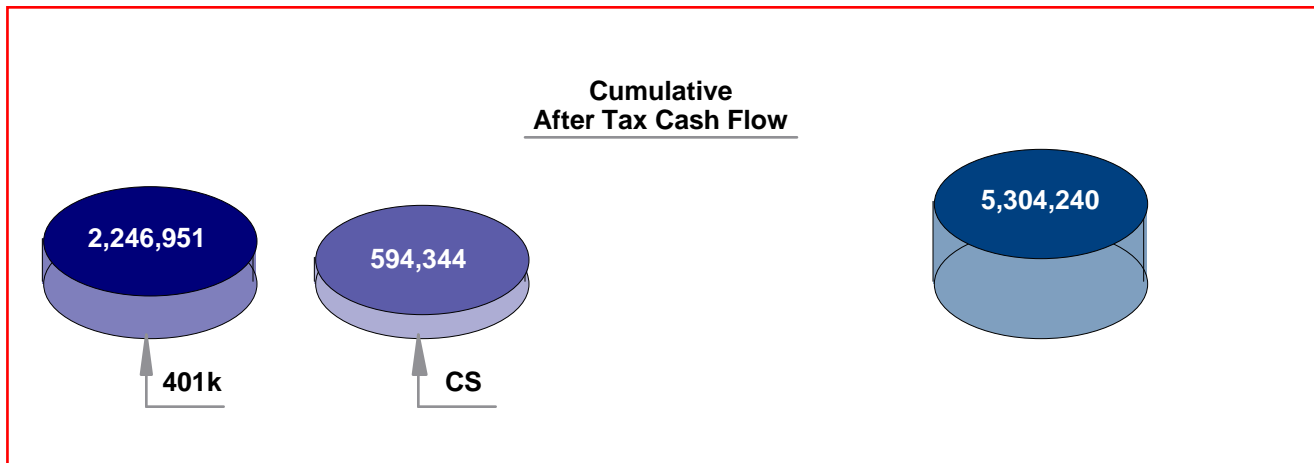
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Insured: A30male Example

A Look at Year 70 Age 99

Various Financial Alternatives

Strategic Accumulator IUL2



401k - Tax Deductible Retirement Plan (TDRP)
CS - Conventional Savings Plan

Various Financial Alternatives vs. Strategic Accumulator IUL2

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Insured: A30male Example

Comparison of Values

		401(k) Yield 7.50%	Conventional Savings Plan Yield 3.50%	Income Tax Rate 42.00% for 24 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 560,747				
		After Tax Values of Identical Allocation to Various Financial Alternatives				Strat. Accumulator2				
Year	Male Age	(1) Life Insurance Premium	(2a) After Tax Cash Flow from 401(k)	(2b) Year End After Tax Value of 401(k) if Distributed	(3a) After Tax Cash Flow from Conventional Savings Plan	(3b) Conventional Savings Plan	(4a) After Tax Policy Loan Proceeds	(4b) Year End Accum Value*	(4c) Year End Surrender Value*	(4d) Death Benefit
1	30	10,000	0	8,763	0	10,203	0	8,345	0	560,747
2	31	10,000	0	18,114	0	20,613	0	17,143	5,157	560,747
3	32	10,000	0	28,090	0	31,235	0	26,486	15,131	560,747
4	33	10,000	0	38,734	0	42,072	0	36,345	26,252	560,747
5	34	10,000	0	50,090	0	53,129	0	46,818	37,986	560,747
6	35	10,000	0	62,207	0	64,410	0	57,941	50,371	560,747
7	36	10,000	0	75,134	0	75,921	0	69,755	63,447	560,747
8	37	10,000	0	88,927	0	87,665	0	82,304	77,257	560,747
9	38	10,000	0	103,643	0	99,648	0	95,632	91,847	560,747
10	39	10,000	0	119,344	0	111,873	0	109,789	107,266	560,747
11	40	10,000	0	136,096	0	124,347	0	126,554	126,554	560,747
12	41	10,000	0	153,969	0	137,075	0	144,529	144,529	560,747
13	42	10,000	0	173,039	0	150,060	0	163,800	163,800	560,747
14	43	10,000	0	193,386	0	163,309	0	184,462	184,462	560,747
15	44	10,000	0	215,094	0	176,828	0	206,614	206,614	560,747
16	45	10,000	0	238,256	0	190,620	0	230,281	230,281	560,747
17	46	10,000	0	262,968	0	204,693	0	255,585	255,585	560,747
18	47	10,000	0	289,333	0	219,051	0	282,690	282,690	573,863
19	48	10,000	0	317,464	0	233,701	0	311,750	311,750	614,149
20	49	10,000	0	347,478	0	248,648	0	342,831	342,831	654,808
21	50	10,000	0	379,501	0	263,899	0	377,297	377,297	698,000
22	51	10,000	0	413,667	0	279,459	0	414,141	414,141	737,172
23	52	10,000	0	450,121	0	295,335	0	453,574	453,574	775,613
24	53	10,000	0	489,014	0	311,533	0	495,719	495,719	812,979
25	54	10,000	0	388,677	0	326,597	0	540,782	540,782	849,029
26	55	10,000	0	422,931	0	341,899	0	588,960	588,960	883,440
27	56	10,000	0	459,477	0	357,441	0	640,436	640,436	935,037
28	57	10,000	0	498,470	0	373,228	0	695,456	695,456	987,549
29	58	10,000	0	540,073	0	389,264	0	754,288	754,288	1,040,918
30	59	10,000	0	584,460	0	405,552	0	817,255	817,255	1,095,122
		300,000	0		0		0			

See the accompanying reports for year-by-year details:
Tax Deductible Retirement Plan (TDRP) Details

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from North American Company.

Sales charge on payments to column (1):
401k = 0.75%

Management fee reflected in column (2b):
401k = 0.75%

This is an illustration, not a contract.

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A30male Example

Comparison of Values

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		After Tax Values of Identical Allocation to Various Financial Alternatives				Strat. Accumulator2				
Year	Male Age	(1) Life Insurance Premium	(2a) After Tax Cash Flow from 401(k)	(2b) Year End After Tax Value of 401(k) if Distributed	(3a) After Tax Cash Flow from Conventional Savings Plan	(3b) Conventional Savings Plan	(4a) After Tax Policy Loan Proceeds	(4b) Year End Accum Value*	(4c) Year End Surrender Value*	(4d) Death Benefit
31	60	10,000	0	812,339	0	422,097	0	884,558	884,558	1,149,926
32	61	10,000	0	877,304	0	438,903	0	956,461	956,461	1,224,271
33	62	10,000	0	946,619	0	455,973	0	1,033,239	1,033,239	1,301,882
34	63	10,000	0	1,020,573	0	473,312	0	1,115,282	1,115,282	1,382,951
35	64	10,000	0	1,099,477	0	490,924	0	1,202,956	1,202,956	1,467,606
36	65	10,000	0	1,183,662	0	508,814	0	1,296,658	1,296,658	1,555,990
37	66	10,000	0	1,273,483	0	526,985	0	1,396,737	1,396,737	1,662,117
38	67	10,000	0	1,369,317	0	545,443	0	1,503,584	1,503,584	1,774,229
39	68	10,000	0	1,471,565	0	564,191	0	1,617,712	1,617,712	1,892,723
40	69	10,000	0	1,580,658	0	583,234	0	1,739,613	1,739,613	2,017,952
41	70	0	176,808	1,497,820	176,808	412,828	176,808	1,859,459	1,677,520	1,956,439
42	71	0	176,808	1,409,437	176,808	239,737	176,808	1,988,720	1,615,019	1,873,553
43	72	0	176,808	1,315,138	176,808	63,920	176,808	2,128,320	1,552,502	1,786,617
44	73	0	176,808	1,214,527	63,920	0	176,808	2,279,178	1,490,328	1,695,454
45	74	0	176,808	1,107,181	0	0	176,808	2,442,298	1,428,912	1,599,872
46	75	0	176,808	992,650	0	0	176,808	2,618,940	1,368,893	1,499,840
47	76	0	176,808	870,453	0	0	176,808	2,808,980	1,309,493	1,449,942
48	77	0	176,808	740,075	0	0	176,808	3,013,283	1,250,886	1,401,550
49	78	0	176,808	600,971	0	0	176,808	3,232,785	1,193,281	1,354,920
50	79	0	176,808	452,555	0	0	176,808	3,468,539	1,136,964	1,310,391
51	80	0	176,808	294,205	0	0	176,808	3,721,532	1,082,114	1,268,191
52	81	0	176,808	125,255	0	0	176,808	3,992,840	1,028,957	1,228,599
53	82	0	125,255	0	0	0	176,808	4,283,620	977,749	1,191,930
54	83	0	0	0	0	0	176,808	4,595,045	928,721	1,158,472
55	84	0	0	0	0	0	176,808	4,928,266	882,023	1,128,437
56	85	0	0	0	0	0	176,808	5,284,504	837,828	1,102,053
57	86	0	0	0	0	0	176,808	5,664,512	795,778	1,079,003
58	87	0	0	0	0	0	176,808	6,069,350	755,768	1,059,235
59	88	0	0	0	0	0	176,808	6,500,256	717,804	1,042,816
60	89	0	0	0	0	0	176,808	6,957,878	681,237	1,029,130
		400,000	2,246,951	594,344		3,536,160				

See the accompanying reports for year-by-year details:
Tax Deductible Retirement Plan (TDRP) Details

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from North American Company.

Sales charge on payments to column (1):
401k = 0.75%

Management fee reflected in column (2b):
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This is an illustration, not a contract.

Various Financial Alternatives vs. Strategic Accumulator IUL2

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Insured: A30male Example

Comparison of Values

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61	90	0	0	0	0	0	176,808	7,444,002	646,486	1,018,685
62	91	0	0	0	0	0	176,808	7,969,510	622,991	941,772
63	92	0	0	0	0	0	176,808	8,539,865	614,698	870,894
64	93	0	0	0	0	0	176,808	9,161,967	626,906	810,145
65	94	0	0	0	0	0	176,808	9,844,650	666,760	765,206
66	95	0	0	0	0	0	176,808	10,599,464	744,032	744,032
67	96	0	0	0	0	0	176,808	11,412,010	842,450	842,449
68	97	0	0	0	0	0	176,808	12,286,602	964,351	964,351
69	98	0	0	0	0	0	176,808	13,227,887	1,112,299	1,112,298
70	99	0	0	0	0	0	176,808	14,240,841	1,289,076	1,289,076

400,000

2,246,951

594,344

5,304,240

See the accompanying reports for year-by-year details:
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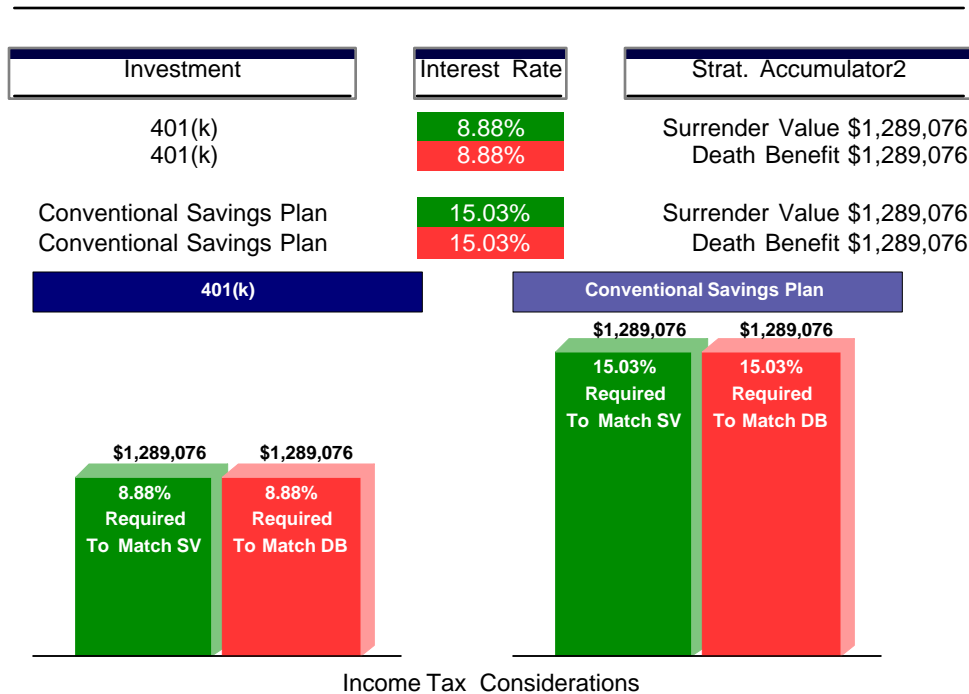
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Insured: A30male Example

Matching Values at Age 99 (Year 70)

401(k) Yield 7.50%	Conventional Savings Plan Yield 3.50%	Income Tax Rate 42.00% for 24 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 560,747
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Gross Interest Rate needed by Various Investments over 70 Years to Match Strat. Accumulator2 Policy Values



Income Tax Considerations

- 401(k): Interest is tax deferred.
- Conventional Savings Plan: Interest is taxed as earned.
- Strategic Accumulator IUL2:
 - Death Benefit including cash value component is income tax free.
 - Loans are income tax free as long as the policy is kept in force.
 - Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
 - Cash values shown assume most favorable combination of b and/or c.

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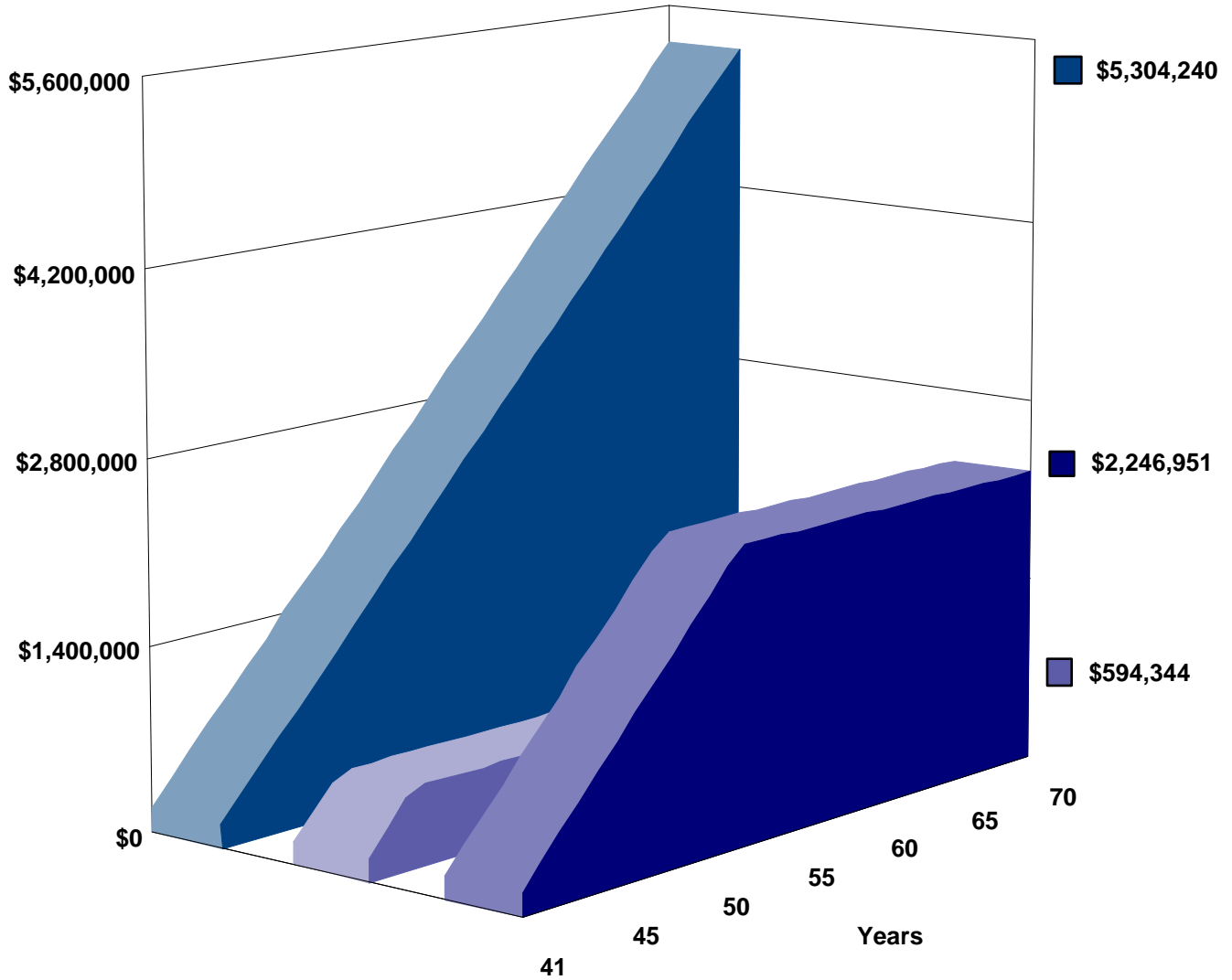
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Various Financial Alternatives vs. Strategic Accumulator IUL2

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Insured: A30male Example

Cash Flow Comparison of Years 41 - 70



	<u>At Year 70</u>
Cum. After Tax Cash Flow from A Tax Deductible Retirement Plan (TDRP)	\$2,246,951
Cum. After Tax Cash Flow from A Conventional Savings Plan	\$594,344
Cumulative After Tax Policy Loan Proceeds from Strat. Accumulator2	\$5,304,240

Taxation of TDRP Cash Flow

With tax deductible retirement plans, withdrawals (partial surrenders) are taxable. Due to this, cash flow illustrated from the tax deductible retirement plan in this presentation is the after tax result of withdrawals of a higher amount.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this issue.

Cash Flow Analysis In Year 41

Below is an analysis of tax calculations on cash flow in the first year that cash flow from the Tax Deductible Retirement Plan (TDRP) and Strategic Accumulator IUL2 is illustrated.

Tax Deductible Retirement Plan (TDRP)

\$392,907 total withdrawal @ 55.00% tax which nets \$176,808

Strategic Accumulator IUL2

There are no tax calculations required for the life insurance policy since policy loans are not taxable

On the tax deductible retirement plan (tdrp), withdrawal(s) made prior to age 59½ are assessed an additional 10.00% tax. On the life insurance policy, withdrawals up to cost basis (not in violation of IRC Section 7702) are income tax free.

Tax Calculations

The Tax Deferred Retirement Plan (TDRP) illustrated in the accompanying material reflects after tax values. Since all withdrawals are taxable, account values are illustrated on an after tax basis.

A cash value life insurance policy (that is not designed as a modified endowment contract*) is taxed on a first-in-first-out basis which means that withdrawals (also known as partial surrenders) have different taxation. Withdrawals up to cost basis are income-tax free; subsequent withdrawals are taxable. However, the contractual loan provision in the policy allows you to access additional cash flow from the policy cash value which is income-tax free so long as the policy stays in force. This feature avoids the problem of taxable withdrawals in excess of cost basis. Interest on such loans can be added to the outstanding loan, and with most life insurance policies, the loan balance is credited with interest earnings at (or near) the level of the loan interest charged resulting in a wash (or near wash) of the loan interest.

Indexed universal life with participating loans has a different treatment. Interest on such loans adds to any outstanding loans, and all cash value earns interest established by the selected index. This feature causes compounding of the entire cash value (including that portion securing policy loans), so long as the index produces interest above the policy loan rate, which is usually 4.00% to 5.00%.

With all cash value life insurance, if the policy remains in force until death, the policy death benefit is income-tax free, including any internal deferred gain. The foundation of this particular treatment is IRC Section 101. This statute provides that the proceeds of life insurance maturing as a death claim are exempt from federal income tax. This advantage applies to the full death benefit, including any cash value component, whether loans exist or not.

Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this.

*With a life insurance policy that is characterized as a modified endowment contract ("MEC"), both withdrawals and loans are taxed on a gain first basis. In almost all circumstances, it is advisable to avoid purchasing a MEC, and the basic illustration that is provided to you from the issuing life insurance company should indicate if it is a MEC.

Legal and tax information is for general use only and may not be applicable to specific circumstances. Clients should consult their own legal, tax and accounting advisors to assist in the evaluation of any potential transaction or strategy.

Introduction to Life Plan

As the years pass and retirement edges closer, planning for desired levels of income may seem like an imposing task. But every day you wait only amplifies the problem.

One important way to plan effectively is to take full advantage of an employer-sponsored 401(k) plan or a personal IRA. However, these devices have government restricted contribution limits so relying on them solely may cause you to fall short of your retirement goals. Consequently, a large portion of your retirement income must come from personal savings.

Private savings can include stocks, bonds, mutual funds, annuities, and life insurance. And life insurance can be particularly valuable since it does the double duty of protecting your family while you are building your long-term savings.

Life Plan is a life insurance strategy that emphasizes death benefit and pre-retirement cash accumulation while also providing a source of retirement income. Following is a summary of the accompanying life insurance illustration prepared for A30male Example, age 30.

Pre-Retirement Accumulation (Based on Current Assumptions)

Initial Life Insurance Death Benefit	\$560,747
Annual Premium Illustrated	\$10,000
Number of Premium Payments Illustrated	40
Total Premiums Illustrated	\$400,000
Surrender Value* at Retirement	\$1,739,613
Life Insurance Death Benefit at Retirement	\$2,017,952

Retirement Distributions (Based on Current Assumptions)

Illustrated Retirement Age	70
Annual Policy Distribution	\$176,808
Number of Annual Policy Distributions	30
Total Policy Distributions	\$5,304,240
Surrender Value* at Age 100	\$1,289,076
Death Benefit at Age 100	\$1,289,076

*** Values and Loans are Understated ***
 These #s are all Net-After-Tax.
 Depending on the tax bracket,
 Pre-Tax (or Gross) equivalent
 is up to **double** #s shown.

Premium payments are subject to certain policy and IRS limitations and must be sufficient to keep your policy in force. Under current tax laws, policy values accumulate on a tax deferred basis. Policy loans and withdrawals decrease the death benefit and affect policy value accumulation. Withdrawals in excess of total premiums paid are taxable.

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Summary of Strategic Accumulator IUL2 Values

Illustrated Retirement Age	Strat. Accumulator2 Interest Rate	Initial Premium	Initial Death Benefit
70	5.71%	10,000	560,747

Tax Deferred Accumulation

Year	Male Age	(1) Annual Premium*	(2) Year End Accum Value**	(3) Year End Surrender Value**	(4) Year End Death Benefit
1	30	10,000	8,345	0	560,747
2	31	10,000	17,143	5,157	560,747
3	32	10,000	26,486	15,131	560,747
10	39	10,000	109,789	107,266	560,747
15	44	10,000	206,614	206,614	560,747
20	49	10,000	342,831	342,831	654,808
25	54	10,000	540,782	540,782	849,029
30	59	10,000	817,255	817,255	1,095,122
35	64	10,000	1,202,956	1,202,956	1,467,606
40	69	10,000	1,739,613	1,739,613	2,017,952
		400,000			

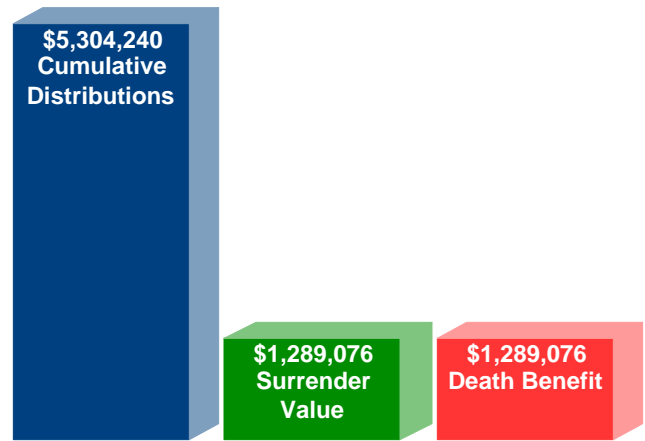
*Premiums are level in all pre-retirement years.

Summary of Pre-Retirement Years (Based on Current Assumptions)



Pay \$400,000 in premiums in pre-retirement years, and, by age 70, accumulate \$1,739,613 of surrender value** with \$2,017,952 of death benefit protection.

Summary of Retirement Years (Based on Current Assumptions)



Pay no more premiums, take cash distributions starting at age 70 of \$176,808 a year for 30 years, and maintain death benefit protection which, by age 100, is illustrated to be \$1,289,076 with \$1,289,076 of surrender value.**

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Important Notes

This supplemental illustration is not a policy contract and must be accompanied by the basic illustration that includes guaranteed values and other important information. The illustrated values are not guaranteed. This illustration assumes that the currently illustrated, non-guaranteed elements used will not change for all years shown. This is not likely to occur and actual results may be more or less favorable than those shown. This supplemental illustration includes the same premium outlay and non-guaranteed elements used in the basic illustration.

Life Insurance agents do not give tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.