

Indexed Product vs. Various Financial Alternatives

For: A35male Example



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

Antoine De Saint-Exupery

Presented By: _____

Robert J. Moody

RWM Building

2 Bates Boulevard

Orinda CA 94563

Phone: 925-254-4600

Email: Broker2@RWMinsurance.com

Representing: _____

RWM Insurance - Independent Brokers

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A35male 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:

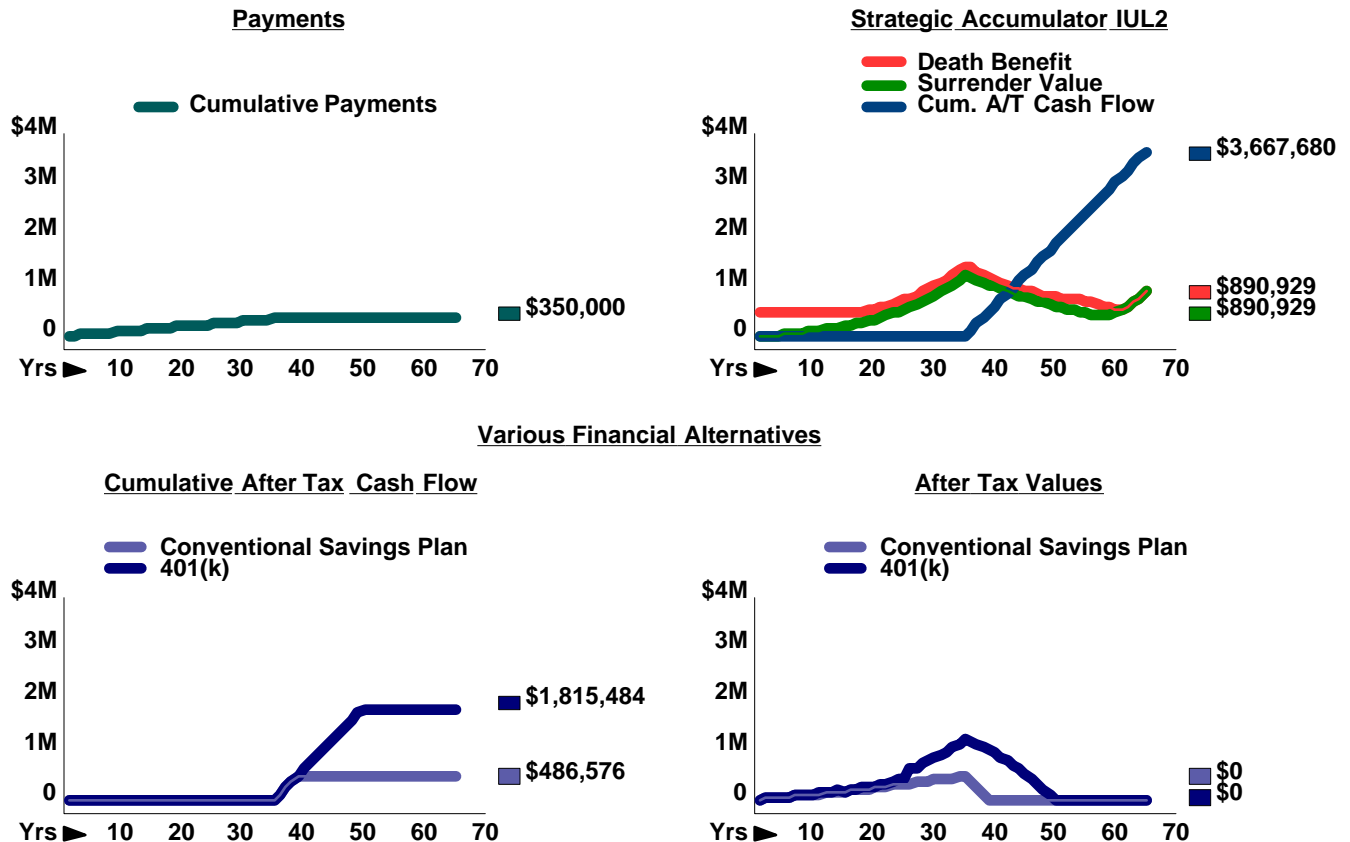
Tax Deductible Retirement Plan (TDRP);
Conventional Savings Plan.

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

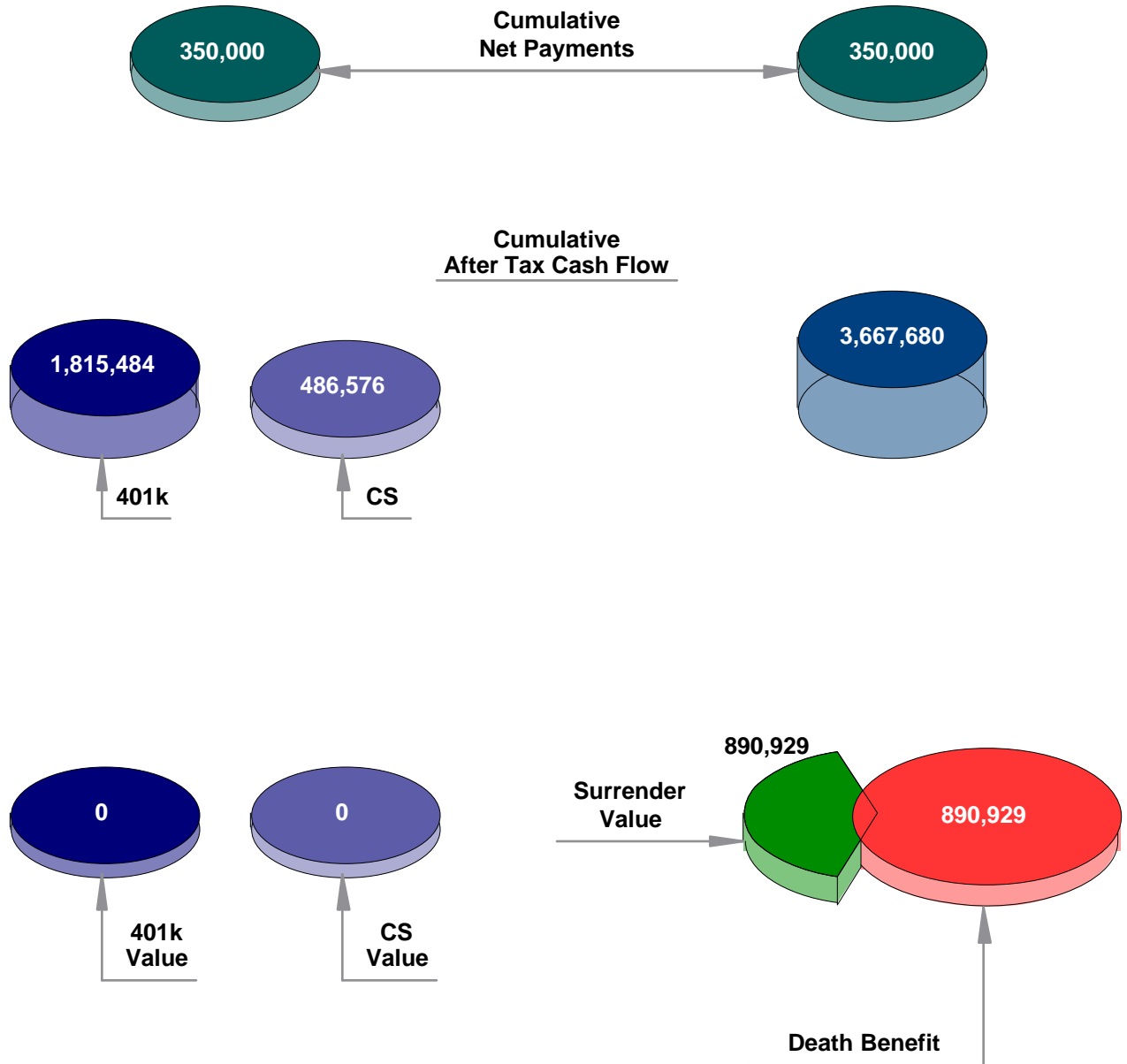
Presented By: Robert J. Moody

Insured: A35male Example

A Look at Year 65

Various Financial Alternatives

Strategic Accumulator IUL2



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

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A35male Example

Comparison of Values

		401(k) Yield 7.50%	Conventional Savings Plan Yield 3.50%	Income Tax Rate 45.00% for 14 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 497,112				
		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	35	10,000	0	8,664	0	10,193	0	8,352	0	497,112
2	36	10,000	0	17,907	0	20,581	0	17,223	5,417	497,112
3	37	10,000	0	27,770	0	31,170	0	26,588	15,403	497,112
4	38	10,000	0	38,293	0	41,962	0	36,535	26,593	497,112
5	39	10,000	0	49,520	0	52,963	0	47,100	38,401	497,112
6	40	10,000	0	61,498	0	64,175	0	58,216	50,759	497,112
7	41	10,000	0	74,279	0	75,603	0	70,025	63,811	497,112
8	42	10,000	0	87,915	0	87,250	0	82,571	77,600	497,112
9	43	10,000	0	102,463	0	99,123	0	95,949	92,220	497,112
10	44	10,000	0	117,986	0	111,223	0	110,158	107,673	497,112
11	45	10,000	0	134,548	0	123,557	0	126,986	126,986	497,112
12	46	10,000	0	152,218	0	136,128	0	144,986	144,986	497,112
13	47	10,000	0	171,071	0	148,941	0	164,289	164,289	497,112
14	48	10,000	0	191,186	0	162,000	0	184,950	184,950	497,112
15	49	10,000	0	166,890	0	174,709	0	207,110	207,110	497,112
16	50	10,000	0	186,297	0	187,618	0	230,808	230,808	497,112
17	51	10,000	0	207,004	0	200,731	0	256,137	256,137	497,112
18	52	10,000	0	229,097	0	214,050	0	283,262	283,262	497,112
19	53	10,000	0	252,668	0	227,579	0	312,327	312,327	512,217
20	54	10,000	0	277,817	0	241,321	0	343,475	343,475	539,257
21	55	10,000	0	304,650	0	255,279	0	377,976	377,976	566,964
22	56	10,000	0	333,278	0	269,457	0	414,863	414,863	605,701
23	57	10,000	0	363,824	0	283,858	0	454,314	454,314	645,126
24	58	10,000	0	396,413	0	298,487	0	496,497	496,497	685,166
25	59	10,000	0	431,185	0	313,345	0	541,639	541,639	725,797
26	60	10,000	0	602,079	0	328,438	0	589,870	589,870	766,832
27	61	10,000	0	652,970	0	343,768	0	641,381	641,381	820,968
28	62	10,000	0	707,268	0	359,340	0	696,410	696,410	877,477
29	63	10,000	0	765,200	0	375,157	0	755,194	755,194	936,442
30	64	10,000	0	827,010	0	391,224	0	817,994	817,994	997,953
		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: A35male Example

Comparison of Values

		401(k) Yield 7.50%	Conventional Savings Plan Yield 3.50%	Income Tax Rate 45.00% for 14 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 497,112				
		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	65	10,000	0	892,958	0	407,543	0	885,093	885,093	1,062,113
32	66	10,000	0	963,320	0	424,119	0	956,802	956,802	1,138,595
33	67	10,000	0	1,038,391	0	440,957	0	1,033,366	1,033,366	1,219,373
34	68	10,000	0	1,118,488	0	458,059	0	1,115,129	1,115,129	1,304,702
35	69	10,000	0	1,203,947	0	475,431	0	1,202,464	1,202,464	1,394,859
36	70	0	122,256	1,154,097	122,256	358,738	122,256	1,285,287	1,159,484	1,352,277
37	71	0	122,256	1,100,909	122,256	240,206	122,256	1,374,637	1,116,237	1,294,940
38	72	0	122,256	1,044,162	122,256	119,808	122,256	1,471,132	1,072,975	1,234,800
39	73	0	122,256	983,616	119,808	0	122,256	1,575,372	1,029,911	1,171,695
40	74	0	122,256	919,017	0	0	122,256	1,688,110	987,392	1,105,560
41	75	0	122,256	850,095	0	0	122,256	1,810,190	945,830	1,036,340
42	76	0	122,256	776,559	0	0	122,256	1,941,521	904,682	1,001,758
43	77	0	122,256	698,101	0	0	122,256	2,082,731	864,101	968,237
44	78	0	122,256	614,390	0	0	122,256	2,234,461	824,222	935,945
45	79	0	122,256	525,077	0	0	122,256	2,397,433	785,238	905,109
46	80	0	122,256	429,785	0	0	122,256	2,572,338	747,281	875,898
47	81	0	122,256	328,114	0	0	122,256	2,759,896	710,483	848,478
48	82	0	122,256	219,638	0	0	122,256	2,960,952	675,068	823,116
49	83	0	122,256	103,900	0	0	122,256	3,176,293	641,169	799,984
50	84	0	103,900	0	0	0	122,256	3,406,728	608,905	779,242
51	85	0	0	0	0	0	122,256	3,653,051	578,343	760,996
52	86	0	0	0	0	0	122,256	3,915,842	549,298	745,090
53	87	0	0	0	0	0	122,256	4,195,902	521,762	731,557
54	88	0	0	0	0	0	122,256	4,493,991	495,645	720,345
55	89	0	0	0	0	0	122,256	4,810,658	470,599	711,132
56	90	0	0	0	0	0	122,256	5,146,983	446,760	704,109
57	91	0	0	0	0	0	122,256	5,510,471	430,633	651,052
58	92	0	0	0	0	0	122,256	5,904,902	424,952	602,099
59	93	0	0	0	0	0	122,256	6,335,048	433,378	560,079
60	94	0	0	0	0	0	122,256	6,807,054	460,892	528,963
		350,000	1,815,484	486,576	3,056,400					

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: A35male Example

Comparison of Values

		401(k) Yield 7.50%	Conventional Savings Plan Yield 3.50%	Income Tax Rate 45.00% for 14 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 497,112				
		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
61	95	0	0	0	0	0	122,256	7,328,935	514,279	514,279
62	96	0	0	0	0	0	122,256	7,890,725	582,276	582,277
63	97	0	0	0	0	0	122,256	8,495,420	666,514	666,514
64	98	0	0	0	0	0	122,256	9,146,220	768,752	768,752
65	99	0	0	0	0	0	122,256	9,846,581	890,929	890,929

350,000

1,815,484

486,576

3,667,680

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%

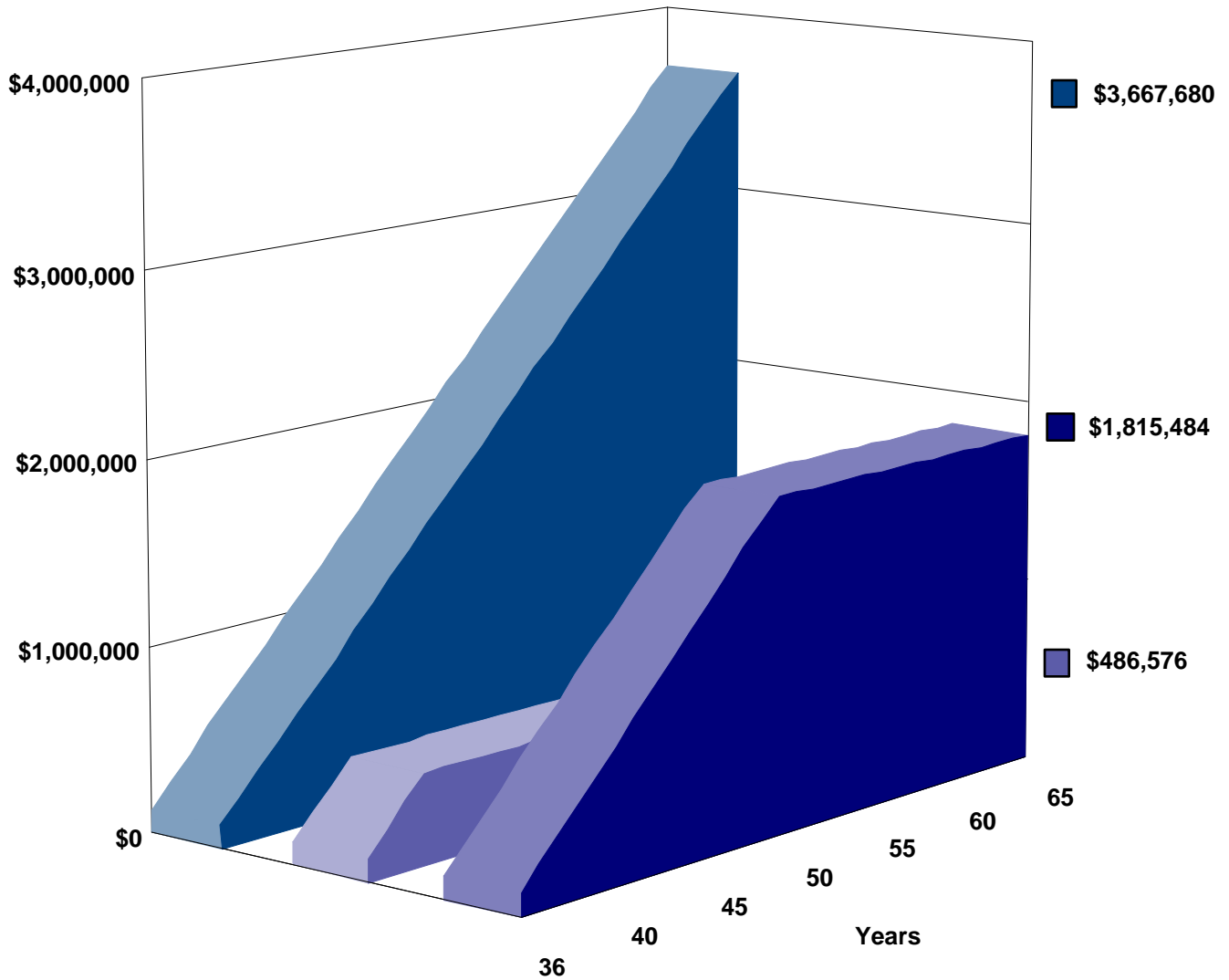
This is an illustration, not a contract.

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A35male Example

Cash Flow Comparison of Years 36 - 65



	<u>At Year 65</u>
Cum. After Tax Cash Flow from A Tax Deductible Retirement Plan (TDRP)	\$1,815,484
Cum. After Tax Cash Flow from A Conventional Savings Plan	\$486,576
Cumulative After Tax Policy Loan Proceeds from Strat. Accumulator2	\$3,667,680

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 36

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)

\$271,680 total withdrawal @ 55.00% tax which nets \$122,256

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.

Various Financial Alternatives vs. Strategic Accumulator IUL2

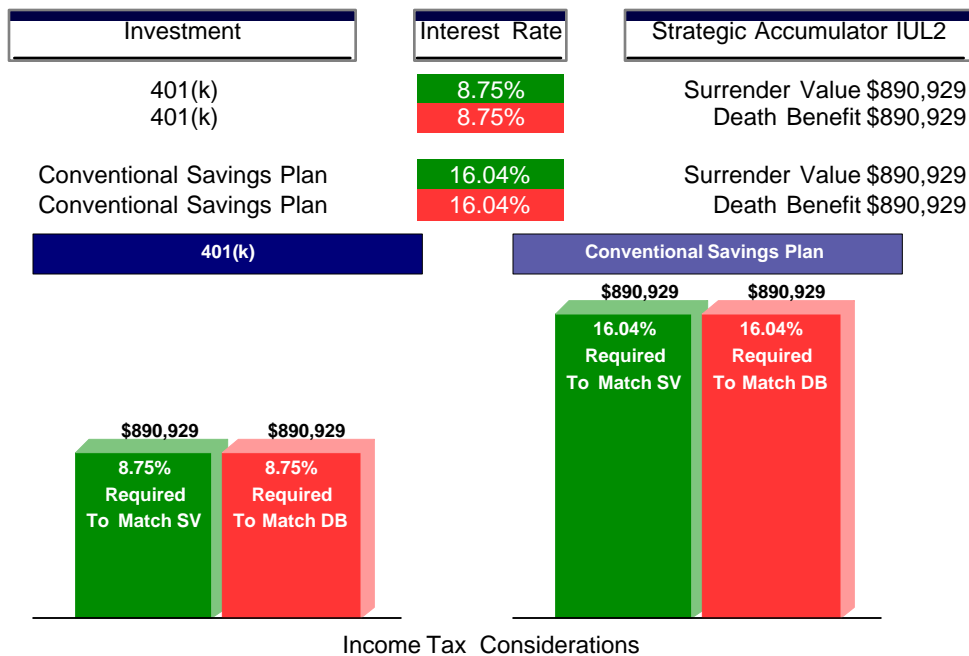
Presented By: Robert J. Moody

Insured: A35male Example

Matching Values at Age 99 (Year 65)

401(k) Yield 7.50%	Conventional Savings Plan Yield 3.50%	Income Tax Rate 45.00% for 14 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 497,112
--------------------------	--	---	---	-------------------------------------

Gross Interest Rate needed by Various Investments over 65 Years to Match Strategic Accumulator IUL2 Policy Values



Income Tax Considerations

1. 401(k): Interest is tax deferred.
2. Conventional Savings Plan: Interest is taxed as earned.
3. Strategic Accumulator IUL2:
 - a. Death Benefit including cash value component is income tax free.
 - b. Loans are income tax free as long as the policy is kept in force.
 - c. 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.
 - d. Cash values shown assume most favorable combination of b and/or c.

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.

This is an illustration, not a contract.

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 A35male Example, age 35.

Pre-Retirement Accumulation (Based on Current Assumptions)

Initial Life Insurance Death Benefit	\$497,112
Annual Premium Illustrated	\$10,000
Number of Premium Payments Illustrated	35
Total Premiums Illustrated	\$350,000
Surrender Value* at Retirement	\$1,202,464
Life Insurance Death Benefit at Retirement	\$1,394,859

Retirement Distributions (Based on Current Assumptions)

Illustrated Retirement Age	70
Annual Policy Distribution	\$122,256
Number of Annual Policy Distributions	30
Total Policy Distributions	\$3,667,680
Surrender Value* at Age 100	\$890,929
Death Benefit at Age 100	\$890,929

*** 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.

*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.

This is an illustration, not a contract.

Summary of Strategic Accumulator IUL2 Values

Illustrated Retirement Age: 70
 Strat. Accumulator2 Interest Rate: 5.71%
 Initial Premium: 10,000
 Initial Death Benefit: 497,112

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	35	10,000	8,352	0	497,112
2	36	10,000	17,223	5,417	497,112
3	37	10,000	26,588	15,403	497,112
5	39	10,000	47,100	38,401	497,112
10	44	10,000	110,158	107,673	497,112
15	49	10,000	207,110	207,110	497,112
20	54	10,000	343,475	343,475	539,257
25	59	10,000	541,639	541,639	725,797
30	64	10,000	817,994	817,994	997,953
35	69	10,000	1,202,464	1,202,464	1,394,859
		350,000			

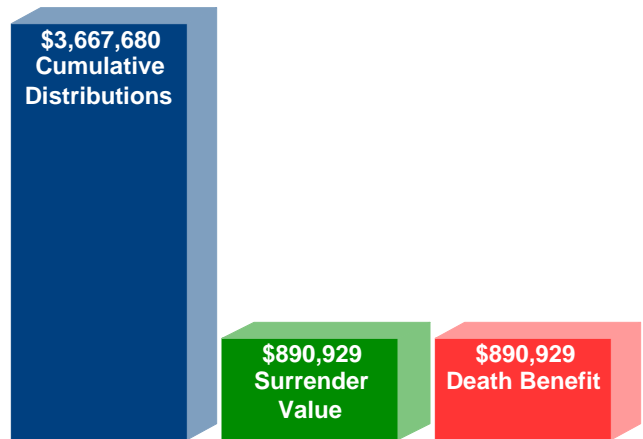
*Premiums are level in all pre-retirement years.

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



Pay \$350,000 in premiums in pre-retirement years, and, by age 70, accumulate \$1,202,464 of surrender value** with \$1,394,859 of death benefit protection.

Summary of Retirement Years (Based on Current Assumptions)



Pay no more premiums, take cash distributions starting at age 70 of \$122,256 a year for 30 years, and maintain death benefit protection which, by age 100, is illustrated to be \$890,929 with \$890,929 of surrender value.**

**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.

This is an illustration, not a contract.

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.