

Indexed Product vs. Various Financial Alternatives

For: A40male Example



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

Antoine De Saint-Exupery

Presented By: _____

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RWM Insurance - Independent Brokers

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A40male 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:

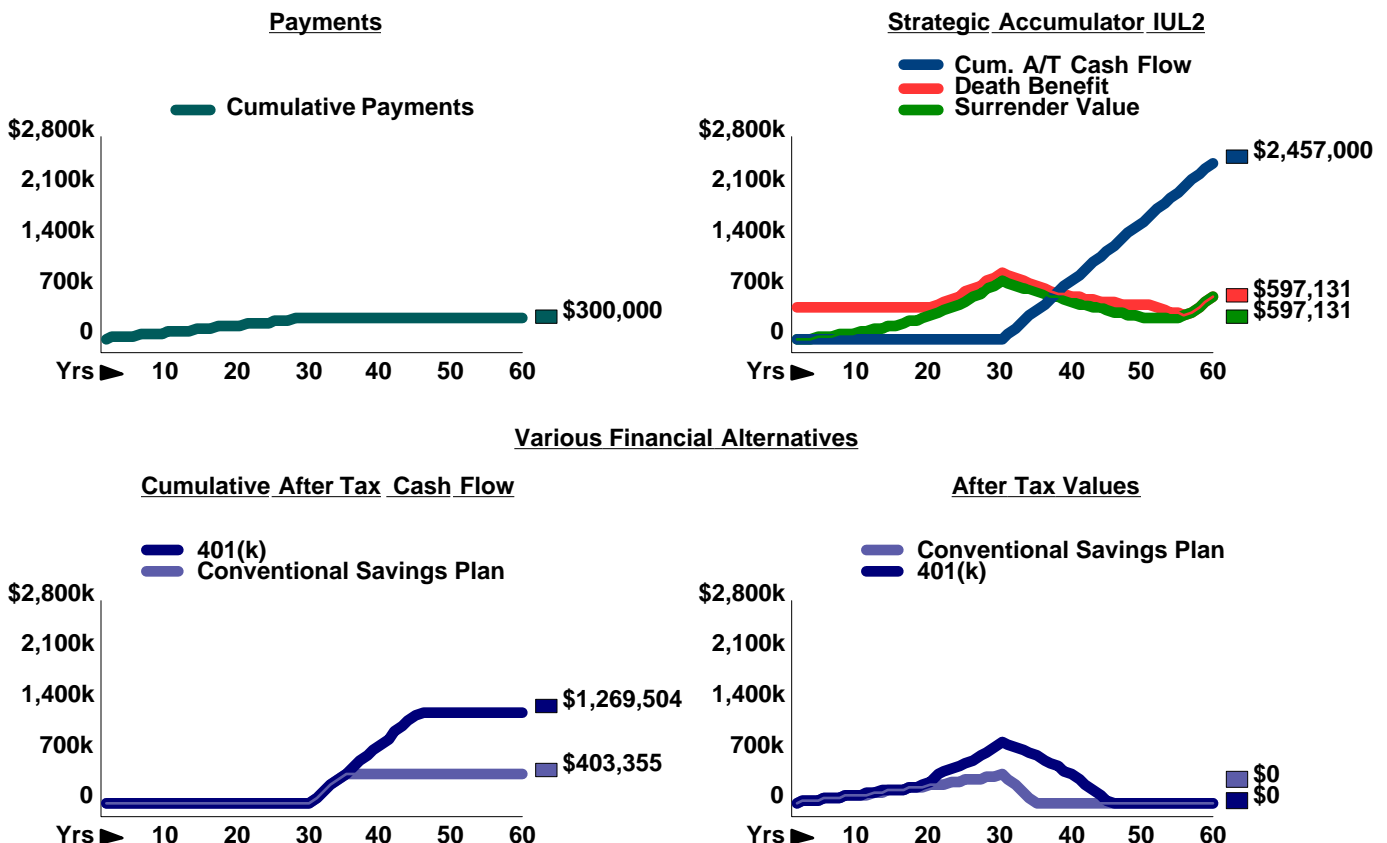
Tax Deductible Retirement Plan (TDRP);
Conventional Savings Plan.

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.

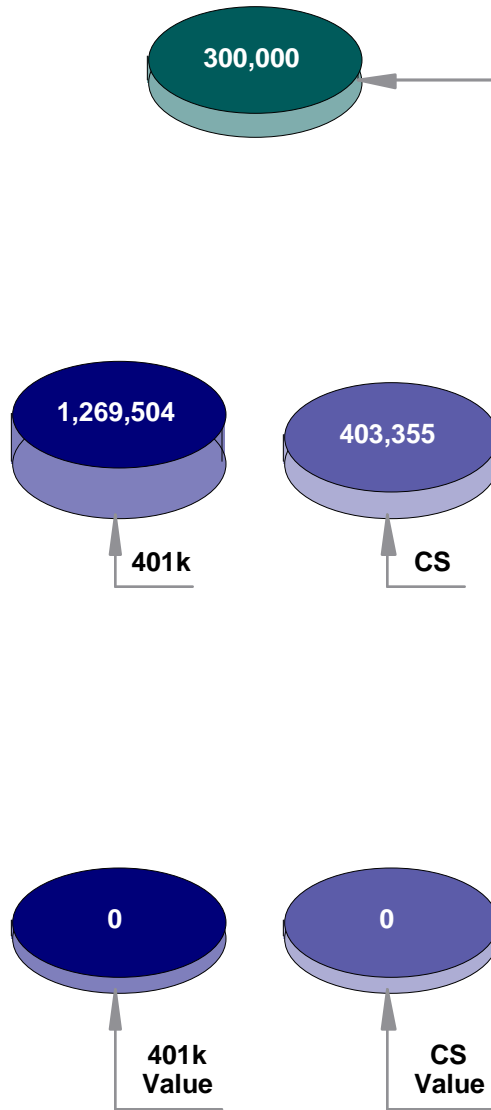
Various Financial Alternatives vs. Strategic Accumulator IUL2

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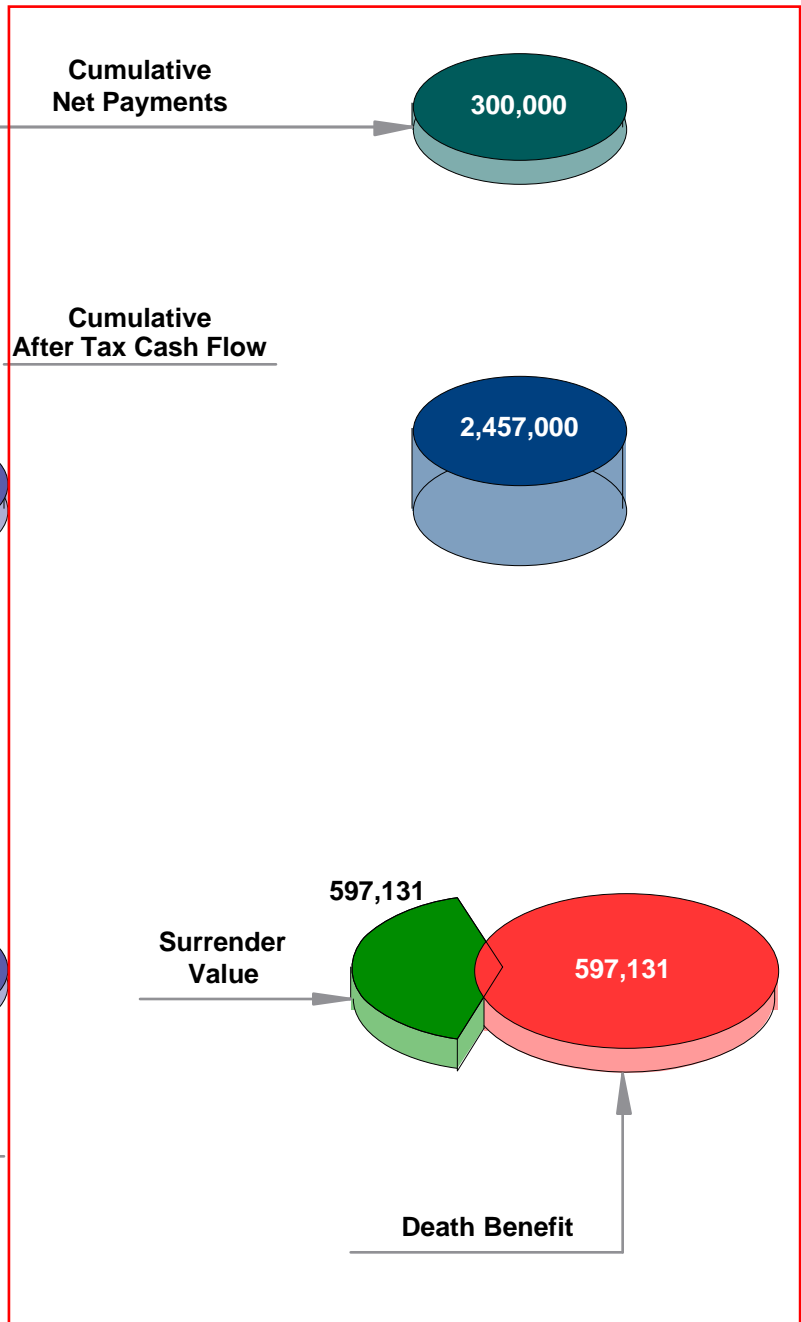
Insured: A40male Example

A Look at Year 60

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: A40male 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 435,698				
		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	40	10,000	0	8,664	0	10,193	0	8,319	0	435,698
2	41	10,000	0	17,907	0	20,581	0	17,156	5,566	435,698
3	42	10,000	0	27,770	0	31,170	0	26,395	15,415	435,698
4	43	10,000	0	38,293	0	41,962	0	36,163	26,404	435,698
5	44	10,000	0	49,520	0	52,963	0	46,497	37,957	435,698
6	45	10,000	0	61,498	0	64,175	0	57,478	50,159	435,698
7	46	10,000	0	74,279	0	75,603	0	69,105	63,005	435,698
8	47	10,000	0	87,915	0	87,250	0	81,462	76,582	435,698
9	48	10,000	0	102,463	0	99,123	0	94,555	90,895	435,698
10	49	10,000	0	117,986	0	111,223	0	108,432	105,992	435,698
11	50	10,000	0	134,548	0	123,557	0	124,901	124,901	435,698
12	51	10,000	0	152,218	0	136,128	0	142,573	142,573	435,698
13	52	10,000	0	171,071	0	148,941	0	161,537	161,537	435,698
14	53	10,000	0	191,186	0	162,000	0	181,855	181,855	435,698
15	54	10,000	0	166,890	0	174,709	0	203,661	203,661	435,698
16	55	10,000	0	186,297	0	187,618	0	226,983	226,983	435,698
17	56	10,000	0	207,004	0	200,731	0	251,949	251,949	435,698
18	57	10,000	0	229,097	0	214,050	0	278,676	278,676	435,698
19	58	10,000	0	252,668	0	227,579	0	307,302	307,302	435,698
20	59	10,000	0	277,817	0	241,321	0	338,017	338,017	452,944
21	60	10,000	0	391,693	0	255,279	0	372,154	372,154	483,801
22	61	10,000	0	428,501	0	269,457	0	408,645	408,645	523,066
23	62	10,000	0	467,773	0	283,858	0	447,632	447,632	564,017
24	63	10,000	0	509,674	0	298,487	0	489,298	489,298	606,731
25	64	10,000	0	554,380	0	313,345	0	533,839	533,839	651,285
26	65	10,000	0	602,079	0	328,438	0	581,380	581,380	697,656
27	66	10,000	0	652,970	0	343,768	0	632,163	632,163	752,275
28	67	10,000	0	707,268	0	359,340	0	686,404	686,404	809,957
29	68	10,000	0	765,200	0	375,157	0	744,319	744,319	870,854
30	69	10,000	0	827,010	0	391,224	0	806,213	806,213	935,208
		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: A40male Example

Comparison of Values

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31	70	0	81,900	794,986	81,900	314,195	81,900	861,719	777,443	906,701
32	71	0	81,900	760,819	81,900	235,954	81,900	921,597	748,493	868,301
33	72	0	81,900	724,364	81,900	156,480	81,900	986,261	719,534	828,023
34	73	0	81,900	685,468	81,900	75,755	81,900	1,056,115	690,708	785,759
35	74	0	81,900	643,970	75,755	0	81,900	1,131,662	662,247	741,463
36	75	0	81,900	599,693	0	0	81,900	1,213,465	634,426	695,099
37	76	0	81,900	552,453	0	0	81,900	1,301,476	606,892	671,966
38	77	0	81,900	502,051	0	0	81,900	1,396,101	579,733	649,539
39	78	0	81,900	448,275	0	0	81,900	1,497,767	553,040	627,928
40	79	0	81,900	390,899	0	0	81,900	1,606,964	526,945	607,294
41	80	0	81,900	329,683	0	0	81,900	1,724,157	501,541	587,750
42	81	0	81,900	264,369	0	0	81,900	1,849,818	476,905	569,396
43	82	0	81,900	194,683	0	0	81,900	1,984,522	453,196	552,422
44	83	0	81,900	120,332	0	0	81,900	2,128,794	430,500	536,940
45	84	0	81,900	41,004	0	0	81,900	2,283,164	408,886	523,045
46	85	0	41,004	0	0	0	81,900	2,448,178	388,413	510,822
47	86	0	0	0	0	0	81,900	2,624,219	368,952	500,163
48	87	0	0	0	0	0	81,900	2,811,765	350,437	491,026
49	88	0	0	0	0	0	81,900	3,011,374	332,859	483,428
50	89	0	0	0	0	0	81,900	3,223,362	315,932	477,100
51	90	0	0	0	0	0	81,900	3,448,519	299,812	472,238
52	91	0	0	0	0	0	81,900	3,691,914	288,902	436,578
53	92	0	0	0	0	0	81,900	3,956,096	285,045	403,728
54	93	0	0	0	0	0	81,900	4,244,240	290,677	375,562
55	94	0	0	0	0	0	81,900	4,560,451	309,121	354,725
56	95	0	0	0	0	0	81,900	4,910,050	344,873	344,873
57	96	0	0	0	0	0	81,900	5,286,386	390,414	390,414
58	97	0	0	0	0	0	81,900	5,691,458	446,828	446,828
59	98	0	0	0	0	0	81,900	6,127,418	515,304	515,304
60	99	0	0	0	0	0	81,900	6,596,574	597,131	597,131
		300,000	1,269,504	403,355	2,457,000					

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

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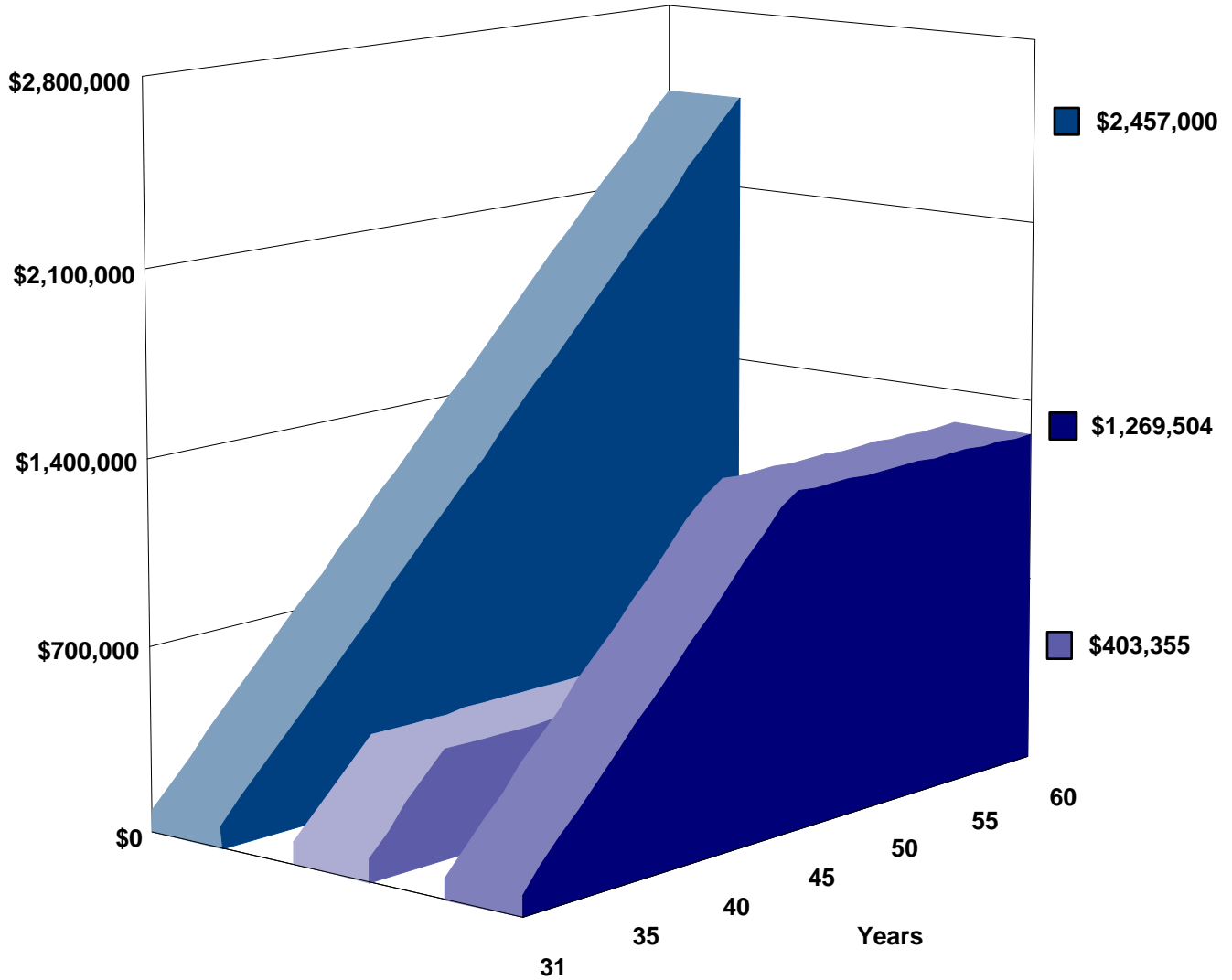
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Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A40male Example

Cash Flow Comparison of Years 31 - 60



	<u>At Year 60</u>
Cum. After Tax Cash Flow from A Tax Deductible Retirement Plan (TDRP)	\$1,269,504
Cum. After Tax Cash Flow from A Conventional Savings Plan	\$403,355
Cumulative After Tax Policy Loan Proceeds from Strat. Accumulator2	\$2,457,000

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 31

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)

\$182,000 total withdrawal @ 55.00% tax which nets \$81,900

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

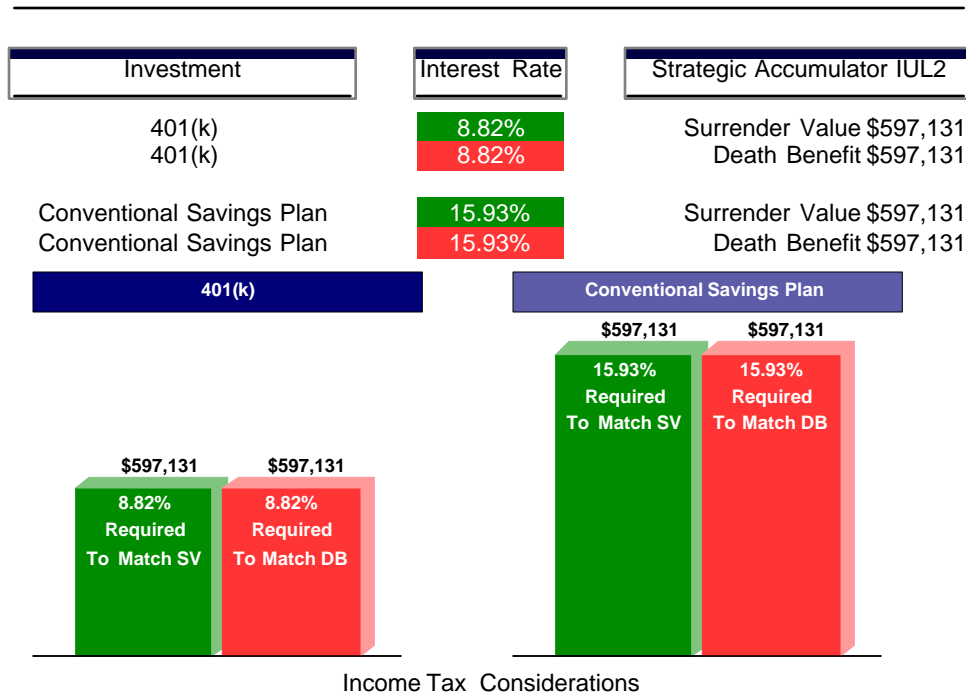
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Matching Values at Age 99 (Year 60)

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 435,698
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Gross Interest Rate needed by Various Investments over 60 Years to Match Strategic Accumulator IUL2 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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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 A40male Example, age 40.

Pre-Retirement Accumulation (Based on Current Assumptions)

Initial Life Insurance Death Benefit	\$435,698
Annual Premium Illustrated	\$10,000
Number of Premium Payments Illustrated	30
Total Premiums Illustrated	\$300,000
Surrender Value* at Retirement	\$806,213
Life Insurance Death Benefit at Retirement	\$935,208

Retirement Distributions (Based on Current Assumptions)

Illustrated Retirement Age	70
Annual Policy Distribution	\$81,900
Number of Annual Policy Distributions	30
Total Policy Distributions	\$2,457,000
Surrender Value* at Age 100	\$597,131
Death Benefit at Age 100	\$597,131

*** 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 70	Strat. Accumulator2 Interest Rate 5.71%	Initial Premium 10,000	Initial Death Benefit 435,698
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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	40	10,000	8,319	0	435,698
2	41	10,000	17,156	5,566	435,698
3	42	10,000	26,395	15,415	435,698
4	43	10,000	36,163	26,404	435,698
5	44	10,000	46,497	37,957	435,698
10	49	10,000	108,432	105,992	435,698
15	54	10,000	203,661	203,661	435,698
20	59	10,000	338,017	338,017	452,944
25	64	10,000	533,839	533,839	651,285
30	69	10,000	806,213	806,213	935,208

300,000

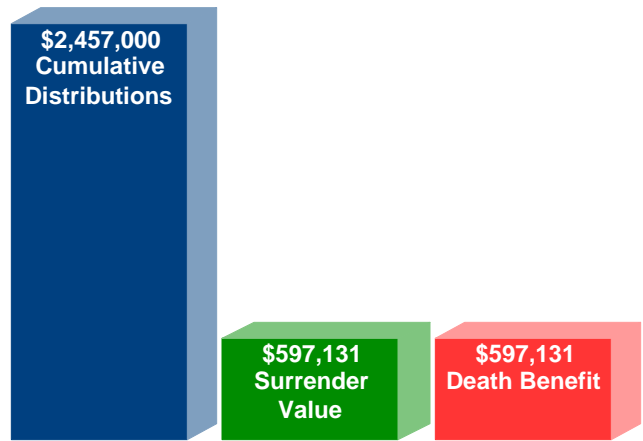
*Premiums are level in all pre-retirement years.

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



Pay \$300,000 in premiums in pre-retirement years, and, by age 70, accumulate \$806,213 of surrender value** with \$935,208 of death benefit protection.

Summary of Retirement Years (Based on Current Assumptions)



Pay no more premiums, take cash distributions starting at age 70 of \$81,900 a year for 30 years, and maintain death benefit protection which, by age 100, is illustrated to be \$597,131 with \$597,131 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.