

Indexed Product vs. Various Financial Alternatives

For: A45male 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: A45male 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:

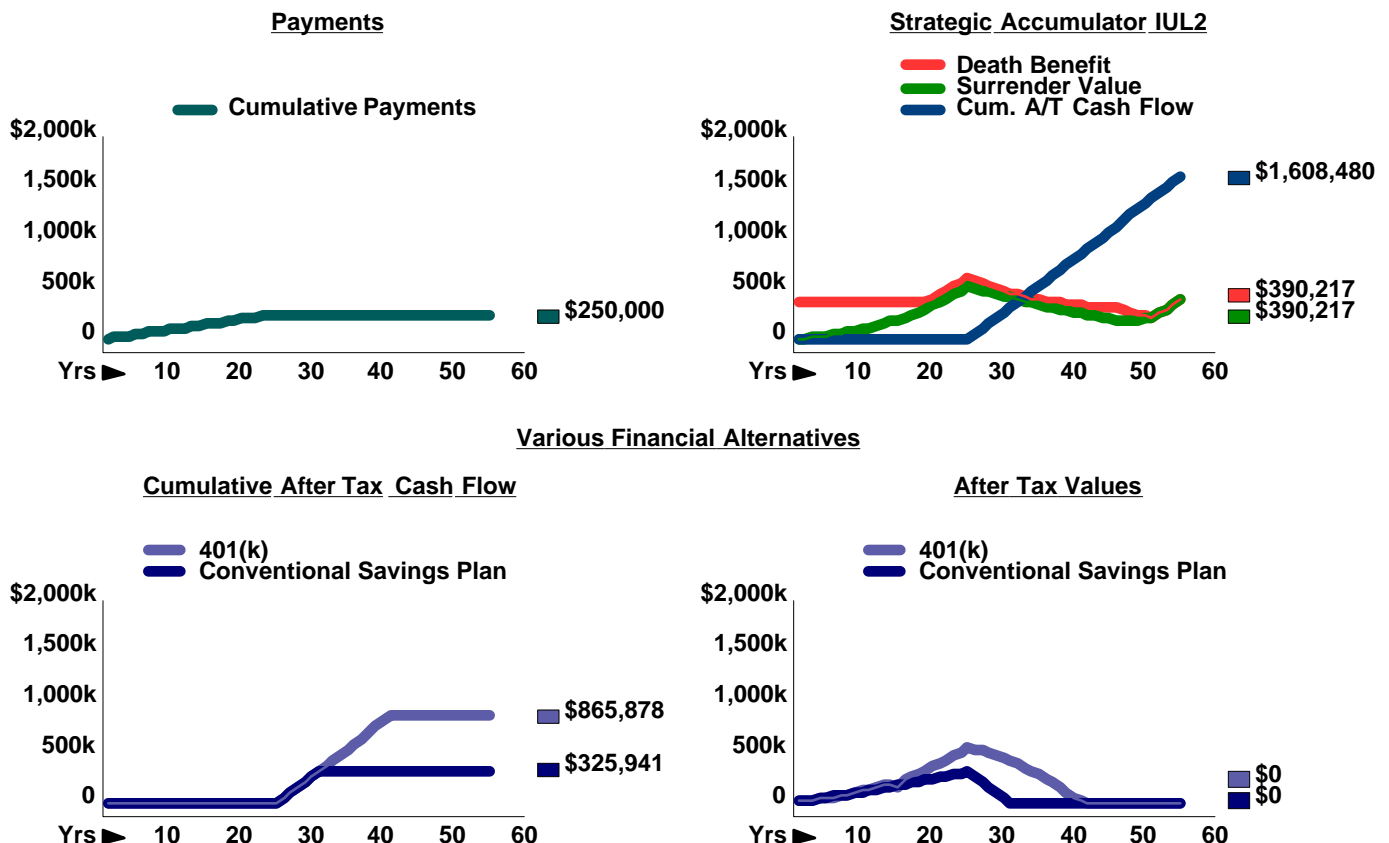
Conventional Savings Plan;
Tax Deductible Retirement Plan (TDRP).

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

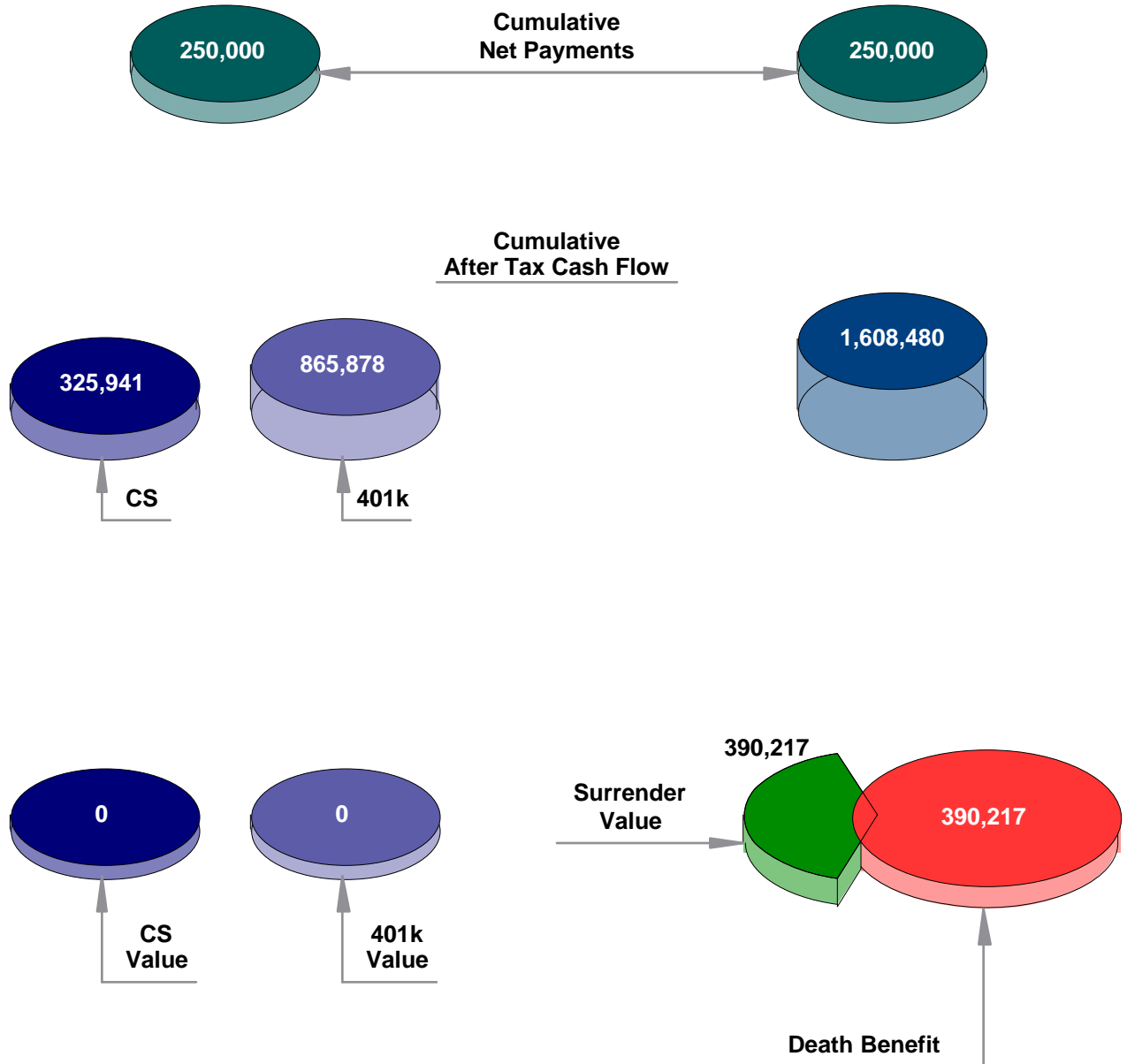
Presented By: Robert J. Moody

Insured: A45male Example

A Look at Year 55 **Age 99**

Various Financial Alternatives

Strategic Accumulator IUL2



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

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A45male Example

Comparison of Values

Conventional Savings Plan Yield 3.50% 401(k) Yield 7.50% Income Tax Rate 45.00% for 14 Years 55.00% Thereafter Strat. Accumulator2 Interest Rate 5.71% Initial Death Benefit 381,145

Year	Male Age	After Tax Values of Identical Allocation to Various Financial Alternatives				Strat. Accumulator2				
		(1) Life Insurance Premium	(2a) After Tax Cash Flow from Conventional Savings Plan	(2b) Conventional Savings Plan	(3a) After Tax Cash Flow from 401(k)	(3b) Year End After Tax Value of 401(k) if Distributed	(4a) After Tax Policy Loan Proceeds	(4b) Year End Accum Value*	(4c) Year End Surrender Value*	(4d) Death Benefit
1	45	10,000	0	10,193	0	8,664	0	8,118	0	381,145
2	46	10,000	0	20,581	0	17,907	0	16,611	5,205	381,145
3	47	10,000	0	31,170	0	27,770	0	25,593	14,787	381,145
4	48	10,000	0	41,962	0	38,293	0	35,055	25,451	381,145
5	49	10,000	0	52,963	0	49,520	0	45,033	36,629	381,145
6	50	10,000	0	64,175	0	61,498	0	55,564	48,360	381,145
7	51	10,000	0	75,603	0	74,279	0	66,686	60,683	381,145
8	52	10,000	0	87,250	0	87,915	0	78,480	73,678	381,145
9	53	10,000	0	99,123	0	102,463	0	91,027	87,425	381,145
10	54	10,000	0	111,223	0	117,986	0	104,341	101,940	381,145
11	55	10,000	0	123,557	0	134,548	0	120,181	120,181	381,145
12	56	10,000	0	136,128	0	152,218	0	137,162	137,162	381,145
13	57	10,000	0	148,941	0	171,071	0	155,400	155,400	381,145
14	58	10,000	0	162,000	0	191,186	0	174,988	174,988	381,145
15	59	10,000	0	174,709	0	212,890	0	196,027	196,027	381,145
16	60	10,000	0	187,618	0	239,525	0	219,964	219,964	381,145
17	61	10,000	0	200,731	0	266,148	0	245,560	245,560	381,145
18	62	10,000	0	214,050	0	294,553	0	272,980	272,980	381,145
19	63	10,000	0	227,579	0	324,859	0	302,386	302,386	381,145
20	64	10,000	0	241,321	0	357,194	0	333,964	333,964	407,437
21	65	10,000	0	255,279	0	391,693	0	367,770	367,770	441,324
22	66	10,000	0	269,457	0	428,501	0	403,898	403,898	480,639
23	67	10,000	0	283,858	0	467,773	0	442,485	442,485	522,133
24	68	10,000	0	298,487	0	509,674	0	483,704	483,704	565,934
25	69	10,000	0	313,345	0	554,380	0	527,721	527,721	612,156
26	70	0	53,616	263,820	53,616	534,284	53,616	564,031	508,859	593,464
27	71	0	53,616	213,515	53,616	512,843	53,616	603,191	489,868	568,283
28	72	0	53,616	162,417	53,616	489,966	53,616	645,489	470,876	541,880
29	73	0	53,616	110,515	53,616	465,558	53,616	691,173	451,958	514,164
30	74	0	53,616	57,795	53,616	439,516	53,616	740,579	433,276	485,116
		250,000		268,080		268,080		268,080		

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 (3b):
401k = 0.75%

This is an illustration, not a contract.

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A45male Example

Comparison of Values

Conventional Savings Plan Yield 3.50%	401(k) Yield 7.50%	Income Tax Rate 45.00% for 14 Years 55.00% Thereafter	Strat. Accumulator2 Interest Rate 5.71%	Initial Death Benefit 381,145
--	-----------------------	---	--	----------------------------------

Year	Male Age	(1) Life Insurance Premium	After Tax Values of Identical Allocation to Various Financial Alternatives				Strat. Accumulator2			
			(2a) After Tax Cash Flow from Conventional Savings Plan	(2b) Conventional Savings Plan	(3a) After Tax Cash Flow from 401(k)	(3b) Year End After Tax Value of 401(k) if Distributed	(4a) After Tax Policy Loan Proceeds	(4b) Year End Accum Value*	(4c) Year End Surrender Value*	(4d) Death Benefit
31	75	0	53,616	4,245	53,616	411,731	53,616	794,086	415,017	454,721
32	76	0	4,245	0	53,616	382,086	53,616	851,654	396,943	439,526
33	77	0	0	0	53,616	350,457	53,616	913,549	379,112	424,790
34	78	0	0	0	53,616	316,711	53,616	980,063	361,595	410,598
35	79	0	0	0	53,616	280,706	53,616	1,051,505	344,469	397,044
36	80	0	0	0	53,616	242,290	53,616	1,128,176	327,788	384,197
37	81	0	0	0	53,616	201,304	53,616	1,210,409	311,629	372,149
38	82	0	0	0	53,616	157,574	53,616	1,298,562	296,076	361,005
39	83	0	0	0	53,616	110,916	53,616	1,392,982	281,190	350,839
40	84	0	0	0	53,616	61,135	53,616	1,494,023	267,024	341,725
41	85	0	0	0	53,616	8,022	53,616	1,602,043	253,614	333,717
42	86	0	0	0	8,022	0	53,616	1,717,290	240,875	326,740
43	87	0	0	0	0	0	53,616	1,840,115	228,802	320,809
44	88	0	0	0	0	0	53,616	1,970,852	217,357	315,899
45	89	0	0	0	0	0	53,616	2,109,719	206,364	311,850
46	90	0	0	0	0	0	53,616	2,257,223	195,916	308,777
47	91	0	0	0	0	0	53,616	2,416,651	188,862	285,528
48	92	0	0	0	0	0	53,616	2,589,624	186,364	264,053
49	93	0	0	0	0	0	53,616	2,778,237	190,029	245,594
50	94	0	0	0	0	0	53,616	2,985,185	202,043	231,895
51	95	0	0	0	0	0	53,616	3,213,986	225,383	225,383
52	96	0	0	0	0	0	53,616	3,460,284	255,127	255,127
53	97	0	0	0	0	0	53,616	3,725,390	291,983	291,984
54	98	0	0	0	0	0	53,616	4,010,715	336,733	336,733
55	99	0	0	0	0	0	53,616	4,317,764	390,217	390,217

250,000

325,941

865,878

1,608,480

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 (3b):
401k = 0.75%

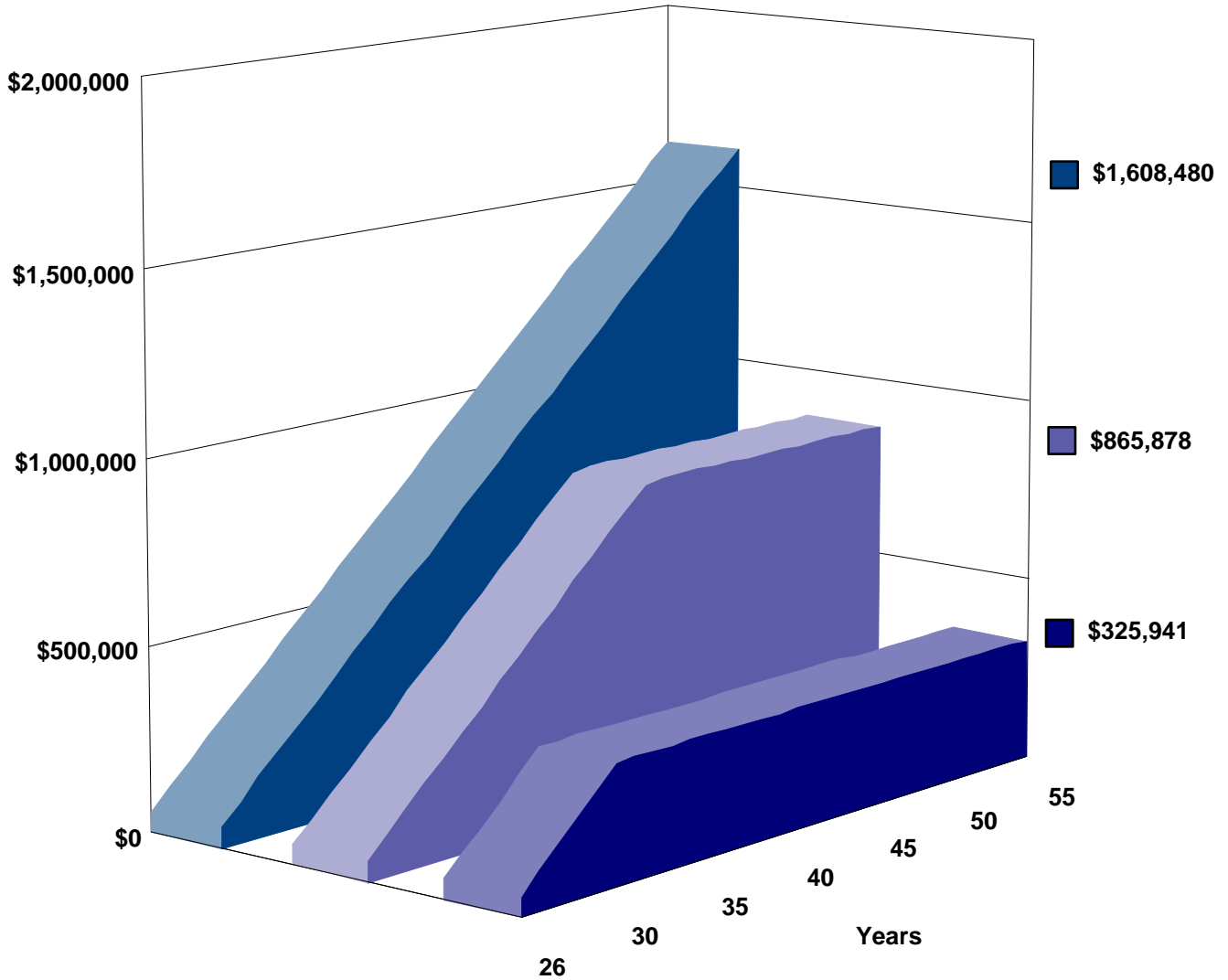
This is an illustration, not a contract.

Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A45male Example

Cash Flow Comparison of Years 26 - 55



	<u>At Year 55</u>
Cum. After Tax Cash Flow from A Conventional Savings Plan	\$325,941
Cum. After Tax Cash Flow from A Tax Deductible Retirement Plan (TDRP)	\$865,878
Cumulative After Tax Policy Loan Proceeds from Strat. Accumulator2	\$1,608,480

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 26

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)

\$119,147 total withdrawal @ 55.00% tax which nets \$53,616

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

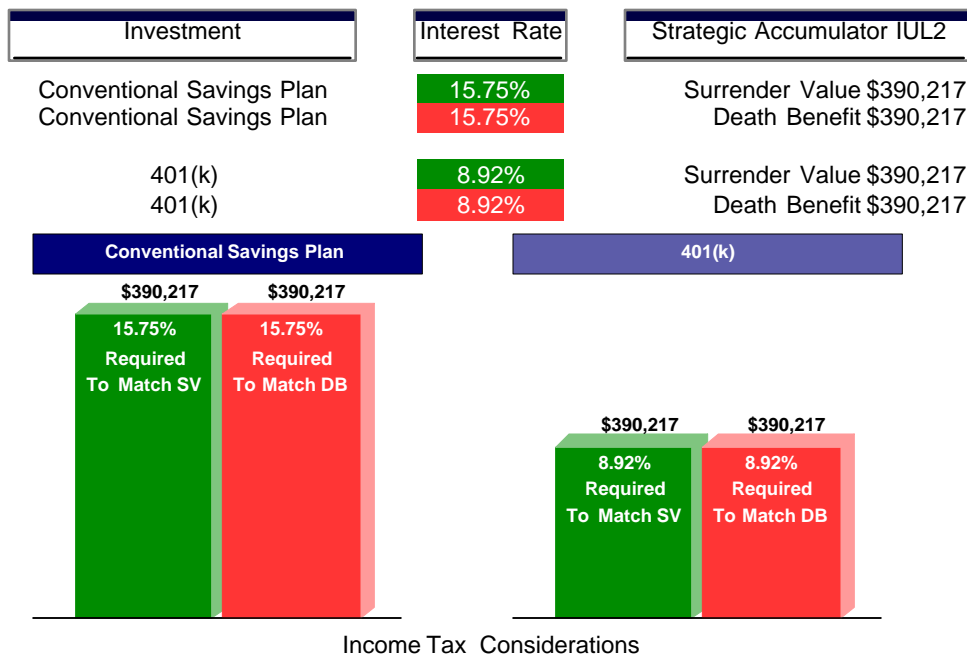
Presented By: Robert J. Moody

Insured: A45male Example

Matching Values at Age 99 (Year 55)

Conventional Savings Plan Yield	401(k) Yield	Income Tax Rate	Strat. Accumulator2 Interest Rate	Initial Death Benefit
3.50%	7.50%	45.00% for 14 Years 55.00% Thereafter	5.71%	381,145

Gross Interest Rate needed by Various Investments over 55 Years to Match Strategic Accumulator IUL2 Policy Values



1. Conventional Savings Plan: Interest is taxed as earned.
2. 401(k): Interest is tax deferred.
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 A45male Example, age 45.

Pre-Retirement Accumulation (Based on Current Assumptions)

Initial Life Insurance Death Benefit	\$381,145
Annual Premium Illustrated	\$10,000
Number of Premium Payments Illustrated	25
Total Premiums Illustrated	\$250,000
Surrender Value* at Retirement	\$527,721
Life Insurance Death Benefit at Retirement	\$612,156

Retirement Distributions (Based on Current Assumptions)

Illustrated Retirement Age	70
Annual Policy Distribution	\$53,616
Number of Annual Policy Distributions	30
Total Policy Distributions	\$1,608,480
Surrender Value* at Age 100	\$390,217
Death Benefit at Age 100	\$390,217

*** 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: 381,145

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	45	10,000	8,118	0	381,145
2	46	10,000	16,611	5,205	381,145
3	47	10,000	25,593	14,787	381,145
4	48	10,000	35,055	25,451	381,145
5	49	10,000	45,033	36,629	381,145
6	50	10,000	55,564	48,360	381,145
10	54	10,000	104,341	101,940	381,145
15	59	10,000	196,027	196,027	381,145
20	64	10,000	333,964	333,964	407,437
25	69	10,000	527,721	527,721	612,156

250,000

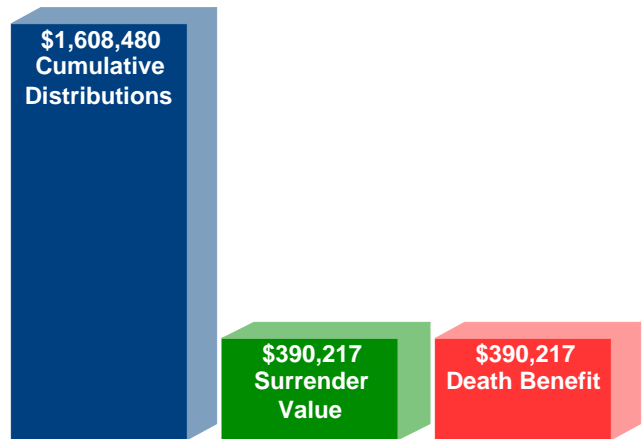
*Premiums are level in all pre-retirement years.

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



Pay \$250,000 in premiums in pre-retirement years, and, by age 70, accumulate \$527,721 of surrender value** with \$612,156 of death benefit protection.

Summary of Retirement Years (Based on Current Assumptions)



Pay no more premiums, take cash distributions starting at age 70 of \$53,616 a year for 30 years, and maintain death benefit protection which, by age 100, is illustrated to be \$390,217 with \$390,217 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.