

Indexed Product vs. Various Financial Alternatives

For: A55male Example



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

Antoine De Saint-Exupery

Presented By: _____

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Various Financial Alternatives vs. Strategic Accumulator IUL2

Presented By: Robert J. Moody

Insured: A55male 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:

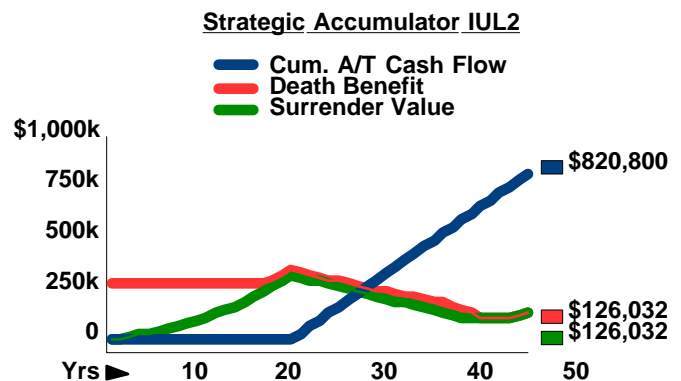
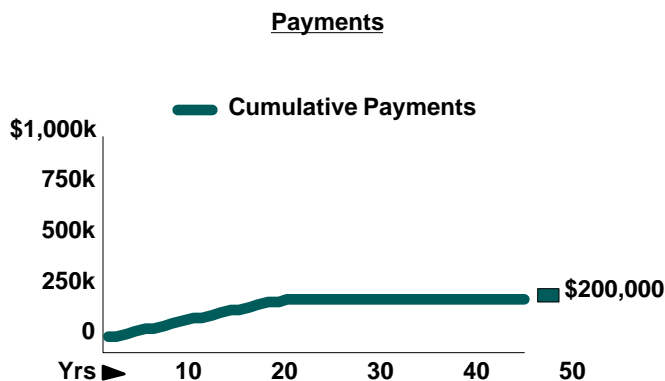
Conventional Savings Plan;
Tax Deductible Retirement Plan (TDRP).

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

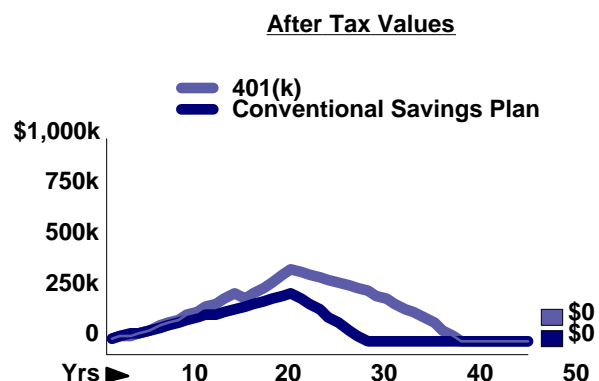
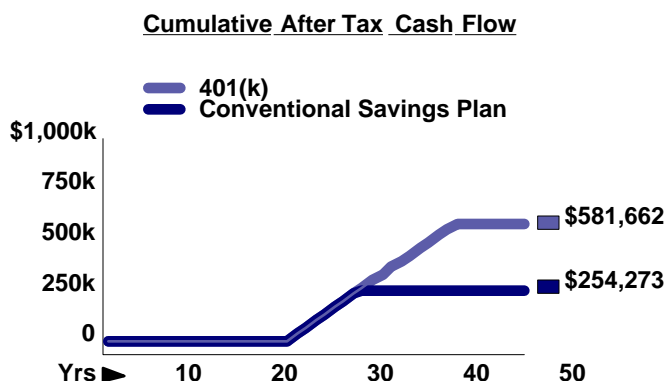
Following are major features of the life insurance policy for you to consider as part of your overall assessment:

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.



Various Financial Alternatives



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

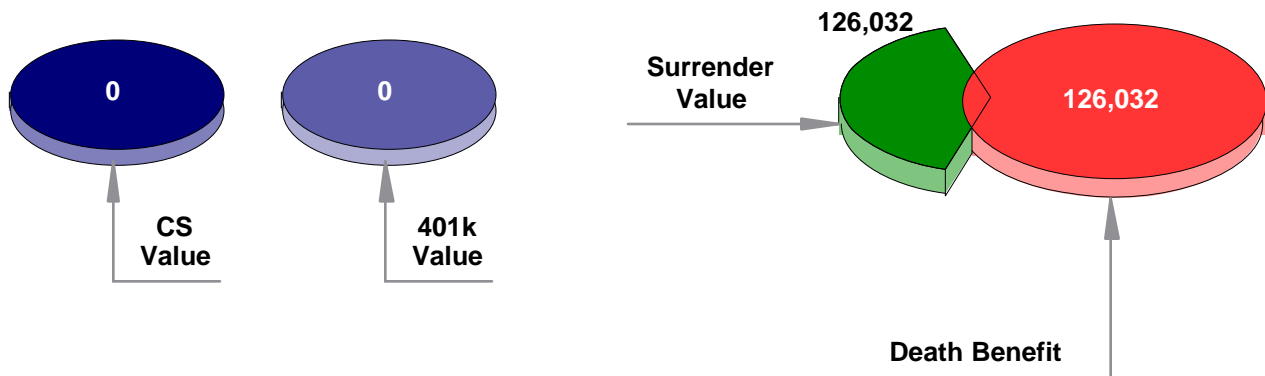
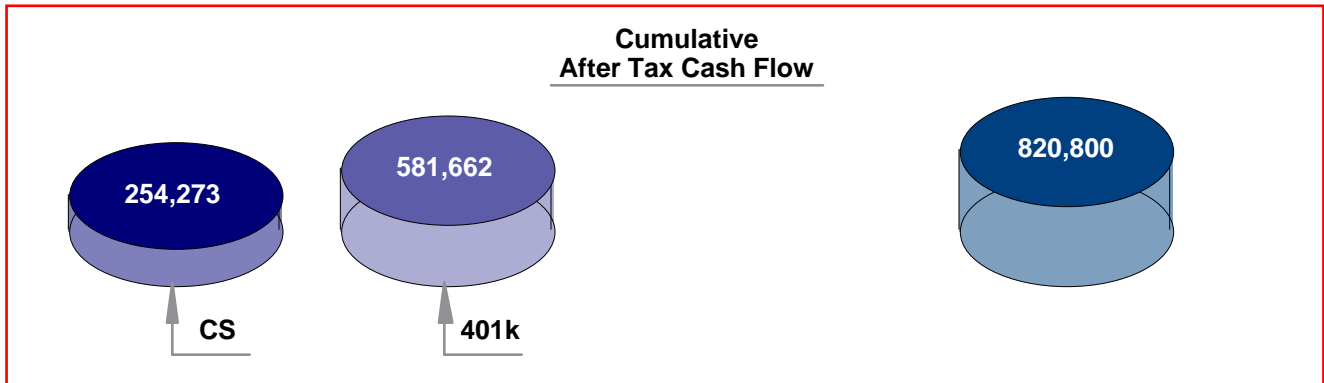
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A Look at Year 45 **Age 99**

Various Financial Alternatives

Strategic Accumulator IUL2



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

Various Financial Alternatives vs. Strategic Accumulator IUL2

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Insured: A55male 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 274,291

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	55	10,000	0	10,193	0	8,664	0	7,595	0	274,291
2	56	10,000	0	20,581	0	17,907	0	15,451	4,376	274,291
3	57	10,000	0	31,170	0	27,770	0	23,568	13,076	274,291
4	58	10,000	0	41,962	0	38,293	0	32,035	22,709	274,291
5	59	10,000	0	52,963	0	49,520	0	40,944	32,783	274,291
6	60	10,000	0	64,175	0	75,165	0	50,304	43,309	274,291
7	61	10,000	0	75,603	0	90,785	0	60,156	54,328	274,291
8	62	10,000	0	87,250	0	107,451	0	70,521	65,858	274,291
9	63	10,000	0	99,123	0	125,233	0	81,564	78,067	274,291
10	64	10,000	0	111,223	0	144,205	0	93,268	90,936	274,291
11	65	10,000	0	123,557	0	164,447	0	109,246	109,246	274,291
12	66	10,000	0	136,128	0	186,044	0	126,441	126,441	274,291
13	67	10,000	0	148,941	0	209,086	0	144,939	144,939	274,291
14	68	10,000	0	162,000	0	233,671	0	164,856	164,856	274,291
15	69	10,000	0	174,709	0	214,573	0	186,319	186,319	274,291
16	70	10,000	0	187,618	0	239,525	0	209,350	209,350	274,291
17	71	10,000	0	200,731	0	266,148	0	234,151	234,151	274,291
18	72	10,000	0	214,050	0	294,553	0	260,962	260,962	289,668
19	73	10,000	0	227,579	0	324,859	0	289,711	289,711	315,785
20	74	10,000	0	241,321	0	357,194	0	320,483	320,483	342,918
21	75	0	32,832	211,772	32,832	346,074	32,832	342,803	309,018	326,158
22	76	0	32,832	181,759	32,832	334,210	32,832	366,830	297,437	315,778
23	77	0	32,832	151,272	32,832	321,551	32,832	392,687	285,761	305,395
24	78	0	32,832	120,306	32,832	308,045	32,832	420,501	274,017	295,043
25	79	0	32,832	88,851	32,832	293,635	32,832	450,409	262,230	284,751
26	80	0	32,832	56,902	32,832	278,261	32,832	482,530	250,405	274,532
27	81	0	32,832	24,449	32,832	261,857	32,832	517,015	238,571	264,421
28	82	0	24,449	0	32,832	244,356	32,832	554,005	226,740	254,441
29	83	0	0	0	32,832	225,683	32,832	593,658	214,936	244,619
30	84	0	0	0	32,832	205,760	32,832	636,131	203,174	234,980
		200,000	254,273		328,320		328,320			

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: A55male Example

Comparison of Values

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%	274,291

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
31	85	0	0	0	32,832	184,503	32,832	681,579	191,458	225,536
32	86	0	0	0	32,832	161,824	32,832	730,107	179,735	216,240
33	87	0	0	0	32,832	137,627	32,832	781,852	167,975	207,068
34	88	0	0	0	32,832	111,809	32,832	836,982	156,172	198,021
35	89	0	0	0	32,832	84,264	32,832	895,583	144,224	189,003
36	90	0	0	0	32,832	54,875	32,832	957,863	132,147	180,040
37	91	0	0	0	32,832	23,518	32,832	1,025,202	121,112	162,121
38	92	0	0	0	23,518	0	32,832	1,098,295	111,600	144,549
39	93	0	0	0	0	0	32,832	1,178,040	104,279	127,840
40	94	0	0	0	0	0	32,832	1,265,583	100,055	112,710
41	95	0	0	0	0	0	32,832	1,362,431	100,180	100,180
42	96	0	0	0	0	0	32,832	1,466,743	102,546	102,547
43	97	0	0	0	0	0	32,832	1,579,082	107,435	107,435
44	98	0	0	0	0	0	32,832	1,700,052	115,151	115,152
45	99	0	0	0	0	0	32,832	1,830,301	126,032	126,032

200,000

254,273

581,662

820,800

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

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401k = 0.75%

Management fee reflected in column (3b):
401k = 0.75%

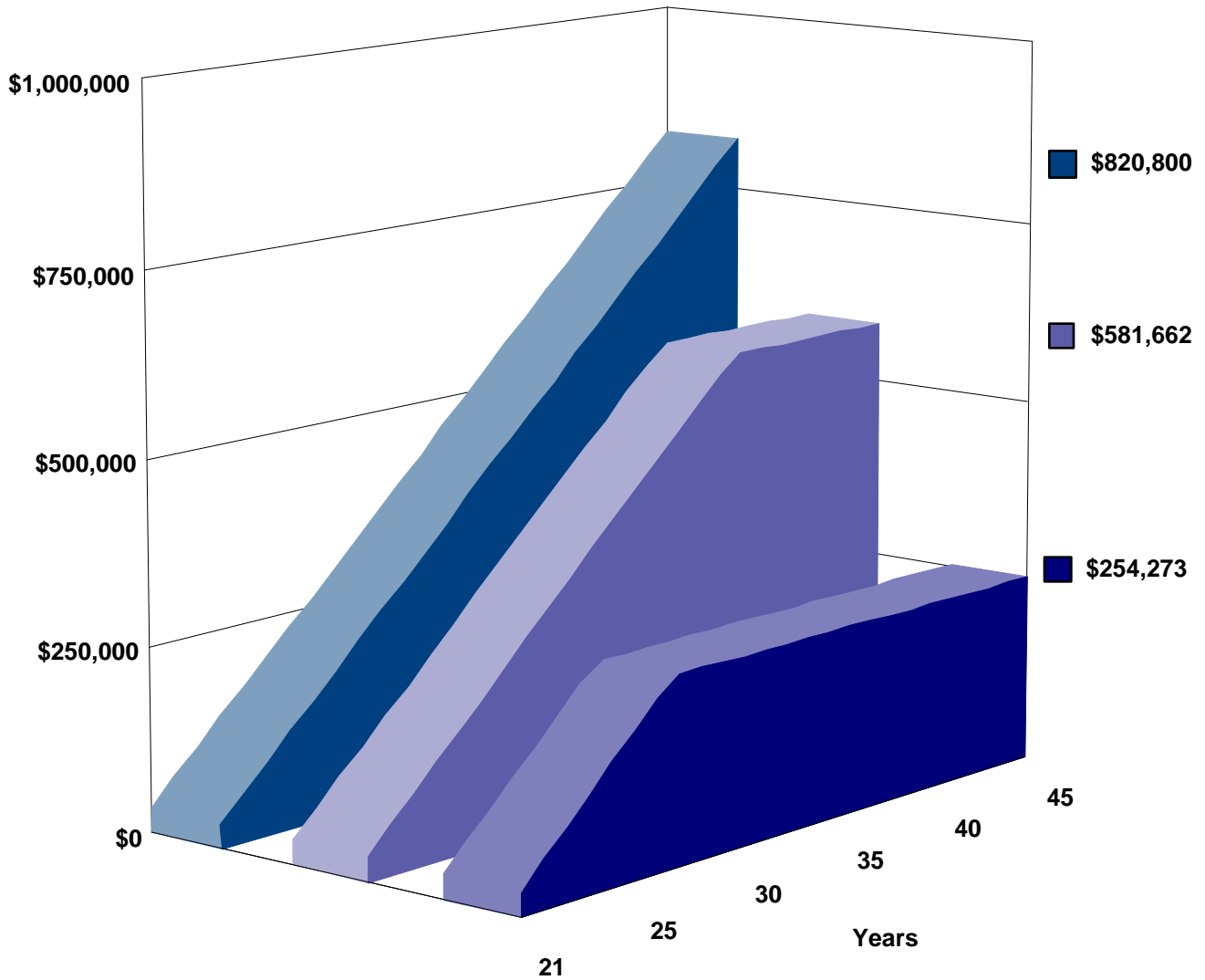
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Various Financial Alternatives vs. Strategic Accumulator IUL2

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Insured: A55male Example

Cash Flow Comparison of Years 21 - 45



At Year 45

Cum. After Tax Cash Flow from A Conventional Savings Plan	\$254,273
Cum. After Tax Cash Flow from A Tax Deductible Retirement Plan (TDRP)	\$581,662
Cumulative After Tax Policy Loan Proceeds from Strat. Accumulator2	\$820,800

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 21

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)

\$72,960 total withdrawal @ 55.00% tax which nets \$32,832

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

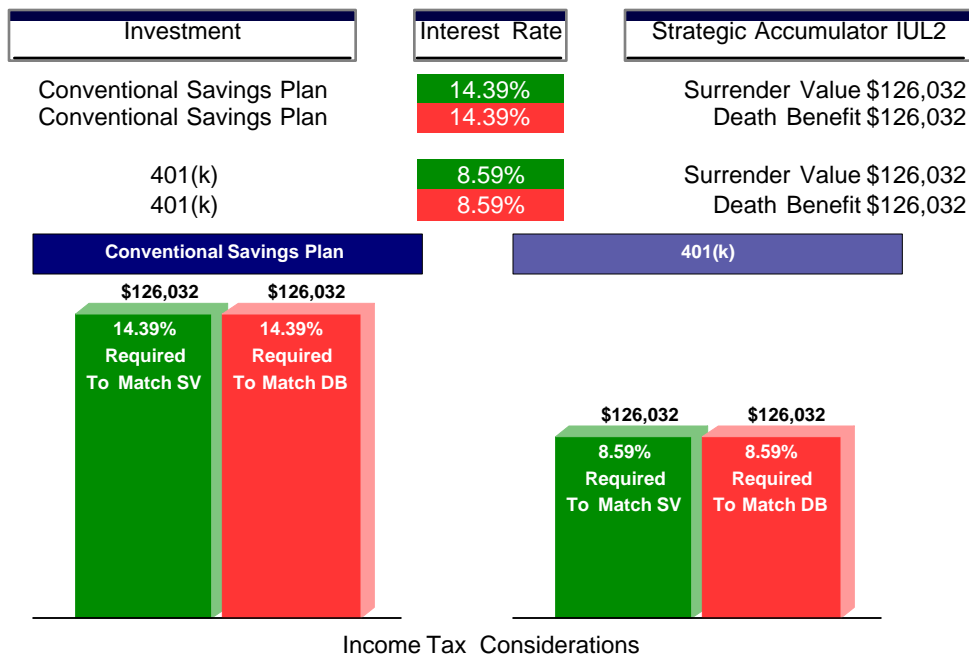
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Insured: A55male Example

Matching Values at Age 99 (Year 45)

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%	274,291

Gross Interest Rate needed by Various Investments over 45 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.

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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 A55male Example, age 55.

Pre-Retirement Accumulation (Based on Current Assumptions)

Initial Life Insurance Death Benefit	\$274,291
Annual Premium Illustrated	\$10,000
Number of Premium Payments Illustrated	20
Total Premiums Illustrated	\$200,000
Surrender Value* at Retirement	\$320,483
Life Insurance Death Benefit at Retirement	\$342,918

Retirement Distributions (Based on Current Assumptions)

Illustrated Retirement Age	75
Annual Policy Distribution	\$32,832
Number of Annual Policy Distributions	25
Total Policy Distributions	\$820,800
Surrender Value* at Age 100	\$126,032
Death Benefit at Age 100	\$126,032

*** 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
75	5.71%	10,000	274,291

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	55	10,000	7,595	0	274,291
2	56	10,000	15,451	4,376	274,291
3	57	10,000	23,568	13,076	274,291
4	58	10,000	32,035	22,709	274,291
5	59	10,000	40,944	32,783	274,291
6	60	10,000	50,304	43,309	274,291
7	61	10,000	60,156	54,328	274,291
10	64	10,000	93,268	90,936	274,291
15	69	10,000	186,319	186,319	274,291
20	74	10,000	320,483	320,483	342,918

200,000

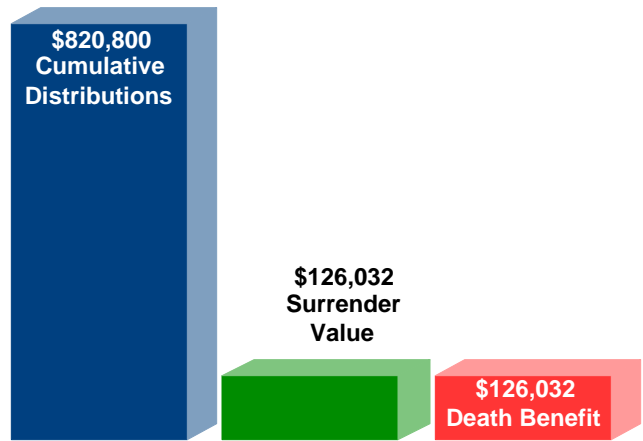
*Premiums are level in all pre-retirement years.

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



Pay \$200,000 in premiums in pre-retirement years, and, by age 75, accumulate \$320,483 of surrender value** with \$342,918 of death benefit protection.

Summary of Retirement Years (Based on Current Assumptions)



Pay no more premiums, take cash distributions starting at age 75 of \$32,832 a year for 25 years, and maintain death benefit protection which, by age 100, is illustrated to be \$126,032 with \$126,032 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.

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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.