Life Insurance Choices -
An Introduction to the Various Options

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Two Important Questions

Once a need is established for cash created in the event of one's death, the array of life insurance options can be daunting. Generally, which is the best approach? Technology has caused the choices to explode. The amount of information and complexity can be overwhelming. There is no consistent "best choice". The most appropriate solution depends upon the client's objectives.

First, some history

In 1947, my father entered the life insurance business. As I was growing up, I remember seeing his "rate book" which was designed to last a while before it was reprinted. The book was thick and had small print showing ages and rates for whole life and term insurance. There were only two choices.

The years passed, and by 1975, when I entered the life insurance business, the choice was still pretty much between whole life and term insurance. But in the late 1970s and early 1980s, interest rates rose dramatically and universal life was created, which had flexible premiums and was sensitive to the prevailing interest rates. This flexible new product was made possible by computers, then widely in use. The insurance companies could provide "illustrations" showing the projected future results of the policies based upon assumptions being used at the time. For the first time, the agent had some control in the creation of what the illustrations might look like. During this time period, many of our clients chose the first generation of universal life insurance.

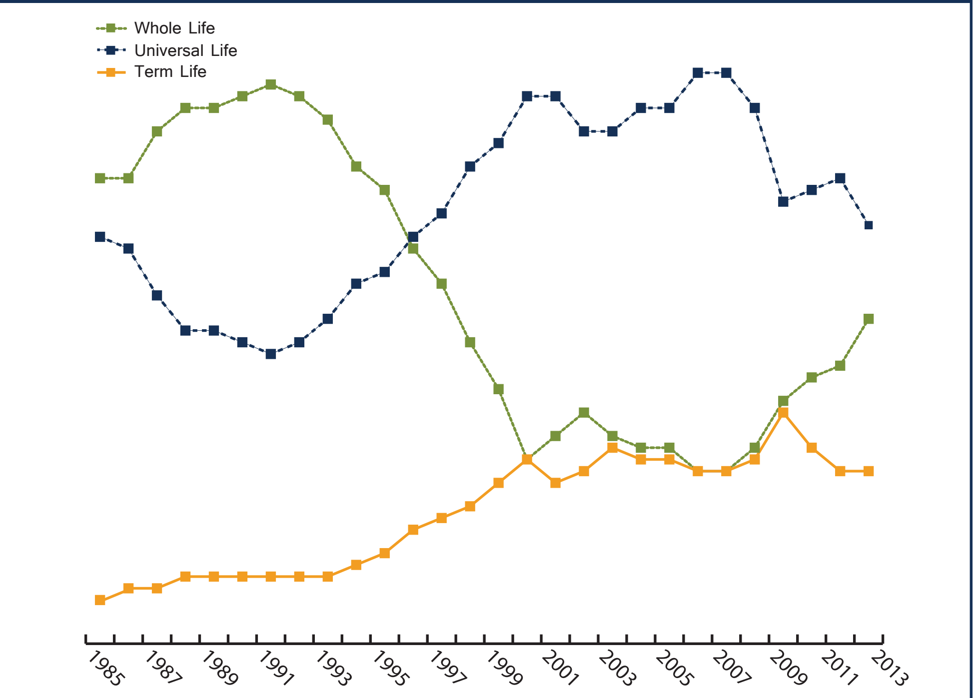
Beginning in the mid-1980s, interest rates have trended down and the new generation of interest sensitive universal life products and dividend sensitive whole life policies have been impacted.

This long-term interest rate trend has necessitated a review by the universal life policy owner to determine if an increase in the planned premium payment was needed to sustain the policy. Similarly, for dividend sensitive whole life products, particularly those including term riders, a reduction in the dividend scale meant a review was necessary to determine the amount and duration of future required premiums.

Therefore, in recent years, there has been an increased interest in policy guarantees and simplicity along with the avoidance of surprises.

Advanced life insurance professionals now have the ability to design insurance products within the framework created by the insurance carriers. The designer can vary the planned premium, the death benefit, and the duration of the death benefit guarantee, if any, along with other variables. The products have evolved and the choices have multiplied.

Industry Estimates of Annualized Premium Market Share by Product



Source: LIMRA's U.S. Individual Life Insurance Sales Survey and LIMRA estimates

So what's the best choice now?

It depends...

1. How much life insurance is needed?

The answer to this question is uniquely personal. We do not use formulas or multipliers of income; it's about what needs to happen financially if you die. What are the financial needs that should be met, now or in the future? We have a process to determine if there is a gap between the financial need and the resources available to meet the need. Even if estate assets are available, creating capital with life insurance is sometimes more efficient and cost-effective than using estate assets. Life insurance is simply an asset that is designed to create cash upon the death of the insured. In our view, determining the correct amount of coverage and insuring the existing need is a first step and a higher priority than deciding which type of life insurance should be used.

2. How long does the life insurance need to last?

The answer to this, along with the amount needed, will likely change over time. If you are responsible for a young family, the need may be significant. If you are past the responsibilities of family and education, the need may be related to making sure a surviving spouse is comfortable for the remainder of his or her life. Or, maybe the need is not temporary because the retirement plan assets are not what once was projected and a conservative approach is desired.

FAMILY NET WORTH BY AGE OF HEAD OF HOUSEHOLD

All families (Age of HOH)	2007 median net worth (US$)	2010 median net worth (US$)	Percentage difference
Under 35	$12,400	$9,300	(25.0%)
35 to 44	$92,400	$42,100	(54.4%)
45 to 54	$193,700	$117,900	(39.1%)
55 to 64	$266,700	$179,400	(32.6%)
65 to 74	$250,800	$206,700	(17.6%)
75+	$223,700	$216,800	(3.1%)

Source: Federal Reserve Bulletin 6/2012 Vol. 98 #2

The determination of whether need will be permanent or temporary is an important step.

Possible needs might include:

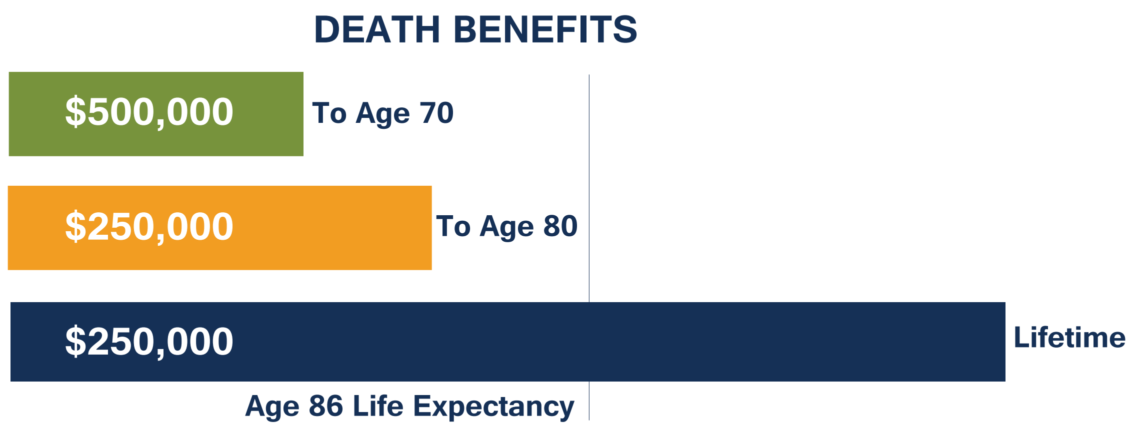
- To provide income and support for surviving family. This may be a temporary or permanent need, but will likely change over time.
- To provide cash for a transition, if you own a business or a portion of a business. This might be a temporary or permanent need depending upon the circumstances.
- To provide for the repayment of debts. This may be a temporary need.
- To provide cash for estate taxes. The tax calculation has been changing in recent years, but this is likely a permanent need for high-net-worth individuals.
- To provide cash so that the inheritance received by heirs will be somewhat equal. For example, one child may receive a business or a second home, while the other child receives cash. This is likely a permanent need.
- Some needs emerge later in life, such as the desire to educate grandchildren, to provide for a special-needs family member, or to help a particular charitable cause. These are likely permanent needs.

If a need exists for cash upon my death, how do I determine if term, permanent life insurance, or some combination is the best choice for me?

This question has, over the years, been the subject of much conversation. In short, the decision will be driven by whether the need exists for a lifetime or for only a limited period of time. Term insurance is generally appropriate for short-term needs, and permanent insurance is usually associated with lifetime needs. We often suggest a portfolio approach. That is, implement multiple policies with each designed to last for a specified duration of time.

SAMPLE LIFE INSURANCE PORTFOLIO

PERMANENT AND TEMPORARY COMBINATION OPTIONS



Based on the assumption that the need will decrease over time, a $1,000,000 need might be met with three different types of life insurance, each designed to remain in effect for a certain period of time.

> **"If you only have a hammer, you tend to see every problem as a nail."**
>
> **- Abraham Maslow**

An Overview of Term Life Insurance

Term life insurance is typically purchased for a limited period of time, and has an initial premium that is guaranteed and level for a specified period of time, such as 10, 15 or 30 years. This is the simplest form of insurance, and the cost during the level premium period is a mathematical smoothing of the lower mortality costs in the early years, just after qualifying health-wise for the coverage, and the higher mortality costs in the later years.

For most insurance carriers, the premiums have a meaningful variance depending upon the health and habits of the individual at the time of application. For the extremely healthy non-tobacco users, the best rate class with the lowest premiums may be called "super-preferred". The following classes with incrementally higher premiums might be called preferred, standard-plus, and then standard. Beyond standard, a rating of class A, B, C and beyond is assigned all the way to the application being declined.

After the initial level premium period, the premiums increase annually and the policy cannot be continued past a certain point, such as age 70 or age 95. It is expensive to continue the coverage past the level premium period. Most term policies can be converted, without proving good health, to some form of permanent insurance. The provisions for this vary among insurance carriers. This should be considered at time of application as it cannot be changed once a policy is issued. Some term policies have limited conversion rights.

Our take:

Because of a large need for cash to meet financial needs created by a premature death, coupled with budgetary constraints, many of our clients implement term life coverage. Based upon our experience, time passes quickly, particularly for those who elect a ten-year level term policy. And, if the coverage is still needed at the end of ten years - which is often the case - it may be that the health of the insured has changed, which increases the cost for a new policy, if one is available. So, a longer level term duration is often advised.

However, a recent Society of Actuaries/LIMRA study concluded that approximately 85 percent of term policy owners lapse their policy before the end of a 20-year period, 2.5 percent collect a death benefit, and the remaining 12.5 percent survive until the end of the term period.

Our experience indicates that some policies lapse because the need no longer exists. And some policies lapse because the owner wishes to increase the total amount of coverage, and it makes sense to combine policies and lock in a longer policy duration. Some policy owners see the end of the level premium period approaching and want to extend the coverage while their health is good, because they know that health status can change suddenly.

In addition, the provisions related to the conversion of a term policy to a permanent form are important. Limitations on conversion rights are a way for the carrier to offer a somewhat lower premium.

It is rare that we have a client who reaches the end of the level premium period who is content to allow the coverage to lapse.

An Overview of Permanent Life Insurance

Permanent life insurance is typically purchased so that the coverage will last for the insured's lifetime. Just as the premium for a 20-year term policy has the mortality cost spread over the 20 years, a permanent policy has the mortality cost spread over the insured's lifetime. Since the policy is designed to remain in effect to and beyond the insured's life expectancy, it will result in a death claim at some point if properly managed.

A number of life insurance products have evolved that are loosely described as permanent types of coverage. The major types are whole life and various forms of universal life.

Pure whole life insurance has guaranteed premiums and is guaranteed to endow for cash at maturity, which might be age 100 or 120. Non-guaranteed dividends can enhance the cash accumulation and increase the death benefit. Term riders can be included, which can lower the initial premium, dilute the death benefit guarantee, and cause the premium to increase if the dividend projections are not met.

Pure universal life insurance features the unbundling and transparency of the various components of crediting rates, cost of insurance, and other expenses. The interest credited to the cash accumulation account is determined by the insurance carrier. The premiums are flexible and non guaranteed. The policy owner only has to pay enough into the policy to maintain a positive balance that is sufficient to cover the cost of insurance and other expenses for the following month.

A subset of universal life that features a no-lapse guarantee has become popular in recent years. In exchange for the prompt payment of a stipulated premium, the policy will not lapse even if the cash value declines to zero. These policies are typically oriented towards death benefit instead of cash accumulation. Sometimes they are loosely referred to as "term for life".

Equity indexed universal life is still another variation of universal life. It can feature a guaranteed death benefit coupled with a crediting rate on the cash accumulation account that is not controlled by the insurance carrier. These policies employ an elaborate formula that include “floors” and “caps” on the crediting rate. The rate is based upon a matrix of criteria to determine how much of the gains in a broad index of stocks, such as the S&P 500 index, will be credited to the cash accumulation account.

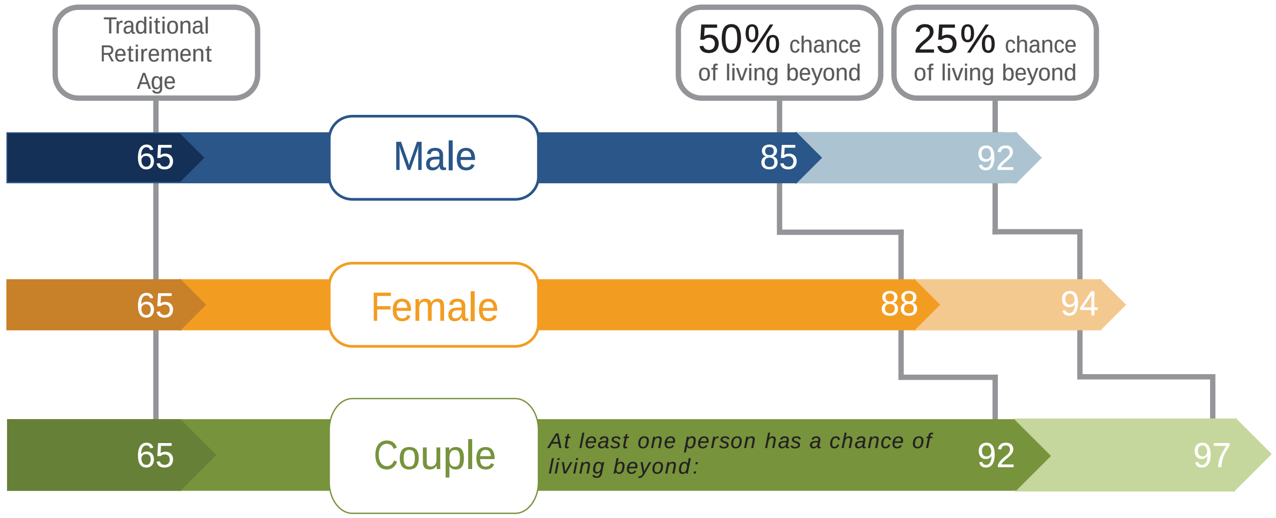
Our take:

Our experience indicates that needs evolve over the years. That said, we have noted that most of our clients prefer to have some amount of life insurance that is ongoing. As years pass, the amounts needed may be more or less, but for most people, the day does not come when they prefer to allow all life insurance to end. The issue becomes the cost of owning it as age advances and the internal rate of return on the ultimate death benefit. It’s a conservative asset class.

We have also noticed that the desire to own life insurance increases once one realizes that they are uninsurable, or the underwriting process indicates that a higher premium is required for new coverage because of health or lifestyle issues. Thus a conservative approach to the questions of “how much” and “how long” is wise.

The array of choices available in the permanent life insurance category, as noted above, is more comprehensive than it's ever been. The designs range from a focus on guarantees to a focus on flexibility, policy owner control and the assumption of significant risk. Therefore, consideration of the policy owner's risk profile and objectives is an important part of the decision process.

In short, permanent life insurance is meant to remain in effect and ultimately provide cash upon death and/or provide accumulated cash to supplement retirement income, provide funding for long-term care needs, or serve some other purpose. It is a financial asset, and as such, for most of our clients it is advisable to place it in the conservative asset class category. Because health and lifestyle underwriting is required, surprises that may occur later in life can be difficult or impossible to remedy.



Source: U.S. 2000 Actuarial Male and Female Tables

Product Matrix

Policy Type	Annual Renewable Term	Level Premium Term	No-Lapse Guarantee Universal Life	Indexed Universal Life	Participating Whole Life
Best for…	Short term needs, such as debt obligations, lasting one to two years	Longer duration needs that may extend 10, 15, 20 or 30 years such as family security needs and expenses for education.	Providing guaranteed lifetime coverage at low level premiums when an increasing death benefit and cash accumulation are not important. Level premiums can be pre-paid or lowered by a lump sum or higher premiums in early years.	Providing a long-term death benefit guarantee based upon scheduled premiums when an opportunity for cash accumulation for retirement income is desired. Provides a mix of market returns and security.	Providing lifetime coverage with a guaranteed death benefit, guaranteed premium and guaranteed cash accumulation for retirement income. Non-guaranteed dividends can increase death benefit and cash accumulation beyond the guaranteed amount.
Not best for…	Needs that might extend beyond two years	Needs that may extend beyond the level term premium period	A goal of cash accumulation, death benefit growth or flexibility related to scheduled premiums.	A risk tolerant client who desires unlimited upside in the market and is willing to accept unlimited downside and the active management this requires.	When there is a need for a large amount of coverage and a desire to keep premiums low and flexible.
Issues…	A solution for only very short term needs. Few insurance carriers offer this product.	If health status changes, options may be limited beyond the level premium period. If acceptable premiums are offered, the existing policy can be replaced by new coverage. A conversion priviledge that allows conversion to an acceptable form of permanent insurance is important.	Important policy guarantees can be lost if the premium payments are not paid on time and as scheduled.	Important policy guarantees can be lost if the premium payments are not paid on time and as scheduled. This is a relatively new product and is considered to be somewhat complex.	The premium must be paid either in cash or by accumulated policy values in order to maintain the coverage.

Some comparative numbers to consider...

The chart below is intended to provide an overview of conceptual examples of different life insurance product types. While a more detailed summary would be required prior to a client decision, for the purposes of this exhibit, we are avoiding the distraction and complexity involved in comparing non-guaranteed attributes of the various products. We also acknowledge that the owner of the term products shown may periodically replace the coverage with newly underwritten policies if underwriting approval, which is not guaranteed, is granted.

In our practice, we present multiple insurance carriers to our clients as a part of the decision process. For the examples below, we selected various carriers who are among the best in class for the products shown. This is based upon carrier financial stability, premium competitiveness, term conversion privileges and the like. For simplicity, the examples are based upon a 50-year-old male non-smoker who is approved for the "preferred" underwriting classification. Some of the carriers offer a classification for "super-preferred" individuals.

Annual Life Insurance Premiums / Death Benefit Internal Rate of Return at Life Expectancy								
50-year old healthy male - $1,000,000 death benefit								
End of Year	Age	Annual Renewable Term	10 Year Term	20 Year Term	30 Year Term	No-Lapse Guarantee UL	Indexed Universal Life	Whole Life
1	51	$955	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
2	52	$1,175	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
3	53	$1,445	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
4	54	$1,715	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
5	55	$2,045	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
6	56	$6,175	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
7	57	$10,305	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
8	58	$14,435	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
9	59	$18,565	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
10	60	$22,695	$1,390	$2,375	$4,415	$8,643	$9,009	$19,300
11	61	$26,835	$23,620	$2,375	$4,415	$8,643	$9,009	$19,300
12	62	$29,835	$26,140	$2,375	$4,415	$8,643	$9,009	$19,300
13	63	$33,495	$29,220	$2,375	$4,415	$8,643	$9,009	$19,300
14	64	$37,605	$32,650	$2,375	$4,415	$8,643	$9,009	$19,300
15	65	$41,925	$36,240	$2,375	$4,415	$8,643	$9,009	$19,300
16	66	$46,485	$40,010	$2,375	$4,415	$8,643	$9,009	$19,300
17	67	$51,105	$43,780	$2,375	$4,415	$8,643	$9,009	$19,300
18	68	$55,785	$47,580	$2,375	$4,415	$8,643	$9,009	$19,300
19	69	$60,825	$51,650	$2,375	$4,415	$8,643	$9,009	$19,300
20	70	$66,045	$55,820	$2,375	$4,415	$8,643	$9,009	$19,300
21	71	$72,375	$60,900	$72,365	$4,415	$8,643	$9,009	$19,300
22	72	$79,455	$66,550	$79,445	$4,415	$8,643	$9,009	$19,300
23	73	$88,755	$74,000	$88,745	$4,415	$8,643	$9,009	$19,300
24	74	$98,565	$81,800	$98,555	$4,415	$8,643	$9,009	$19,300
25	75	$108,885	$89,950	$108,875	$4,415	$8,643	$9,009	$19,300
26	76	$120,165	$98,810	$120,155	$4,415	$8,643	$9,009	$19,300
27	77	$132,465	$108,420	$132,455	$4,415	$8,643	$9,009	$19,300
28	78	$146,745	$119,550	$146,735	$4,415	$8,643	$9,009	$19,300
29	79	$163,425	$132,510	$163,415	$4,415	$8,643	$9,009	$19,300
30	80	$182,685	$147,430	$182,675	$4,415	$8,643	$9,009	$19,300
31	81	$203,685	$163,610	$203,675	$203,685	$8,643	$9,009	$19,300
32	82	$227,595	$181,940	$227,585	$227,595	$8,643	$9,009	$19,300
33	83	$252,495	$200,890	$252,485	$252,495	$8,643	$9,009	$19,300
34	84	$279,345	$221,190	$279,335	$279,345	$8,643	$9,009	$19,300
35	85	$309,075	$243,550	$309,065	$309,075	$8,643	$9,009	$19,300
36	**86**	**$342,285**	**$268,420**	**$342,275**	**$342,285**	**$8,643**	**$9,009**	**$19,300**
Death Benefit		$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
IRR at Life Expectancy		**-19.62%**	**-14.83%**	**-19.49%**	**-15.14%**	**5.62%**	**5.44%**	**1.88%**

Life Expectancy

An Overview of Variable Universal Life Insurance

Variable universal life insurance is among the most flexible products on the market today. It is permanent insurance that provides guaranteed lifetime protection, combining the adjustable premium and adjustable coverage of universal life with the growth potential of variable life. (Guarantees are subject to the claims-paying ability of the insurer.) You control nearly every aspect of the policy, including when and how much you pay in premiums (within limits), the amount of the death benefit, and the way your money within the policy is invested.

How a variable universal life policy works

There is no fixed, required premium that must be paid on a variable universal life policy. Instead, you must simply pay in enough money to cover the insurance company's expenses and the cost of the pure insurance, known as the mortality cost. Generally, however, you'll instruct the company to send you a premium notice for a planned premium, which you can pay, skip, or increase, depending on the policy values at the time.

Each time you make a payment, the insurance company deducts its sales and administrative expenses related to your policy. The remainder of the money is credited to a cash value account, from which the company deducts its monthly cost for insuring your life. You'll need to monitor your cash value to make sure you have enough money in the policy to pay this monthly cost, or the policy will expire (lapse). If you pay in more than is needed to keep the policy in force, the excess remains in the cash value account and is invested in subaccounts, separate from the insurance company's general account.

The separate account

Unlike the cash value in other types of policies, money in a variable insurance policy, including variable universal life, is controlled by the policyowner. Your cash value is placed into an account separate from the insurance company's general account. You choose from a variety of accounts known as subaccounts, including stock funds, bond funds, and money market accounts, into which to invest your cash value. You may generally allocate your money to as many subaccounts at any time without charge, up to certain limits.

Because these subaccounts are securities-based, they have the potential to grow faster than the cash value accounts contained in nonvariable insurance policies. But, of course, with this potential for rapid growth comes greater volatility and the possibility of loss. Growth is not guaranteed, and your cash value will fluctuate on a daily basis. You'll need to pay close attention to the performance of your subaccounts and may want to consult an investment professional. Also, because the cash value of your variable universal life insurance policy is regulated as an investment product by the Securities and Exchange Commission, you should receive a prospectus. The prospectus contains detailed information about investment objectives, risks, charges, and expenses, so read it carefully before purchasing a policy.

Adjustable death benefit

You may change the amount of your policy's death benefit to adjust to your changing financial situation, subject to the insurance company's guidelines. For instance, if you pay off your mortgage, your need for insurance might be reduced. But keep in mind that if you want to raise the amount of your coverage, you must again go through the underwriting process, which may include a medical exam. Also, when your policy is issued, you may have the opportunity to choose between a level or enhanced death benefit option, which you may later switch.

Option 1 (or option A) calls for a level benefit. If your cash value grows, the amount you are charged for ongoing insurance coverage is reduced by an equal amount. For example, if your $200,000 policy has $50,000 of cash value, you will be paying the cost for $150,000 of pure insurance coverage. Your premium requirement is less than if you have no cash value and are paying for the full $200,000 of coverage. Your beneficiary still receives $200,000 at your death.

With option 2 (or option B), your cash value is added to the amount of the death benefit. For example, if you have a $200,000 policy with $50,000 of cash value at the time of your death, your beneficiary receives the combined total of $250,000. But this additional amount is not free. Throughout the life of the policy, you'll pay for $200,000 of insurance coverage, no matter how high your cash value grows.

Partial withdrawals and policy loans

As with most permanent life insurance, your cash value can be used as collateral to secure (generally) tax-free loans from your insurance company. You will be charged a fixed or fluctuating interest rate on the outstanding balance of any loan. If you do take out a loan, that portion of your cash value designated as collateral is transferred to the company's fixed interest account. This is because the chance exists that the balance of your variable subaccounts may fall below the amount of your loan due to market fluctuations. The company charges interest on loans at a rate a few percentage points higher than the return you receive in the fixed account. Consequently, loans have a permanent effect on the performance of the subaccount investment return.

If you have an outstanding loan on the books when you die, the death benefit paid to your beneficiary will be reduced by the amount of the loan plus accumulated interest. Another method of accessing the money in your variable universal life policy is through a partial withdrawal (partial surrender). Since this is not a loan, you're charged no interest for such a withdrawal, but your death benefit will be permanently reduced. Also, a partial withdrawal could trigger a taxable event if the policy is a modified endowment contract or if the withdrawn proceeds exceed the premiums you have paid into the policy.

Sales charges and other fees

With most variable universal life policies, a sales charge is imposed on every premium payment. This charge is generally not sufficient for the insurance company to pay all of the insurance costs incurred in the acquisition of the policy. Over time, the insurance company will recover these costs out of the profits it earns on the policy. However, if you surrender (cancel) your policy before all of these costs are recovered, a surrender charge is imposed against your cash value. In addition, the fund managers of your variable subaccounts will deduct their fees as they would with any mutual fund.

Note: Variable life insurance and variable universal life insurance policies are offered by prospectus, which you can obtain from your financial professional or the insurance company issuing the policy. The prospectus contains detailed information about nvestment objectives, risks, charges, and expenses. You should read the prospectus and consider this information carefully before purchasing a variable life insurance policy.

A “Buy Term and Invest the Difference” Example

The conceptual illustration below shows the results of two different ways that an annual outlay of cash could be used. One option is to pay the annual premium on a $1,000,000 indexed universal life insurance policy that has a projected crediting rate of 6 percent, which is not guaranteed. The alternative option is to allocate an identical amount to paying the annual premium on a $1,000,000 20-year term policy and investing the remaining difference into a side fund that has a 6 percent pre-tax return, which is also not guaranteed. A 31 percent marginal tax bracket is assumed.

		Term Insurance + Side Fund						Indexed Universal Life Insurance		
Year	Age	Net Annual Outlay	Term Policy Premium	Balance to Invest	EOY After-Tax Investment Amount	Term Policy Face	Term Death Benefit + Side Fund	Net Annual Outlay	Cash Surrender Value	Death Benefit
1	51	$9,009	$2,375	$6,634	$6,909	$1,000,000	**$1,006,909**	$9,009	$0	**$1,000,000**
2	52	$9,009	$2,375	$6,634	$13,829	$1,000,000	**$1,013,829**	$9,009	$0	**$1,000,000**
3	53	$9,009	$2,375	$6,634	$21,035	$1,000,000	**$1,021,035**	$9,009	$0	**$1,000,000**
4	54	$9,009	$2,375	$6,634	$28,540	$1,000,000	**$1,028,540**	$9,009	$0	**$1,000,000**
5	55	$9,009	$2,375	$6,634	$36,356	$1,000,000	**$1,036,356**	$9,009	$15,313	**$1,000,000**
6	56	$9,009	$2,375	$6,634	$44,495	$1,000,000	**$1,044,495**	$9,009	$20,692	**$1,000,000**
7	57	$9,009	$2,375	$6,634	$52,971	$1,000,000	**$1,052,971**	$9,009	$26,191	**$1,000,000**
8	58	$9,009	$2,375	$6,634	$61,798	$1,000,000	**$1,061,798**	$9,009	$31,812	**$1,000,000**
9	59	$9,009	$2,375	$6,634	$70,990	$1,000,000	**$1,070,990**	$9,009	$37,529	**$1,000,000**
10	60	$9,009	$2,375	$6,634	$80,563	$1,000,000	**$1,080,563**	$9,009	$43,324	**$1,000,000**
Total		**$90,090**	**$23,750**	**$66,340**				**$90,090**		
11	61	$9,009	$2,375	$6,634	$90,533	$1,000,000	**$1,090,533**	$9,009	$51,017	**$1,000,000**
12	62	$9,009	$2,375	$6,634	$100,915	$1,000,000	**$1,100,915**	$9,009	$58,915	**$1,000,000**
13	63	$9,009	$2,375	$6,634	$111,726	$1,000,000	**$1,111,726**	$9,009	$67,127	**$1,000,000**
14	64	$9,009	$2,375	$6,634	$122,986	$1,000,000	**$1,122,986**	$9,009	$75,676	**$1,000,000**
15	65	$9,009	$2,375	$6,634	$134,712	$1,000,000	**$1,134,712**	$9,009	$84,597	**$1,000,000**
16	66	$9,009	$2,375	$6,634	$146,923	$1,000,000	**$1,146,923**	$9,009	$93,384	**$1,000,000**
17	67	$9,009	$2,375	$6,634	$159,639	$1,000,000	**$1,159,639**	$9,009	$102,450	**$1,000,000**
18	68	$9,009	$2,375	$6,634	$172,882	$1,000,000	**$1,172,882**	$9,009	$111,768	**$1,000,000**
19	69	$9,009	$2,375	$6,634	$186,674	$1,000,000	**$1,186,674**	$9,009	$121,324	**$1,000,000**
20	70	$9,009	$2,375	$6,634	$201,036	$1,000,000	**$1,201,036**	$9,009	$131,129	**$1,000,000**
Total		**$180,180**	**$47,500**	**$132,680**				**$180,180**		
21	71	$9,009	$0	$9,009	$218,368	$0	**$218,368**	$9,009	$141,188	**$1,000,000**
22	72	$9,009	$0	$9,009	$236,417	$0	**$236,417**	$9,009	$151,476	**$1,000,000**
23	73	$9,009	$0	$9,009	$255,214	$0	**$255,214**	$9,009	$162,002	**$1,000,000**
24	74	$9,009	$0	$9,009	$274,789	$0	**$274,789**	$9,009	$172,753	**$1,000,000**
25	75	$9,009	$0	$9,009	$295,174	$0	**$295,174**	$9,009	$183,700	**$1,000,000**
26	76	$9,009	$0	$9,009	$316,403	$0	**$316,403**	$9,009	$194,828	**$1,000,000**
27	77	$9,009	$0	$9,009	$338,511	$0	**$338,511**	$9,009	$206,099	**$1,000,000**
28	78	$9,009	$0	$9,009	$361,535	$0	**$361,535**	$9,009	$217,454	**$1,000,000**
29	79	$9,009	$0	$9,009	$385,511	$0	**$385,511**	$9,009	$228,872	**$1,000,000**
30	80	$9,009	$0	$9,009	$410,480	$0	**$410,480**	$9,009	$240,321	**$1,000,000**
Total		**$270,270**	**$47,500**	**$222,770**				**$270,270**		
31	81	$9,009	$0	$9,009	$436,483	$0	**$436,483**	$9,009	$251,056	**$1,000,000**
32	82	$9,009	$0	$9,009	$463,563	$0	**$463,563**	$9,009	$261,626	**$1,000,000**
33	83	$9,009	$0	$9,009	$491,763	$0	**$491,763**	$9,009	$271,982	**$1,000,000**
34	84	$9,009	$0	$9,009	$521,131	$0	**$521,131**	$9,009	$282,061	**$1,000,000**
35	85	$9,009	$0	$9,009	$551,715	$0	**$551,715**	$9,009	$291,752	**$1,000,000**
36	**86**	**$9,009**	**$0**	**$9,009**	**$583,565**	**$0**	**$583,565**	**$9,009**	**$300,928**	**$1,000,000**
37	87	$9,009	$0	$9,009	$616,733	$0	**$616,733**	$9,009	$309,470	**$1,000,000**
38	88	$9,009	$0	$9,009	$651,275	$0	**$651,275**	$9,009	$317,250	**$1,000,000**
39	89	$9,009	$0	$9,009	$687,247	$0	**$687,247**	$9,009	$324,114	**$1,000,000**
40	90	$9,009	$0	$9,009	$724,708	$0	**$724,708**	$9,009	$329,896	**$1,000,000**
Total		**$360,360**	**$47,500**	**$312,860**				**$360,360**		

Life Expectancy

Conclusion

Having had conversations since 1975 with clients ranging from college students to ultra high net-worth individuals, I can report that some things change and some things do not change.

The tools, the techniques and the planning environment, including tax laws and regulations, all change constantly and increase in complexity, and the speed of change is accelerating.

What has not changed is the fact that most people have significant relationships in their lives that they want to help and protect financially. They have businesses and business partners that will need cash for succession and transition purposes. And they want to get all of this right. But they need help with the process.

The Bottoms Group has a process to help think through and develop objectives and solutions. Our process ideally involves teamwork with our clients' broader network, including legal, tax and financial advisors.

We began this paper with the question about which is better - term or permanent life insurance or a combination. We have attempted to demonstrate that there really is no easy answer because human beings and their personal objectives are involved. A broader process is required to select and compare the most appropriate alternatives for each individual situation. Furthermore, a complete analysis, which is beyond the scope of this introductory paper, would include a discussion related to the non-guaranteed aspects and features of the various products.

Lastly, life insurance is a financial asset. I have experienced personally and seen professionally the difference it can make. We want to help our clients *Get It Right*.

About TBG:

The Bottoms Group, LLC, has for decades been listening to clients and developing employee benefits, insurance and estate planning solutions customized to their unique and changing needs. For more information about TBG, visit www.thebottomsgroup.com.

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