

|              |                               |
|--------------|-------------------------------|
| \$ 1,000,000 | Portfolio Value               |
| 10.00%       | Return on S&P 500 Index       |
| 7.00%        | Return on IUL                 |
| 6.00%        | Moody's Rate                  |
| \$ 100,000   | Net Annual Income Requirement |
| 28.00%       | Tax Rate                      |
| 2.00%        | Inflation Rate                |

**Assumptions:** This represents two retirees that each have \$1M and need \$100K per year adjusted annually for inflation (2%/yr). One has a Traditional IRA earning an average of 10% per year. The other has an Indexed Universal Life policy with \$1M cash value. The IUL is assumed to earn a lower return (7%) with only a 1% spread above the borrowing rate (6%). And it still outperforms a traditional account earning a higher gross return (10% assumed). This is a purely mathematical exercise to show the power of leverage and does not take into account the costs of insurance which will vary by carrier. This illustrates how powerful the interest rate arbitrage can be for retirement planning.

Now just think what would happen if the market tanked in the first few years of retirement in each scenario.

| Year | IRA Scenario |                |            |            |           | IUL Scenario  |              |          |                     |      |               |
|------|--------------|----------------|------------|------------|-----------|---------------|--------------|----------|---------------------|------|---------------|
|      | Principal    | IRA Withdrawal | Tax        | Net Income | Return    | Principal     | Loan Amount  | Interest | Cumulative Interest | Tax  | Return        |
| 0    | \$ 1,000,000 | \$ 138,889     | \$ 38,889  | \$ 100,000 | \$ 93,056 | \$ 1,000,000  | \$ 100,000   | \$ 3,000 | \$ 3,000            | \$ - | \$ 70,000     |
| 1    | \$ 954,167   | \$ 141,667     | \$ 39,667  | \$ 102,000 | \$ 88,333 | \$ 1,070,000  | \$ 102,000   | \$ 3,060 | \$ 9,060            | \$ - | \$ 74,900     |
| 2    | \$ 900,833   | \$ 144,500     | \$ 40,460  | \$ 104,040 | \$ 82,858 | \$ 1,144,900  | \$ 104,040   | \$ 3,121 | \$ 15,241           | \$ - | \$ 80,143     |
| 3    | \$ 839,192   | \$ 147,390     | \$ 41,269  | \$ 106,121 | \$ 76,550 | \$ 1,225,043  | \$ 106,121   | \$ 3,184 | \$ 21,546           | \$ - | \$ 85,753     |
| 4    | \$ 768,351   | \$ 150,338     | \$ 42,095  | \$ 108,243 | \$ 69,318 | \$ 1,310,796  | \$ 108,243   | \$ 3,247 | \$ 27,977           | \$ - | \$ 91,756     |
| 5    | \$ 687,332   | \$ 153,345     | \$ 42,936  | \$ 110,408 | \$ 61,066 | \$ 1,402,552  | \$ 110,408   | \$ 3,312 | \$ 34,536           | \$ - | \$ 98,179     |
| 6    | \$ 595,053   | \$ 156,411     | \$ 43,795  | \$ 112,616 | \$ 51,685 | \$ 1,500,730  | \$ 112,616   | \$ 3,378 | \$ 41,227           | \$ - | \$ 105,051    |
| 7    | \$ 490,326   | \$ 159,540     | \$ 44,671  | \$ 114,869 | \$ 41,056 | \$ 1,605,781  | \$ 114,869   | \$ 3,446 | \$ 48,052           | \$ - | \$ 112,405    |
| 8    | \$ 371,842   | \$ 162,730     | \$ 45,565  | \$ 117,166 | \$ 29,048 | \$ 1,718,186  | \$ 117,166   | \$ 3,515 | \$ 55,013           | \$ - | \$ 120,273    |
| 9    | \$ 238,160   | \$ 165,985     | \$ 46,476  | \$ 119,509 | \$ 15,517 | \$ 1,838,459  | \$ 119,509   | \$ 3,585 | \$ 62,113           | \$ - | \$ 128,692    |
| 10   | \$ 87,691    | \$ 87,691      | \$ 24,554  | \$ 63,138  | \$ 4,385  | \$ 1,967,151  | \$ 121,899   | \$ 3,657 | \$ 69,355           | \$ - | \$ 137,701    |
| 11   | \$ 4,385     | \$ 4,385       | \$ 1,228   | \$ 3,157   | \$ 219    | \$ 2,104,852  | \$ 124,337   | \$ 3,730 | \$ 76,742           | \$ - | \$ 147,340    |
| 12   | \$ 219       | \$ 219         | \$ 61      | \$ 158     | \$ 11     | \$ 2,252,192  | \$ 126,824   | \$ 3,805 | \$ 84,277           | \$ - | \$ 157,653    |
| 13   | \$ 11        | \$ 11          | \$ 3       | \$ 8       | \$ 1      | \$ 2,409,845  | \$ 129,361   | \$ 3,881 | \$ 91,963           | \$ - | \$ 168,689    |
| 14   | \$ 1         | \$ 1           | \$ 0       | \$ 0       | \$ 0      | \$ 2,578,534  | \$ 131,948   | \$ 3,958 | \$ 99,802           | \$ - | \$ 180,497    |
| 15   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 2,759,032  | \$ 134,587   | \$ 4,038 | \$ 107,798          | \$ - | \$ 193,132    |
| 16   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 2,952,164  | \$ 137,279   | \$ 4,118 | \$ 115,954          | \$ - | \$ 206,651    |
| 17   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 3,158,815  | \$ 140,024   | \$ 4,201 | \$ 124,273          | \$ - | \$ 221,117    |
| 18   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 3,379,932  | \$ 142,825   | \$ 4,285 | \$ 132,759          | \$ - | \$ 236,595    |
| 19   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 3,616,528  | \$ 145,681   | \$ 4,370 | \$ 141,414          | \$ - | \$ 253,157    |
| 20   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 3,869,684  | \$ 148,595   | \$ 4,458 | \$ 150,242          | \$ - | \$ 270,878    |
| 21   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 4,140,562  | \$ 151,567   | \$ 4,547 | \$ 159,247          | \$ - | \$ 289,839    |
| 22   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 4,430,402  | \$ 154,598   | \$ 4,638 | \$ 168,432          | \$ - | \$ 310,128    |
| 23   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 4,740,530  | \$ 157,690   | \$ 4,731 | \$ 177,800          | \$ - | \$ 331,837    |
| 24   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 5,072,367  | \$ 160,844   | \$ 4,825 | \$ 187,356          | \$ - | \$ 355,066    |
| 25   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 5,427,433  | \$ 164,061   | \$ 4,922 | \$ 197,104          | \$ - | \$ 379,920    |
| 26   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 5,807,353  | \$ 167,342   | \$ 5,020 | \$ 207,046          | \$ - | \$ 406,515    |
| 27   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 6,213,868  | \$ 170,689   | \$ 5,121 | \$ 217,187          | \$ - | \$ 434,971    |
| 28   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 6,648,838  | \$ 174,102   | \$ 5,223 | \$ 227,530          | \$ - | \$ 465,419    |
| 29   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 7,114,257  | \$ 177,584   | \$ 5,328 | \$ 238,081          | \$ - | \$ 497,998    |
| 30   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 7,612,255  | \$ 181,136   | \$ 5,434 | \$ 248,843          | \$ - | \$ 532,858    |
| 31   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 8,145,113  | \$ 184,759   | \$ 5,543 | \$ 259,819          | \$ - | \$ 570,158    |
| 32   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 8,715,271  | \$ 188,454   | \$ 5,654 | \$ 271,016          | \$ - | \$ 610,069    |
| 33   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 9,325,340  | \$ 192,223   | \$ 5,767 | \$ 282,436          | \$ - | \$ 652,774    |
| 34   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 9,978,114  | \$ 196,068   | \$ 5,882 | \$ 294,085          | \$ - | \$ 698,468    |
| 35   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 10,676,581 | \$ 199,989   | \$ 6,000 | \$ 305,967          | \$ - | \$ 747,361    |
| 36   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 11,423,942 | \$ 203,989   | \$ 6,120 | \$ 318,086          | \$ - | \$ 799,676    |
| 37   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 12,223,618 | \$ 208,069   | \$ 6,242 | \$ 330,448          | \$ - | \$ 855,653    |
| 38   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 13,079,271 | \$ 212,230   | \$ 6,367 | \$ 343,057          | \$ - | \$ 915,549    |
| 39   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 13,994,820 | \$ 216,474   | \$ 6,494 | \$ 355,918          | \$ - | \$ 979,637    |
| 40   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 14,974,458 | \$ 220,804   | \$ 6,624 | \$ 369,036          | \$ - | \$ 1,048,212  |
| 41   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 16,022,670 | \$ 225,220   | \$ 6,757 | \$ 382,417          | \$ - | \$ 1,121,587  |
| 42   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 17,144,257 | \$ 229,724   | \$ 6,892 | \$ 396,065          | \$ - | \$ 1,200,098  |
| 43   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 18,344,355 | \$ 234,319   | \$ 7,030 | \$ 409,986          | \$ - | \$ 1,284,105  |
| 44   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 19,628,460 | \$ 239,005   | \$ 7,170 | \$ 424,186          | \$ - | \$ 1,373,992  |
| 45   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 21,002,452 | \$ 243,785   | \$ 7,314 | \$ 438,670          | \$ - | \$ 1,470,172  |
| 46   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 22,472,623 | \$ 248,661   | \$ 7,460 | \$ 453,443          | \$ - | \$ 1,573,084  |
| 47   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 24,045,707 | \$ 253,634   | \$ 7,609 | \$ 468,512          | \$ - | \$ 1,683,199  |
| 48   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 25,728,907 | \$ 258,707   | \$ 7,761 | \$ 483,882          | \$ - | \$ 1,801,023  |
| 49   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 27,529,930 | \$ 263,881   | \$ 7,916 | \$ 499,560          | \$ - | \$ 1,927,095  |
| 50   | \$ 0         | \$ 0           | \$ 0       | \$ 0       | \$ 0      | \$ 29,457,025 | \$ 269,159   | \$ 8,075 | \$ 515,551          | \$ - | \$ 2,061,992  |
|      |              |                | \$ 451,668 |            |           |               | \$ 8,727,099 |          | \$ 11,143,110       |      | \$ 30,519,017 |
|      |              |                |            |            |           |               |              |          | \$ 19,870,209       |      |               |