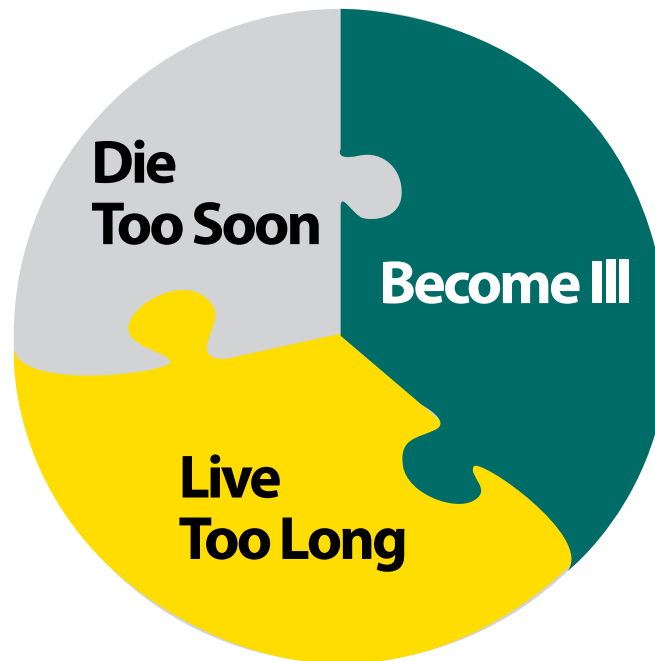


Life Insurance Beyond the Death Benefit



Stephen Shorrock
President, LifeVentures Corp

Life Insurance Characteristics

- Type (Term, UL, WL)
- Death Benefit: Tax-Free to Beneficiaries
- Income: Tax-Free through policy loans and withdrawals
- Creditor Proof
- Can be written in Trusts
- Business Insurance (Buy/Sell, Key Man)
- “Longevity Insurance” (Living Benefits)
 - Chronic Illness/LTC
 - Critical Illness
 - Terminal Illness
 - Guaranteed Income

Life Insurance Beyond the Death Benefit

Consequences of Longevity: The Need for Longevity Planning

- 80+ age group growing 5x faster than the overall population
- A couple age 65 today: 50% chance one will live to 92 and 25% chance one will live to 97
- Advances in care and improvement in health (i.e. smoking), there is a possibility of spending 15, 20, 25 or more years in retirement than planned for
- We suggest a retirement plan projecting life expectancy to age 100
- People are living longer and we must plan accordingly!

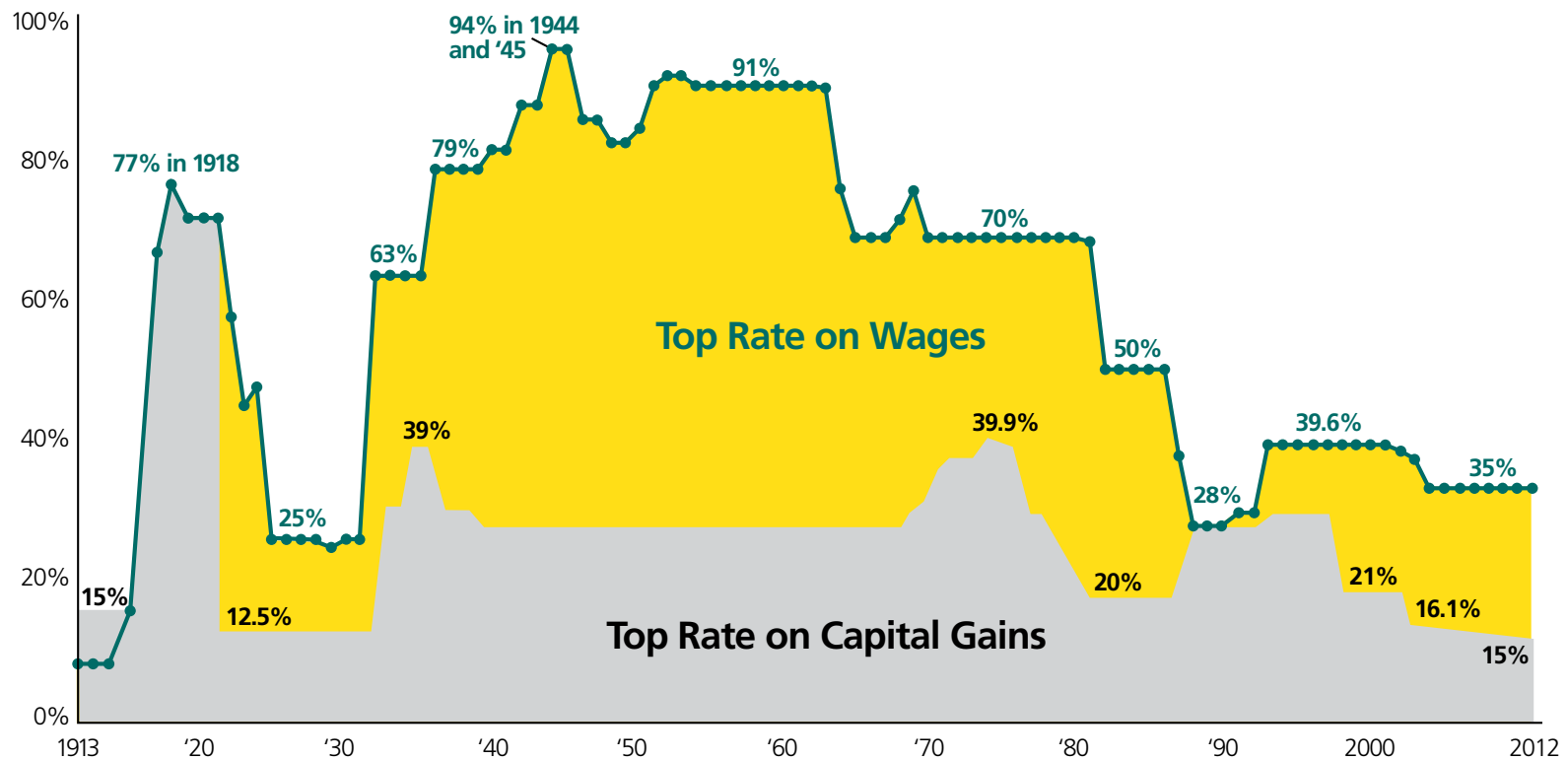
Consequences of Longevity: Primary Fears of Longevity

- With a very volatile stock market, where do I invest protecting against downside market risk, but get a fair return?
- Potential devastating costs of a chronic illness wiping out retirement assets
- Outliving retirement assets and the income needed during retirement
- Being a burden on one's children
- Quality of life during a possibly very long retirement period

Higher Future Taxes

- Currently tax rates are low compared to historic levels

Top U.S. Marginal Tax Rates*



*Historic rates—married couples, filing jointly

Higher Future Taxes

- Currently tax rates are low compared to historic levels
- Bush tax cuts could be eliminated, possible move to flat tax
- To bring deficit in line, spending must be decreased and revenues must be increased, hence higher taxes expected in the future:
 - "Official Debt" via the government in \$14-15 trillion range
 - Budget Control Act of 2011-increases debt ceiling by over an additional \$2 trillion through 2013
 - "Real Debt," when you include future liabilities (i.e. Medicare Social Security), increases to \$75+ trillion
 - Federal government has been run on a "pay-as-you-go" or a cash basis
 - Unlike corporations or state governments, do not account for unfunded liabilities
 - This "Real Debt" calculates to \$1 million per taxpayer

How Large is a Trillion?

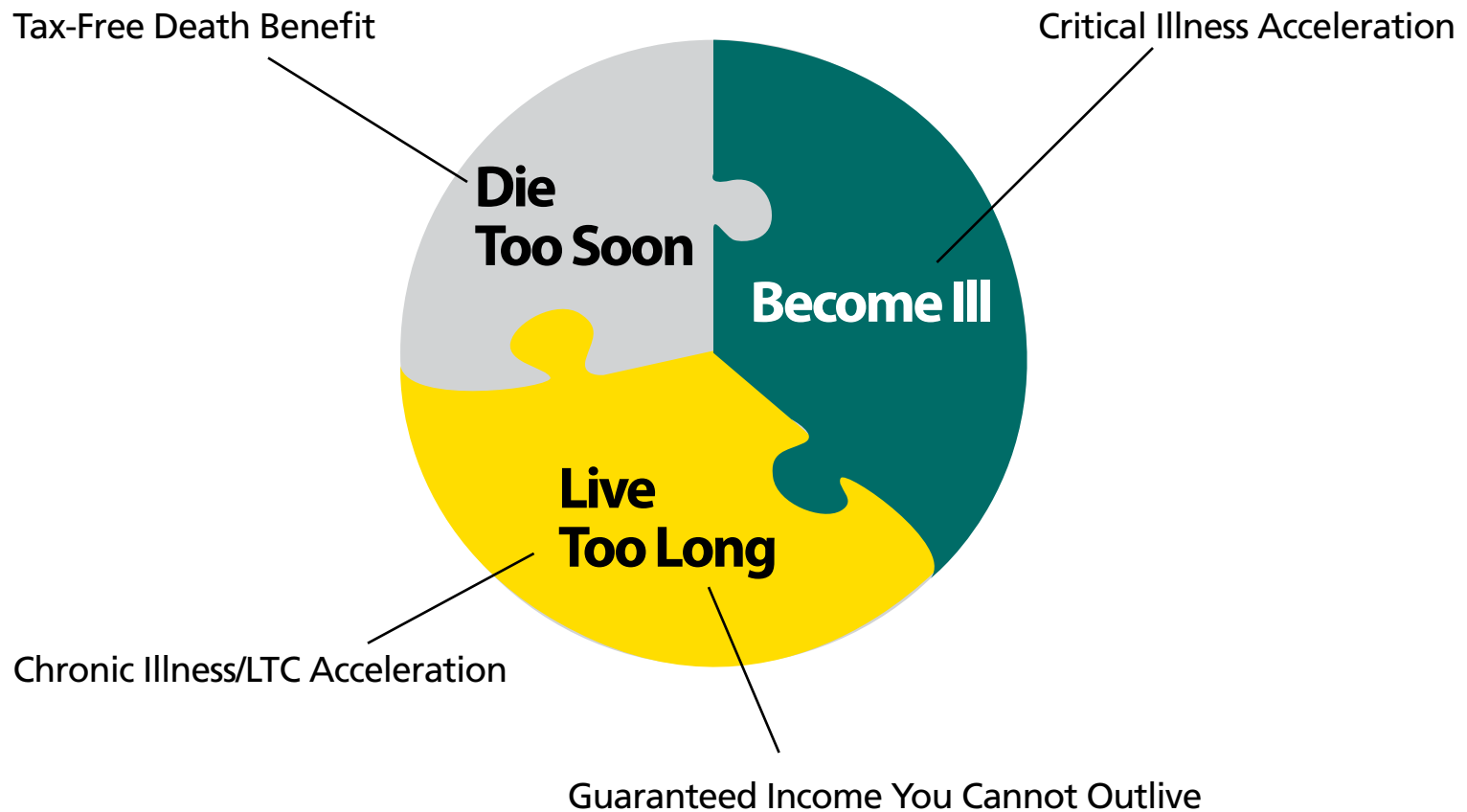
Question:

What year was it one trillion seconds ago?

30,000 BC

**Need to spend
\$31.5 million/year for
31,715 years to spend
\$1 trillion**

Life Changes. Protect It.



Life Insurance Beyond the Death Benefit

The Swiss Army Knife of Life Insurance Products



* Will be added to FlexLife once approved in New York

Life Insurance Beyond the Death Benefit

Premium Flexibility With FlexLife

- Indexed UL: Single, full pay, limited pay
- High targets for 1035x
- Additional Protection Benefit (APB): “Dial Down Target”
 - COI blend
 - Up to 3x base

Example: Male Age 50, Preferred, Solve \$1,000 at Age 120

Blend	Death Benefit	Solve for Premium	Target	20th Year CSV
0%	\$1 million	\$10,878	\$22,640	\$177,167
50-50	\$1 million	\$9,019	\$11,320	\$190,620
50-50	\$1.2 million	\$10,807	\$13,584	\$228,745

- Need to Note-When using APB, only 50% of the APB Death Benefit is available to be accelerated as a Living Benefit (Chronic or Critical)

Life Insurance Beyond the Death Benefit

Longer Guarantees With FlexLife

- Death Benefit Protection Rider
- No premium charge
- Great balance of No-Lapse Guarantee and Cash Growth

Death Benefit Protection Period

Issue Age	DBP Period
Zero to 29	30
30 to 39	25
40 to 54	20
55 to 64	15

Life Insurance Beyond the Death Benefit

Chronic/Long-Term Care Rider

- No cost rider
- On all policies up to \$2 million of Death Benefit
- Rider is not underwritten separately
- 2/6 ADL's, own doctor certifies
- Cash benefit
- Cost is an interest factor to LE
- Annual acceleration up to IRS limit (\$113,150 for 2012), indexed annually
- Works in Trust-owned policies
- Paid-up policy

Life Insurance Beyond the Death Benefit

Critical Illness Rider

- No cost rider
- Acceleration available on a qualifying event:
 - Heart attack
 - Stroke
 - Diagnosis of cancer
 - Diagnosis of end-stage renal failure
 - Diagnosis of ALS
 - Major organ transplant
 - Blindness (both eyes)
- Maximum Death Benefit: \$1 million
- Standard and above policies

Life Insurance Beyond the Death Benefit

A Life Insurance Illustration
 NL FlexLife - Universal Life - Policy Form Series 8971NY(0911)
 Statement of Policy Cost and Benefit Information
 Prepared for
 The Client

Presented by Sample Agent

Age 50
 Preferred Non-Smoker
 Male
 State - NY

Benefit	Amount
NL FlexLife	\$1,000,000
ABR - Terminal	
ABR - Critical	
ABR - Chronic II	
Death Benefit Protection Rider	
Overloan Protection Rider	
Interest Crediting Strategies Rider	
Systematic Allocation Rider	

	Projected Total Benefit Amount ABR Critical illness*			
	Category 1 Minor	Category 2 Moderate	Category 3 Severe	Category 4 Life Threatening
Attained age 60	\$208,133	\$365,035	\$545,670	\$788,314
Attained age 70	\$366,922	\$520,571	\$654,427	\$790,285
Attained age 80	\$537,412	\$676,204	\$766,865	\$808,661
Attained age 90	\$693,340	\$815,390	\$866,740	\$868,610

The death benefit may be reduced by any prior distribution, (loans or withdrawals). The actual payment you receive will be less than the portion of the death benefit accelerated because the benefits are paid prior to death. Values are based on a current interest rate and mortality rates. Actual payout under these riders may be different. Benefits will never be less than the cash surrender value at the time of acceleration.

* You can accelerate up to 100% of the death benefit, subject to a \$1,000,000 limit on the total death benefit accelerated under all policies on the life of the Insured.

Actual policy values will determine your projected accelerated benefits. Please see projected benefits above.

Critical Illness Rider

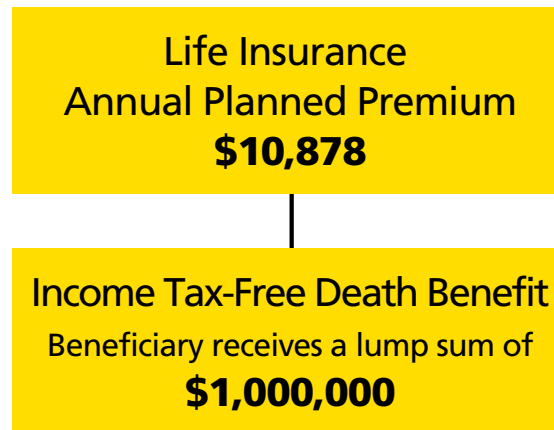
- Minor: Two Table Change
- Moderate: Uninsurable
- Severe: Impacts Life Expectancy
- Life-Threatening: Die as a Result

Life Insurance Beyond the Death Benefit

NL FlexLife Provides...

- Income Tax-Free Death Benefit
- Access to Benefits in Case of Illness
- Tax-Deferred Cash Value Growth
- Access to Cash Value Growth

Face Amount at Issue: \$1,000,000
Issue Age: 50
Summary of Values at Age: 75



In the event of a devastating illness, living benefit riders allow you to accelerate your death benefit

**Living Benefits Options Available
At the Client's Age 75**

Terminal Illness Benefit: \$913,160 Lump Sum
Critical Illness Benefit: \$795,246 Lump Sum
Chronic Illness Benefit: \$728,175 Total Benefit

Chronic Illness Benefit shown at age 75

Income For Life-Guaranteed

- Income tax-free Death Benefit
- Cash value growth tax-deferred
- Potential for tax-free income
- Access to benefits in case of illness

Your policy provides an option for lifetime income, an income that you cannot outlive even if receipt of income benefit payments ultimately exhaust the policy's cash value. Through the Lifetime Income Benefit Rider (LIBR), your policy cash value can be used to provide a guaranteed stream of income for your lifetime. This rider will automatically be added to your policy. There is no additional charge for this rider unless you elect to exercise the rider and take a lifetime income benefit.

Taking Your Lifetime Income Benefit

- Once you begin taking your Lifetime Income Benefit, the benefit payment amount is guaranteed for life.
 - Benefit payments are funded via withdrawals and policy loans, which will reduce the policy's cash value and death benefit. During this time, your LIBR will be received income-tax free
 - Once a minimum threshold is reached, you will continue to receive income for your lifetime; however, the income benefit will be subject to ordinary income taxes
- Through an automatic Ratchet Feature, your Lifetime Income Benefit may increase every 5th Lifetime Income Benefit anniversary if your net account value on the anniversary is greater than the previous 5th Lifetime Income Benefit anniversary
- At death, your beneficiary will receive the remaining death benefit income-tax free. There will always be at least a minimum death benefit of \$15,000

Prior to Electing Your Lifetime Income Benefit

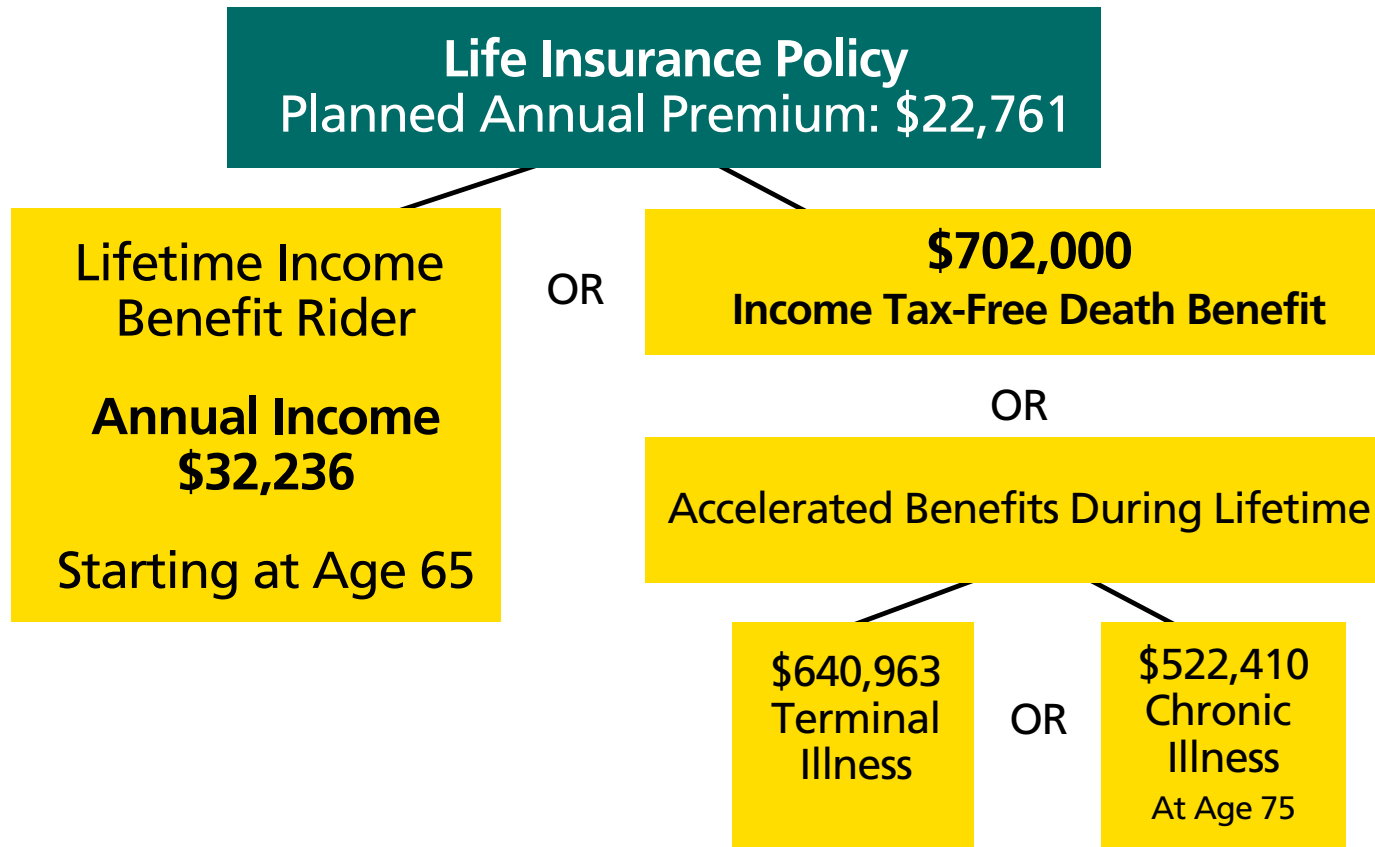
- Your policy cash grows income tax-deferred. Should you need to access your policy values, you may do so through policy loans and withdrawals
- Outstanding policy loans must be repaid prior to electing the Lifetime Income Benefit
- Living benefits under the Accelerated Benefits Rider are available, but if exercised during the Lifetime Income Benefit period, the Lifetime Income Benefit will terminate

A Strategy That Provides Multiple Options

- Income Tax-Free Death Benefit
- Tax-Deferred Cash Value Growth
- Access to Benefits in Case of Illness
- Access to Cash Value Growth

Product: Ultra Select
Issue Age: 50

Summary of Values at Age 65



LifeCycle Solutions- Indexed Survivor UL

- First-to-Die Rider, up to 2x Base Death Benefit, Lump sum or installments
- Variable loans
- Longer guarantees: Death Benefit Protection Rider
- Policy split option, Balance sheet benefit
- Underwritten on higher of First-to-Die or Second-to-Die Death Benefit
- Works well in business, Buy/Sell cases
- Accelerated Benefits on all policies after first death

Life Insurance Beyond the Death Benefit

National Life Group Term

National Life-ART, 10, 15, 20 Year (age nearest birthday)
Life of the Southwest-10, 15, 20, 30 Year (age last birthday)

National Life (New York)-Chronic/LTC and Terminal Illness
Acceleration

Life of the Southwest (Non-New York)-Chronic*, Critical[†]
and Terminal Illness Acceleration

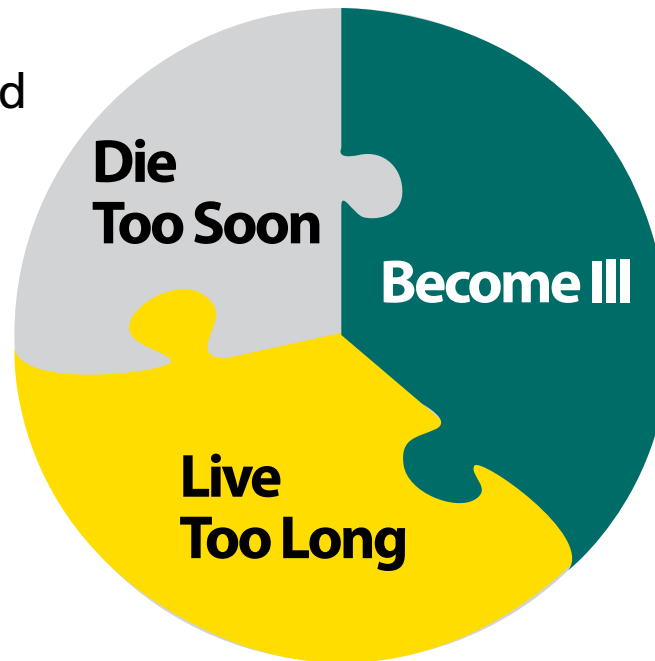
Convertible-To permanent product with accelerated riders

* Not approved in MT, ND, NY, OR
† Not approved in CT, MT, ND, NJ, NY

Life Insurance Beyond the Death Benefit

Tax-Free Retirement Strategies

- Non-Qualified Deferred Compensation (72t)
- Section 79



Life Insurance Beyond the Death Benefit

Do You Know These IRA Facts?

- Currently \$5 trillion in IRA assets
- Comprises 25% of US wealth
- Asset values increase or decrease via the underlying investment, no floors, no caps
- The government has an average 33% tax lien on these assets
- As the IRA asset grows tax deferred, all growth is taxed on distribution
- At 70½ years old, taxable distributions are mandatory—whether you need the money or not
- Distributions prior to age 59½ are subject to additional 10% penalty
- IRA could be subject to estate taxes

Access Your IRA Today!!

Plan for Consequences of Living a Long Life

Did You Know These IRA Facts?

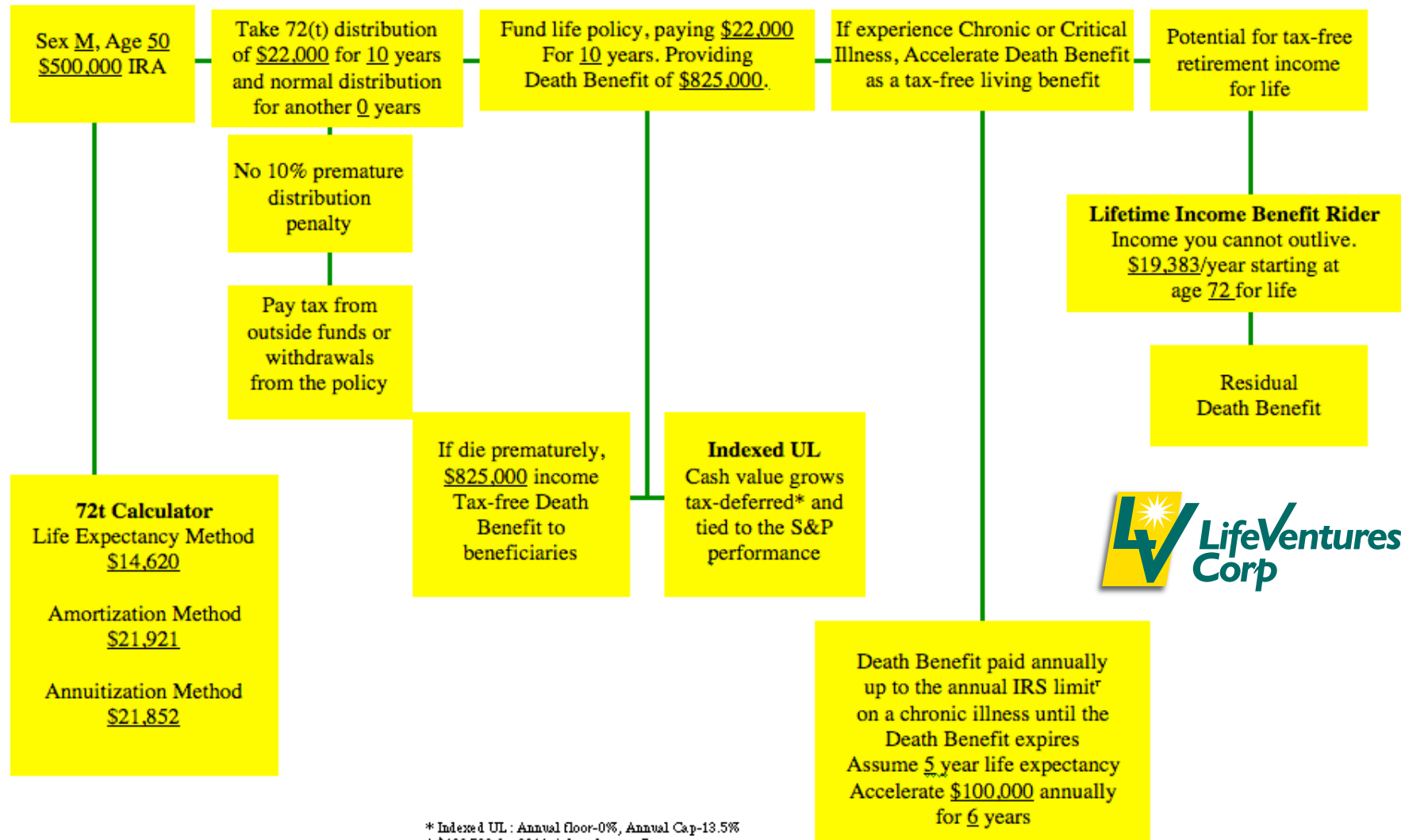
- There is currently \$5 trillion in IRA assets
- Approximately $\frac{1}{4}$ of all US wealth
- The government has an income tax lien on 33% of your IRA!
- When age $70\frac{1}{2}$ is reached, taxable withdrawals are mandatory—whether you need it or not
- IRA is subject to estate taxes

Take advantage of a strategy that allows for access to your IRA prior to age $59\frac{1}{2}$ that provides:

- No 10% premature distribution penalty
- Pay taxes on the “seed” versus the “harvest”
- Income option you cannot outlive
- Income tax-free death benefit
- Access to death benefit in case of chronic illness
- Cash value growth in Indexed UL policy linked to the Standard & Poors (S&P) performance
- Depleting the IRA does not provide these benefits. Purchasing a life insurance policy with applicable riders is the only thing that will provide benefits.

Life Insurance Beyond the Death Benefit

72t Analysis Mr. 72t



Section 79 Plan Advantages

LifeVentures is partnering with **Economic Concepts**, one of the leading authorities on Section 79 Plans, to promote the vast advantages of these plans to business owners and professionals. Section 79 Plans, through cash value life insurance, provide significant current tax benefits, tax-free growth of the policy's cash value, tax-free death benefit to beneficiaries on a premature death and ultimately tax-free income on retirement distributions. Section 79 Plans can be stacked on top of existing pension and 401(k) plans or stand on their own. A key to the power of the Section 79 Plans, unlike qualified plans, is that virtually all the contribution goes to the business owner and key selected employees.

Other key advantages of Section 79 Plans are:

- All contributions are 100% tax deductible to the corporation (must file taxes on a C-Corp basis)
- The amount reportable as income to the participant is limited to the cost of the deemed death benefit and the permanent insurance, which averages 65% of the total premium
- Typically, the plan runs in 5-year premium cycles that funds both lifetime protection and tax-free distributions
- Plan provides a tax-free death benefit payable to the beneficiary on a premature death
- The insurance policy is owned by the participant and both the cash value and death benefit are protected against creditors
- The cash value grows tax-deferred within the indexed life insurance policy providing interest rate floors and caps
- The cash value provides tax-free retirement income through policy withdrawals and policy loans
- The policy can be owned by an insurance trust for estate planning purposes
- The plan is flexible as to the design for each participant



For more information about what Section 79 Plans can do for you or your clients, please contact either LifeVentures Corp or Economic Concepts, Inc. at the phone numbers below.



291 Main St., Northport, NY 11768
631-239-6655 • www.LifeVenturesCorp.com



9316 East Raintree Dr., Ste. 100, Scottsdale, AZ 85260
800-397-6954 • www.ecico.com

SELECT 79 from ECI EQUIVALENT RATE OF RETURN

Prepared for: Dr. Client, MD
 Age: 50
 Annual Contribution: \$50,000
 Tax Bracket: 40.00%
Gross Equivalent Rate of Return: 11.28%
 Net Equivalent Rate of Return: 6.77%

	Start year	End year
Income Stream	16	35
Annual Tax Free Income:	\$43,350	
Initial Death Benefit:	\$881,225	
Death Benefit At End of Income Stream	\$141,330	
Benefit Focus		

SELECT 79			INVEST IT YOURSELF				
(1)	(2)	(3a)	(4)	(5)	(6)	(7)	(8)
Deductible Corporate Contribution	Executive Taxable Income*	Executive Tax Due	Deductible Bonus	Net Bonus	Cost of 79 Plan	Investable Amount	Account Balance at 6.77% Net After Tax
\$50,000	\$33,270	\$13,308	\$50,000	\$30,000	\$13,308	\$43,308	\$46,238
50,000	39,425	\$15,770	50,000	30,000	15,770	45,770	98,234
50,000	40,325	\$16,130	50,000	30,000	16,130	46,130	154,132
50,000	41,236	\$16,494	50,000	30,000	16,494	46,494	214,202
50,000	43,456	\$17,382	50,000	30,000	17,382	47,382	279,284
PLAN CONTRIBUTIONS TERMINATE			0	0	0	0	298,181
	(3b)	7	56	0	0	0	318,357
	TAX FREE INCOME	8	57	0	0	0	339,898
		9	58	0	0	0	362,896
		10	59	0	0	0	387,451
		11	60	0	0	0	413,667
		12	61	0	0	0	441,657
		13	62	0	0	0	471,541
		14	63	0	0	0	503,447
		15	64	0	0	0	537,512
		16	65	0	0	-43,350	527,599
		17	66	0	0	-43,350	517,015
		18	67	0	0	-43,350	505,715
		19	68	0	0	-43,350	493,650
		20	69	0	0	-43,350	480,768
		21	70	0	0	-43,350	467,016
		22	71	0	0	-43,350	452,332
		23	72	0	0	-43,350	436,655
		24	73	0	0	-43,350	419,918
		25	74	0	0	-43,350	402,047
		26	75	0	0	-43,350	382,968
		27	76	0	0	-43,350	362,598
		28	77	0	0	-43,350	340,849
		29	78	0	0	-43,350	317,629
		30	79	0	0	-43,350	292,837
		31	80	0	0	-43,350	266,369
		32	81	0	0	-43,350	238,109
		33	82	0	0	-43,350	207,937
		34	83	0	0	-43,350	175,723
		35	84	0	0	-43,350	141,330

FOR PRODUCER/ADVISOR USE ONLY

The values shown are for illustrative purposes only and are not guaranteed. Actual values will be dependent upon the carrier selected and actual experience.

Sample Section 79 Plan Benefits

Annual Contribution: \$20,000								
Issue Age	Reportable Taxable Income			Annual Income				Policy Face Amount
	Year 1	5 Year Total	Average Percentage Reported	Total Taxes Paid (44% Tax Bracket)	starting at age 65 or 20 years (if later)	20 Years - Total Income Received	Taxable Equivalent	
40	\$11,770	\$60,218	60.2%	\$26,496	\$15,863	\$317,260	\$566,536	\$494,360
45	\$11,835	\$60,636	60.6%	\$26,680	\$10,901	\$218,020	\$389,321	\$415,310
50	\$11,966	\$61,775	61.8%	\$27,181	\$10,764	\$215,280	\$384,429	\$350,290
55	\$12,504	\$64,004	64.0%	\$28,162	\$10,789	\$215,780	\$385,321	\$295,800

Permanent life insurance provided through Ultra Select Indexed Universal Life Insurance, form series 8385/8386 and the Additional Protection Benefit Rider, form series 8741 underwritten by National Life Insurance Company, Montpelier, Vermont. Riders are optional, may require additional premium and may not be available in all states. This supplemental illustration is not intended to be a solicitation of a life insurance policy but to reflect a Section 79 concept. The values illustrated with the exception of the death benefit are not guaranteed and should not be construed as future values. This illustration assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This proposal is not valid unless accompanied by a full illustration that includes guaranteed values and other important information. The insurance company is bound only by the terms of the life insurance contract it issues.

Questions?



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