

The Cross Endorsement Buy-Sell Plan

Renting Death Benefit to Fund a Cross Purchase Buy-Sell Plan



Prepared For:

Valuable Product, Inc.

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Figures used in this program illustrate various benefit/retirement planning concepts, which are based upon both assumptions and data provided by you, the client. Your furnishing of accurate data will help enhance the value of this analysis. However, all assumed growth rates for assets are based upon information provided and assumed by you and are not a guarantee of the future performance of the life insurance policy. Please review the assumptions page for accuracy of information.

This supplemental illustration assumes that the currently illustrated non-guaranteed elements will continue for all years shown. This is unlikely to occur and actual results may be more or less favorable than those shown. The actual consequences of a particular planning alternative will depend upon many variables, some of which may not be accounted for or fully described in this presentation. This program does not illustrate estate, gift and generation skipping transfer tax implications.

Although analogous to an endorsement split dollar arrangement, this arrangement may not meet all of the split dollar requirements articulated in Treas. Reg. §1.61-22 or Treas. Reg. §1.7872-15. For example, the split dollar regulations do not appear to cover an endorsement arrangement whereby an individual is endorsing 100% of the death benefit to another individual. However, general income tax principles should apply to the renting of the death benefit between the policy owner and the business owners receiving the endorsed death benefits. See Treas. Reg. §1.61-22(b)(5). To determine the rental charge associated with the death benefit being endorsed under the Cross Endorsement Buy-Sell Plan, a strong argument can be made that the economic benefit rates associated with split dollar arrangements (e.g. Table 2001 rates or the carrier's alternative term rates) are still appropriate to determine the value of the insurance that is being rented year-to-year under this arrangement. See Treas. Reg. §1.61-2(d)(2)(ii).

Pursuant to IRS Notice 2002-8, John Hancock's product illustrations show economic benefit amounts based on either IRS Table 2001 or John Hancock's currently offered alternative term life insurance rates. John Hancock's rates may increase in future years, and there is no guarantee that John Hancock will offer term life insurance at all in future years. If John Hancock no longer offers term insurance that can be used to value the economic benefit to the participant, it will be valued according to the IRS table. Use of higher John Hancock rates or IRS rates will result in a higher economic benefit amounts than that shown in product illustrations. Note also that IRS Notice 2002-59 forbids the use of Table 2001 (or the insurer's lower published premium rates) to determine the value of "reverse" split-dollar arrangements. This analysis assumes Notice 2002-59 is inapplicable to the endorsements under a Cross Endorsement Buy-Sell Plan.

This presentation is for illustrative purposes only. Before you make any business, estate, or retirement planning decisions, your legal and tax advisors should be consulted to determine (1) the suitability of a particular planning alternative for you and (2) the precise legal, tax, investment, and accounting consequences of that alternative. John Hancock and its agents, employees, and registered representatives do not give legal, tax, accounting or investment advice, and this presentation and any other oral or written communication should not be construed as such. As you explore your planning needs with your legal and tax advisors, we hope that you find this analysis useful.

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RENTING DEATH BENEFIT TO FUND A CROSS ENDORSEMENT BUY-SELL PLAN

THE PROBLEM

Most types of buy-sell arrangements require someone other than you to be the owner of the life insurance policy on your life. In these types of arrangements, because you do not own your policy there are some important consequences to consider, including:

- If you **retire or leave the business**, your partners or the business itself will own the policy on your life.
- If **one of your business partners dies** and they own a policy on your life, your partner's spouse or estate will own the policy on your life.
- If your **health deteriorates**, your life insurance policy is not yours for personal use.

THE SOLUTION

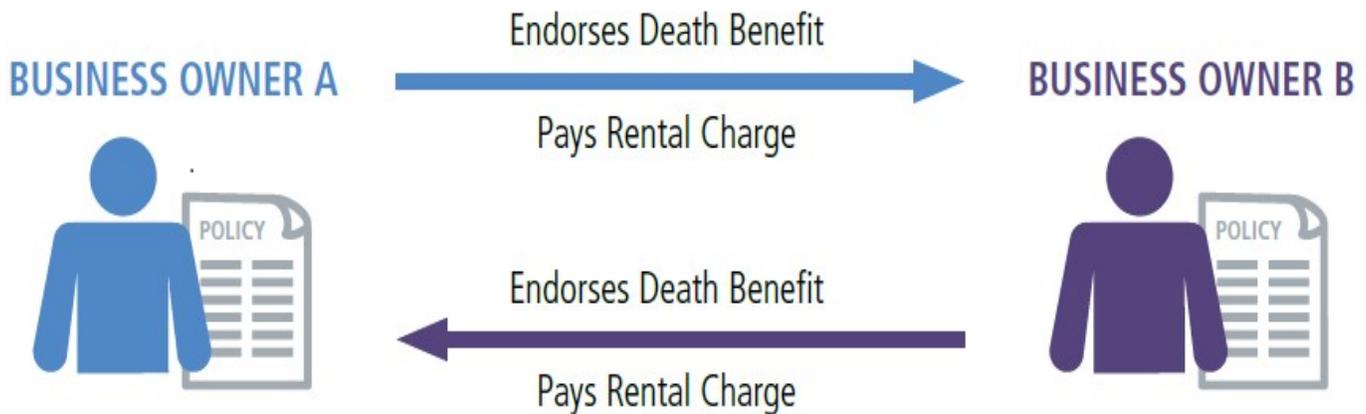
The cross endorsement buy-sell plan is unique because it allows you to own your life insurance policy to cover obligations needed for the buy-sell agreement in addition to being able to provide for your own personal needs.

By owning your own permanent life insurance policy under this type of arrangement, you may be able to access the life insurance policy's cash value to fund a lifetime buy-out of the business or supplement retirement income if and when the buy-sell plan is no longer needed.¹ Lastly, the life insurance policy death benefit can help provide financial security to you and your family beyond what is required in the buy-sell plan.

HOW IT WORKS

Under a cross endorsement buy-sell plan, you purchase and own a life insurance policy on your life while your business partners purchase and own a policy on each of their respective lives. The value endorsed will be based on the projected value of the business and each business owner's proportional interest in the business. To minimize the owners' out-of-pocket costs to pay premiums, your company may make annual bonus payments or distributions to each business owner in the amount of the premium.

Each business partner will endorse or "rent out" all or a portion of the death benefit on their policy to each of the other partners. You and each of your business partners will pay a rental charge to each other for the amount of death benefit being endorsed. Consequently, each business owner will recognize "rental income" in the amount of the rental charge.



¹ Loans and withdrawals will reduce the death benefit and the cash surrender value, and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Withdrawals in excess of the cost basis (premiums paid) will be subject to tax and certain withdrawals within the first 15 years may be subject to recapture tax. Additionally, policies classified as modified endowment contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59 1/2. Cash value available for loans and withdrawals may be more or less than originally invested. Withdrawals are available after the first policy year.

RENTING DEATH BENEFIT TO FUND A CROSS ENDORSEMENT BUY-SELL PLAN

The value of the rental charge is based on the economic benefit cost of the death benefit which initially represents only a fraction of the premium. The economic benefit cost is measured annually using either a government or insurance company rate table². Essentially, you will pay a rental charge based on the attained age of the other owner and the amount of the death benefit he or she is endorsing to you, and vice versa. When the cross endorsement buy-sell plan is terminated, the rental charges stop and each business owner retains their respective policy.

While the buy-sell plan is in place, the life insurance proceeds are to be paid to each surviving owner to fund the buy-sell obligation. However, if the plan is terminated, you can continue to own your policy and use the policy cash values to supplement retirement income. You can also retain the policy to cover your personal needs.

Although the life insurance proceeds are includible in the taxable estate for estate tax purposes, during the Buy-Sell term, your estate should receive a corresponding deduction for the liability associated with the Buy-Sell plan.

BENEFITS

- **Buy-Sell** – Cash is available for the efficient transfer of the business due to an owner's death, retirement, or sale of the business.
- **Flexibility of permanent insurance** – Permanent insurance provides the flexibility needed to transition the business based on your changing needs over your life span, tax efficient access to policy values for supplemental retirement income, and/or estate liquidity.

CONSIDERATIONS

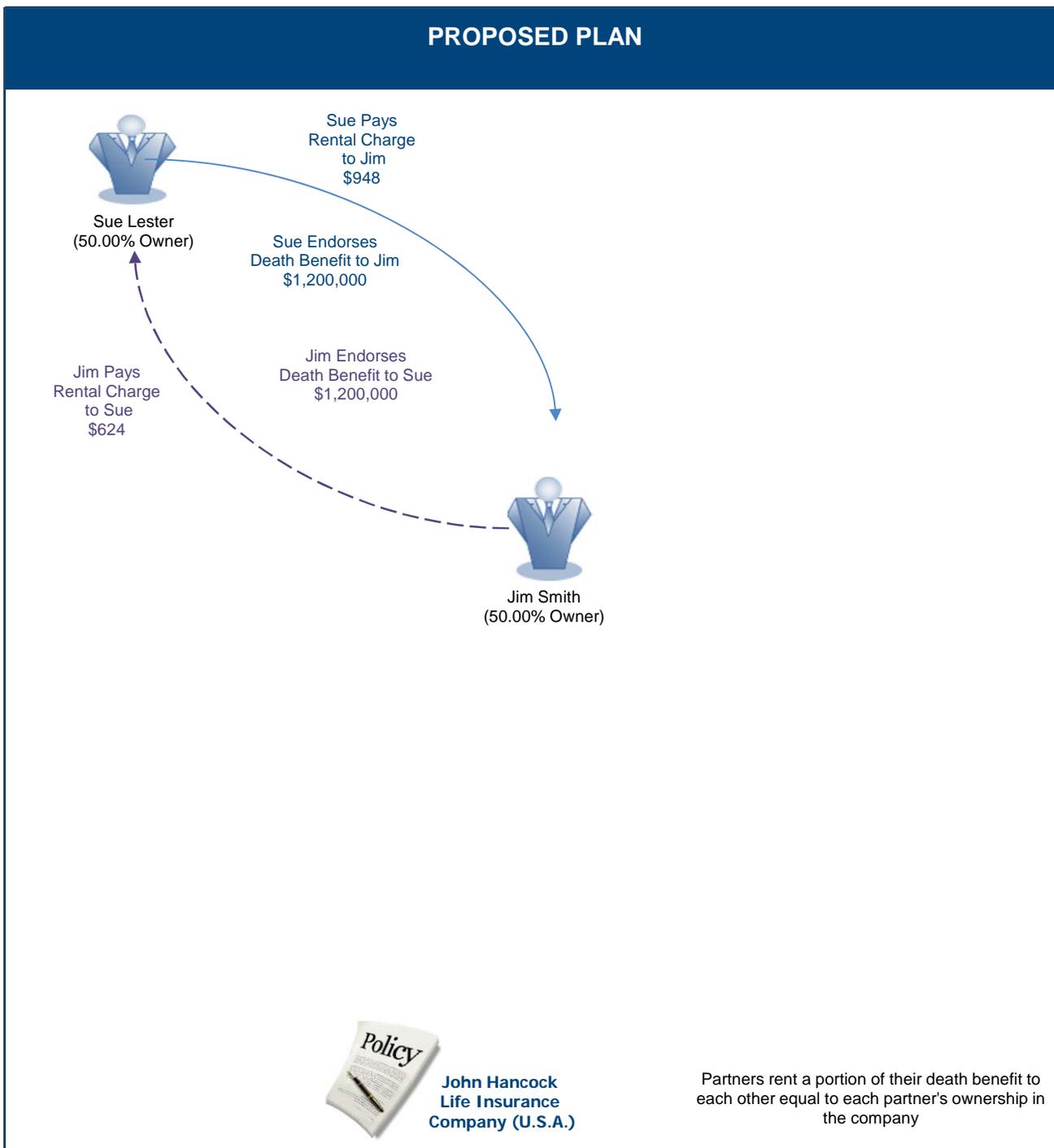
- **Cash flow** – Cash flow to fund premiums is required.
- **Increasing economic benefit cost** – The economic benefit costs increase with age and may be significant in later years.
- **Income Taxation of "rental" fees** – The economic benefit amounts received by each owner as rental income should be taxed at ordinary income tax rates. In essence, the sum of all anticipated economic benefit amounts represent twice-taxed dollars. The present value of the combined income taxes on the sum of all anticipated economic benefits is essentially an option price the parties have agreed to at the outset to purchase the flexibility provided by the Cross Endorsement Buy-Sell Arrangement. Clients should consult their tax advisors to discuss this issue.
- **Cash Value Restriction** – The owners may want to add a provision to the buy-sell agreement restricting a policy owner's ability to access policy cash values during the buy-sell period. Such a restriction may limit access to cash values only to the extent that withdrawals and/or loans will not adversely impact the amount of death benefit endorsed to the other owners to the arrangement. In addition, the owners may want to add a restrictive endorsement to each policy to restrict such access. Clients should consult their tax advisors to discuss this issue.
- **Potential Transfer-For-Value** – The owners of a C or S Corporation may want to consider establishing a partnership (if one does not already exist) between the owners to avoid any transfer-for-value issues with respect to the cross endorsements of the policy death benefits. Clients should consult their tax advisors to discuss this issue.
- **Long-Term Care Rider** – If a LTC type rider will be used it is important to consider how it will impact the life insurance death benefit being endorsed to a co-owner pursuant to a cross endorsement buy-sell agreement. For example, the parties may want to limit use of the LTC rider while the buy-sell arrangement is applicable, or allow access only to the extent there is death benefit not being endorsed to another co-owner.

PLANNING OPTIONS

The following flowcharts and ledger pages illustrate the plan mechanics and the costs and benefits of the cross endorsement buy-sell plan to the business and each business owner.

2. These tables are referred to as the government Table 2001 Rate Table or the insurer's Alternative Term Rate Table

RENTING DEATH BENEFIT TO FUND A CROSS ENDORSEMENT BUY-SELL PLAN



RENTING DEATH BENEFIT TO FUND A CROSS ENDORSEMENT BUY-SELL PLAN

COMPANY INFORMATION

Company Name..... Valuable Product, Inc.

Fair Market Value..... \$2,400,000

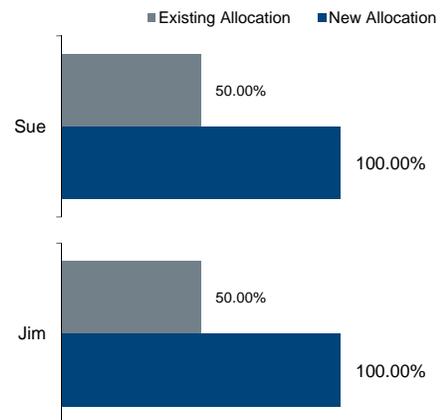
Growth Rate..... 0.00%

CENSUS SUMMARY

Shareholder Name	Age	Sex	Risk Class	Ownership In Company	Initial Premium	Initial Face Amount	Amount Endorsed
1. Jim Smith	50	Male	Preferred NonSmoker	50.00%	\$27,104	\$2,200,000	\$1,200,000
2. Sue Lester	43	Female	Preferred NonSmoker	50.00%	\$17,327	\$1,200,000	\$1,200,000
				Totals	100.00%	\$44,431	\$3,400,000
						\$2,400,000	\$2,400,000

BREAKDOWN OF LIFE INSURANCE ENDORSED

	<u>New Allocation</u>	<u>Death Benefit Share</u>
1. If Jim Smith Dies		
Sue Lester	100.00%	\$1,200,000
	<hr/>	<hr/>
	100.00%	\$1,200,000
2. If Sue Lester Dies		
Jim Smith	100.00%	\$1,200,000
	<hr/>	<hr/>
	100.00%	\$1,200,000



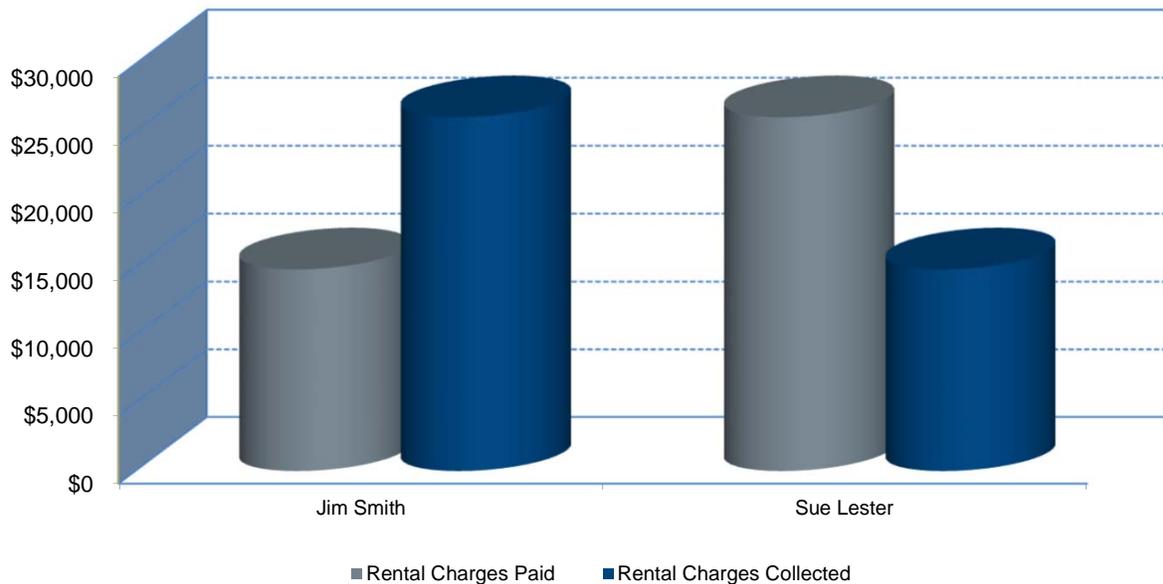
SUMMARY OF CROSS ENDORSEMENT BUY-SELL PLAN

COMPANY INFORMATION

Company Name..... Valuable Product, Inc.
Fair Market Value..... \$2,400,000
Growth Rate..... 0.00%

COSTS SUMMARY BY RELEASE YEAR 15					
Business Owners	Cross Purchase Cost			Life Insurance Cost	
	Rental Charges Paid	Rental Charges Collected	Net Outlay	Premium	Net Outlay
1. Jim Smith	\$14,892	\$26,088	(\$11,196)	\$406,560	\$395,364
2. Sue Lester	\$26,088	\$14,892	\$11,196	\$259,905	\$271,101
Totals:	\$40,980	\$40,980	\$0	\$666,465	\$666,465
Net Present Value of Cost (5.00%):	\$27,741	\$27,741			

CROSS ENDORSEMENT COST COMPARISON



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The Cross Endorsement Buy-Sell Plan

Prepared for Valuable Product, Inc.
Presented By Advanced Markets

CROSS ENDORSEMENT BUY-SELL PLAN FOR JIM SMITH

John Hancock's Protection IUL 15 with Initial Death Benefit of \$2,200,000 & Initial Premium of \$27,104

POLICY DETAILS

RENTAL CHARGES PAID TO OTHER OWNERS

Yr	EOY Age	Jim Smith (50.00% Owner)						Sue Lester (50.00% Owner)				
		Annual Premium	Cash Value	Total Death Benefit	Total Rental Charges Collected	Total Rental Charge Paid	Net Outlay	Rental Charge	Death Benefit			
1	51	27,104	0	2,200,000	948	624	26,780	624	1,200,000			
2	52	27,104	4,052	2,200,000	1,008	660	26,756	660	1,200,000			
3	53	27,104	19,691	2,200,000	1,068	708	26,744	708	1,200,000			
4	54	27,104	35,727	2,200,000	1,140	744	26,708	744	1,200,000			
5	55	27,104	52,248	2,200,000	1,212	792	26,684	792	1,200,000			
6	56	27,104	70,369	2,200,000	1,296	840	26,648	840	1,200,000			
7	57	27,104	89,331	2,200,000	1,404	888	26,588	888	1,200,000			
8	58	27,104	109,223	2,200,000	1,560	948	26,492	948	1,200,000			
9	59	27,104	130,114	2,200,000	1,740	1,008	26,372	1,008	1,200,000			
10	60	27,104	152,109	2,200,000	1,920	1,068	26,252	1,068	1,200,000			
11	61	27,104	179,617	2,200,000	2,124	1,140	26,120	1,140	1,200,000			
12	62	27,104	208,853	2,200,000	2,328	1,212	25,988	1,212	1,200,000			
13	63	27,104	240,161	2,200,000	2,532	1,296	25,868	1,296	1,200,000			
14	64	27,104	273,705	2,200,000	2,772	1,404	25,736	1,404	1,200,000			
15	65	27,104	309,637	2,200,000	3,036	1,560	25,628	1,560	1,200,000			
16	66	0	328,052	2,200,000			0					
17	67	0	347,523	2,200,000			0					
18	68	0	368,107	2,200,000			0					
19	69	0	389,818	2,200,000			0					
20	70	0	412,616	2,200,000			0					
21	71	0	436,430	2,200,000			0					
22	72	0	461,280	2,200,000			0					
23	73	0	487,112	2,200,000			0					
24	74	0	513,801	2,200,000			0					
25	75	0	541,310	2,200,000			0					
Totals:		\$406,560			\$26,088	\$14,892	\$395,364	\$14,892		\$0	\$0	\$0

For: Jim Smith, Male Age 50, Preferred NonSmoker

See attached Glossary of Ledger Terms



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John Hancock's Protection IUL 15 with Initial Death Benefit of \$2,200,000 & Initial Premium of \$27,104

POLICY DETAILS

RENTAL CHARGES PAID TO OTHER OWNERS

Yr	EOY Age	Jim Smith (50.00% Owner)					Sue Lester (50.00% Owner)				
		Annual Premium	Cash Value	Total Death Benefit	Total Rental Charges Collected	Total Rental Charge Paid	Net Outlay	Rental Charge			
26	76	0	569,536	2,200,000							
27	77	0	598,520	2,200,000							
28	78	0	628,121	2,200,000							
29	79	0	658,324	2,200,000							
30	80	0	689,041	2,200,000							
31	81	0	719,109	2,200,000							
32	82	0	749,116	2,200,000							
33	83	0	778,895	2,200,000							
34	84	0	808,416	2,200,000							
35	85	0	837,579	2,200,000							
36	86	0	866,098	2,200,000							
37	87	0	893,721	2,200,000							
38	88	0	920,333	2,200,000							
39	89	0	945,672	2,200,000							
40	90	0	969,479	2,200,000							
41	91	0	991,534	2,200,000							
42	92	0	1,011,526	2,200,000							
43	93	0	1,029,255	2,200,000							
44	94	0	1,044,484	2,200,000							
45	95	0	1,057,065	2,200,000							
46	96	0	1,067,447	2,200,000							
47	97	0	1,075,098	2,200,000							
48	98	0	1,079,592	2,200,000							
49	99	0	1,079,425	2,200,000							
50	100	0	1,072,442	2,200,000							
Totals:		\$406,560			\$26,088	\$14,892	\$395,364	\$14,892	\$0	\$0	\$0

For: Jim Smith, Male Age 50, Preferred NonSmoker

See attached Glossary of Ledger Terms



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CROSS ENDORSEMENT BUY-SELL PLAN FOR SUE LESTER

John Hancock's Accumulation IUL 18 with Initial Death Benefit of \$1,200,000 & Initial Premium of \$17,327

POLICY DETAILS

RENTAL CHARGES PAID TO OTHER OWNERS

Yr	EOY Age	Sue Lester (50.00% Owner)						Jim Smith (50.00% Owner)				
		Annual Premium	Cash Value	Total Death Benefit	Total Rental Charges Collected	Total Rental Charge Paid	Net Outlay	Rental Charge	Death Benefit			
1	44	17,327	0	1,200,000	624	948	17,651	948	1,200,000			
2	45	17,327	0	1,200,000	660	1,008	17,675	1,008	1,200,000			
3	46	17,327	13,273	1,200,000	708	1,068	17,687	1,068	1,200,000			
4	47	17,327	33,798	1,200,000	744	1,140	17,723	1,140	1,200,000			
5	48	17,327	52,063	1,200,000	792	1,212	17,747	1,212	1,200,000			
6	49	17,327	71,247	1,200,000	840	1,296	17,783	1,296	1,200,000			
7	50	17,327	91,552	1,200,000	888	1,404	17,843	1,404	1,200,000			
8	51	17,327	112,787	1,200,000	948	1,560	17,939	1,560	1,200,000			
9	52	17,327	136,798	1,200,000	1,008	1,740	18,059	1,740	1,200,000			
10	53	17,327	160,827	1,200,000	1,068	1,920	18,179	1,920	1,200,000			
11	54	17,327	186,972	1,200,000	1,140	2,124	18,311	2,124	1,200,000			
12	55	17,327	214,483	1,200,000	1,212	2,328	18,443	2,328	1,200,000			
13	56	17,327	243,941	1,200,000	1,296	2,532	18,563	2,532	1,200,000			
14	57	17,327	275,253	1,200,000	1,404	2,772	18,695	2,772	1,200,000			
15	58	17,327	308,513	1,200,000	1,560	3,036	18,803	3,036	1,200,000			
16	59	17,327	346,139	1,200,000			17,327					
17	60	17,327	386,074	1,200,000			17,327					
18	61	17,327	428,608	1,200,000			17,327					
19	62	17,327	473,901	1,200,000			17,327					
20	63	17,327	522,123	1,200,000			17,327					
21	64	17,327	578,131	1,200,000			17,327					
22	65	17,327	638,266	1,200,000			17,327					
23	66	0	684,596	1,200,000			0					
24	67	0	734,331	1,200,000			0					
25	68	0	787,723	1,200,000			0					
Totals:		\$381,194			\$14,892	\$26,088	\$392,390	\$26,088		\$0	\$0	\$0

For: Sue Lester, Female Age 43, Preferred NonSmoker

See attached Glossary of Ledger Terms



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John Hancock's Accumulation IUL 18 with Initial Death Benefit of \$1,200,000 & Initial Premium of \$17,327

POLICY DETAILS

RENTAL CHARGES PAID TO OTHER OWNERS

Yr	EOY Age	Sue Lester (50.00% Owner)				Jim Smith (50.00% Owner)				
		Annual Premium	Cash Value	Total Death Benefit	Total Rental Charges Collected	Total Rental Charge Paid	Net Outlay			
26	69	0	845,042	1,200,000						
27	70	0	906,580	1,200,000						
28	71	0	972,658	1,200,000						
29	72	0	1,043,621	1,200,000						
30	73	0	1,119,847	1,220,633						
31	74	0	1,201,601	1,285,713						
32	75	(148,866)	1,135,496	1,192,270		(148,866)				
33	76	(148,866)	1,064,711	1,117,946		(148,866)				
34	77	(148,866)	988,527	1,041,287		(148,866)				
35	78	(148,866)	907,793	964,126		(148,866)				
36	79	(148,866)	822,372	882,213		(148,866)				
37	80	(148,866)	731,423	794,672		(148,866)				
38	81	(148,866)	634,421	700,954		(148,866)				
39	82	(148,866)	530,908	600,582		(148,866)				
40	83	(148,866)	420,422	493,076		(148,866)				
41	84	(148,866)	292,202	367,141		(148,866)				
42	85	(148,866)	155,321	232,307		(148,866)				
43	86	0	162,644	241,553		0				
44	87	0	169,996	250,865		0				
45	88	0	177,315	260,179		0				
46	89	0	184,528	269,417		0				
47	90	0	191,543	278,485		0				
48	91	0	198,261	269,476		0				
49	92	0	205,831	260,537		0				
50	93	0	214,583	251,957		0				
Totals:		(1,256,332)		\$14,892	\$26,088	-\$1,245,136	\$26,088	\$0	\$0	\$0

For: Sue Lester, Female Age 43, Preferred NonSmoker

See attached Glossary of Ledger Terms



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ASSUMPTIONS

	Value	Explanation
PLAN INFORMATION		
Company Name	Valuable Product, Inc.	Company Name
Company's Fair Market Value	\$2,400,000	
Company's Growth Rate	0.00%	
Company's Tax Bracket	35.00%	Company's Tax Rate
Endorsement Arrangement		
Release Year	15	Year in which the Buy-Sell agreement is to be terminated
Economic Benefit Table to Use	Lesser YRT	JH Alternative Rate or Table 2001
Net Present Value Rate	5.00%	
Focus Year *	15	Focus Year
PRESENTER INFORMATION		
Presenter's Name	Advanced Markets	Name of presenter
Agency Name	John Hancock	
Address	197 Clarendon St.	
City State, ZIP	Boston, MA 02116	
Telephone	888-266-7498, Option #3	
Fax	0	
E-Mail Address	AdvancedMarkets@Jhancock.com	
JIM SMITH		
Status	Active	
Client Name	Jim Smith	Name of insured
Age	50	Age of the client
Sex	Male	Sex of the client
Risk Class	Preferred NonSmoker	Underwriting class of the client
Company Ownership		
State of Residence	Alabama	State of Residence
Client's Tax Bracket	35.00%	Client's Tax Rate
Policy Name		
Initial Policy Death Benefit	2,200,000	
Policy Premium	27,104.00	
Years for Premiums**	15	
Current Crediting Rate	See Basic Illustration	
SUE LESTER		
Status	Active	
Client Name	Sue Lester	Name of insured
Age	43	Age of the client
Sex	Female	Sex of the client
Risk Class	Preferred NonSmoker	Underwriting class of the client
Vitality Status	Gold	
Company Ownership		
State of Residence	Alabama	State of Residence
Client's Tax Bracket	35.00%	Client's Tax Rate
Policy Name		
Initial Policy Death Benefit	1,200,000	
Policy Premium	17,327.00	
Years for Premiums**	22	
Current Crediting Rate	See Basic Illustration	

* The focus year refers to the year that has been chosen by you. The values in the focus year are highlighted, can be changed and are for your convenience only. The year may be life expectancy, a random year, or a year that coincides with your personal planning goals.

** Years to pay premium is a hypothetical calculation. Premiums payments are the responsibility of the policy owner and are always payable for the life of the policy. However, the cash values may, depending on the future performance, grow to a level where the premiums due may be paid from the policy's cash values. The policy's cash values are not guaranteed. Actual growth may be more or less favorable. Failure to pay premiums when due may cause the policy in question to lapse.



GLOSSARY OF LEDGER TERMS - CROSS ENDORSEMENT BUY-SELL PLAN

Cross Endorsement Buy-Sell Plan – This type of plan is an agreement in which each owner agrees to purchase a life insurance policy on his or her life in the amount of the owner's percentage interest in the company, or in a higher amount. The owners then cross endorse, or rent out, a portion of the death benefit to each other to fund the provisions outlined in the buy-sell plan. The value of the rental charge is based on the economic benefit cost of the death benefit being endorsed, which initially represents only a fraction of the premium.

Census Summary – The Census Summary is a listing of each of the owners of the company, their ages and risk class as well as each owner's current ownership percentage in the company.

Initial Premium – This column under the Census Summary shows the premium required on each business owner's policy based on the total death benefit purchased.

Initial Face Amount – This column under the Census Summary shows the amount of the death benefit each individual owner owns on his or her life. The death benefit may be either equal to the business owner's ownership percentage or a higher amount, if needed for other purposes.

Amount Endorsed – This column under the Census Summary illustrates the total amount of each business owner's policy death benefit that is being endorsed to the other owners.

Breakdown of Life Insurance Endorsed – This section illustrates the reallocation (New Allocation) of outstanding death benefit (Death Benefit Share) to the surviving owners based on a given owner's death.

Costs Summary By Release Year – This summary chart illustrates the net costs (outlay) of the cross endorsement buy-sell plan to each owner based on the total rental charges each owner pays for the total death benefit endorsed to him or her by the other owners as well as the rental charges received for the amount of death benefit each owner endorses to the other(s). The release year is the year in which the buy-sell plan is terminated and the endorsements are released. The release year is dependent on your particular needs and may be based on a retirement age or the year in which the business is expected to be sold.

Transfer-for-Value Rule – If an insurance policy or an interest in an insurance policy is transferred for valuable consideration, the death benefit will be excluded from income to the extent of the consideration and the premiums subsequently paid by the transferee. The balance of the death benefit will be taxable as ordinary income, unless one of the following exceptions to the rule applies: 1) transfer to the insured, 2) transfer to a partner of the insured, 3) transfer to a partnership in which the insured is a partner, 4) transfer to a corporation in which the insured is a shareholder or officer, or 5) transfer in which the transferee carries over the transferor's basis in the policy.

Total Rental Charges Paid – This column under Policy Details section of ledger represents the cumulative fees charged by the other owners for the endorsement of the death benefit on their policies.

Total Rental Charges Collected – This column under Policy Details represents the total fees a given owner receives as rental income for endorsing a portion of his or her policy death benefit to the other owners.

Net Outlay – This column shows the net out-of-pocket cost to a given owner based on rental charges paid for other policies and rental charges received on the death benefit endorsements.

Rental Charges Paid To Other Owners – This section illustrates the rental charges paid to each of the other business owners for their endorsement of the death benefit on the policies they own.

Rental Charge – The rental charge amount shown under Rental Charges Paid To Other Owners section is the rental charges paid to each of the other business owners for their endorsement of the death benefit on the policies they own. The sum of the Rental Charge column for each of the policies endorsed to the given owner is equal to the Total Rental Charges Paid column.