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TERM VS. PERMANENT INSURANCE -WEB
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Sample

Disclaimer

The following report is a diagnostic tool intended to review your current financial situation and suggest potential planning ideas and concepts that may be of benefit. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.

This report is based upon information and assumptions provided by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. The consolidated report is provided for informational purposes as a courtesy to you. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review. All reports should be reviewed in conjunction with your fact summary and this Disclaimer page.

The term "plan" or "planning," when used within this report, does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. Nor does the plan or report provide legal, accounting, financial, tax or other advice. Rather, the report and the illustrations therein provide a summary of certain potential financial strategies. The reports provide projections based on various assumptions and are therefore hypothetical in nature and not guarantees of investment returns. You should consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Additionally, this report may not reflect all holdings or transactions, their costs, or proceeds received by you. It may contain information on assets that are not held at the broker/dealer with whom your financial representative is registered. As such, those assets will not be included on the broker/dealer's books and records. Prices that may be indicated in this report are obtained from sources we consider reliable but are not guaranteed. Past performance is no guarantee of future performance and it is important to realize that actual results may differ from the projections contained in this report. The presentation of investment returns set forth in this report does not reflect the deduction of any commissions. Projected valuations and/or rates of return may not take into account surrender charges on products you might own. They will reflect any fees or product charges when entered by the advisor/representative. Deduction of such charges will result in a lower rate of return.

It is important to compare the information on this report with the statements you receive from the custodian(s) for your account(s). Please note that there may be minor variations due to calculation methodologies. If you have any questions, please contact your financial representative. Also, your account(s) may not be covered by FDIC or SIPC. FDIC and SIPC coverages apply only to certain assets and may be subject to limitations. Questions about coverage that may apply should be directed to the asset provider or sponsor.

The information contained in this report is not written or intended as financial, tax or legal advice. The information provided herein may not be relied on for purposes of avoiding any federal tax penalties. You are encouraged to seek financial, tax and legal advice from your professional advisors.

I/We have received and read this Disclaimer page and understand its contents and, therefore, the limitations of the report. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.

Client(s): _____
John Winters

Date

Katie Winters

Date

Advisor: _____
William Wilkinson, CFP ChFC, CLU, CASL, AIF

Date



Term vs. Permanent Insurance

💡 Things to Consider . . .

Life insurance helps cover the financial needs of your loved ones. In addition to the amount of life insurance you need, the type of life insurance you purchase is equally important. Term and Permanent are two basic types of life insurance and deciding which type is best suited for you will depend on your particular situation. It can be difficult to evaluate the relative benefits of a term policy against those of a permanent policy; however, one method is to make a comparison based on your

current and anticipated future needs regarding how much value is created by each type of life insurance. The analysis that follows compares a permanent policy which offers a guaranteed death benefit as well as a cash value that grows over the years, against a term policy. The term policy also has a guaranteed death benefit and for comparison purposes the difference between the permanent and term premium payments are assumed to be invested annually in a side-fund.

Things to Consider:

- **Human Nature** - Will you reliably invest the cost savings every year? The long term value of a permanent policy becomes much more valuable to the heirs if the savings are not invested each year.
 - **Duration of Coverage Need** - Are you sure that you will have no need for coverage beyond the term period? With a term policy, coverage beyond the initial term typically requires evidence of insurability and generally much higher premiums. Consequently, many term policies never pay a death benefit because the term period expires too soon. Permanent insurance provides much more stability and flexibility to meet unforeseen future insurance needs.
 - **Diversification** - Permanent whole life insurance policies can provide a reliable asset base generally not affected by market volatility.
-

Product Feature Comparison

PERMANENT

Offers lifetime protection as long as premiums are paid, and generally offers cash value which can be used during lifetime as needs arise. The combination of death benefit and cash value provides useful flexibility for financial needs.

TERM

Provides a guaranteed death benefit for a specified time period without any cash value benefit while living. Term policies often expire before the insured's death without any death benefit ever being received. Premiums are initially less than the premium for an equivalent permanent policy.

Permanent

- **LEVEL PREMIUMS BUY LIFETIME COVERAGE**
 - **PREMIUMS CAN BE GUARANTEED TO NEVER INCREASE**
 - **MAY PAY DIVIDENDS¹**
 - **CAN ACCUMULATE CASH VALUE WHICH GROWS TAX DEFERRED**
 - **CASH VALUE CAN BE ACCESSED TAX-FREE DURING LIFETIME²**
 - **DEATH BENEFIT CAN INCREASE**
 - **ABILITY TO MODIFY DEATH BENEFIT IN FUTURE TO MEET CHANGING NEEDS³**
 - **BEST SUITED FOR PERMANENT NEEDS**
-

Term

- **LOWEST INITIAL PREMIUM**
 - **MAY OFFER CONVERSION TO PERMANENT POLICY WITHOUT EVIDENCE OF INSURABILITY**
 - **BEST SUITED FOR TEMPORARY NEEDS**
-

1 Dividends are not guaranteed.

2 Distributions under the policy (including cash dividends and partial/full surrenders) are generally not subject to taxation up to the owner's cost basis in the policy (premiums paid less prior non-taxable distributions). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and may be subject to an additional 10% penalty tax. Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

3 May require evidence of insurability.

Assumptions and Results

This concept compares the death benefit value and the cash surrender values of a permanent policy to the alternative of purchasing a term policy and investing the difference.

Current Age: 54 Years To Analyze: 60

Side-Fund Return: 5.00% Tax Rate: 25.00%

TOTAL BENEFIT TO HEIRS

Compares the death benefit paid to your beneficiaries from a permanent policy over various periods vs. the alternative of purchasing a term policy and investing the difference in a side-fund.

CASH VALUE OVER TIME

Compares the cash surrender value of the permanent policy over various periods vs. the cash available to withdraw from the side-fund.

Sample, Sample
No Data Available, No Data Available

	AFTER 10 YEARS	AFTER 20 YEARS	AFTER 30 YEARS
Permanent Total Death Benefit	\$0	\$0	\$0
Term Death Benefit + Side-Fund	\$0	\$0	\$0

	AFTER 10 YEARS	AFTER 20 YEARS	AFTER 30 YEARS
Total Cash Surrender Value	\$0	\$0	\$0
Side-Fund	\$0	\$0	\$0

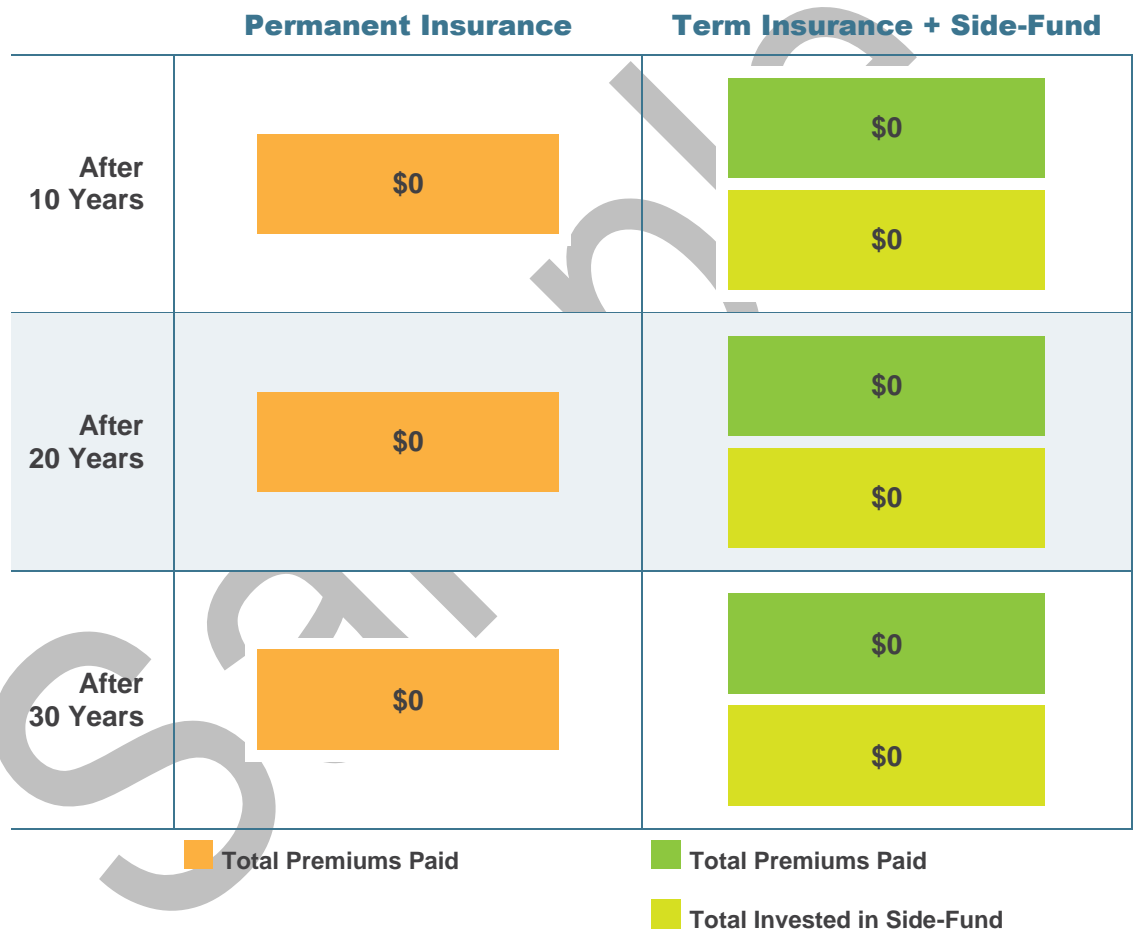
The death benefit and total cash surrender values for the permanent policy include dividends which are not guaranteed. These values are based on the dividend scale in effect on the date this report was produced. Dividends in future years may be higher or lower depending on the company's experience. A dividend scale may increase or decrease the number of out-of-pocket (cash) premium payments. This report does not assume the permanent policy is surrendered but rather compares the potential policy values over time to that of a potential side fund. The side fund is considered a hypothetical investment. The balance is calculated by compounding the accumulated difference between the policy premiums at the fund rate entered in the assumptions. This hypothetical rate is not intended to represent the performance of any particular product and is meant for illustrative purposes only.

This life insurance illustration is not valid unless accompanied or preceded by a Basic Illustration. **Refer to the Basic Illustration for guaranteed elements and other important information.** See the Detailed Analysis report for additional information about the assumptions used to produce this report and the products illustrated/presented.

Cost Comparison

↻ Cost Comparison Report

The charts below outline the total overall costs of a permanent life insurance policy compared to buying a term policy and investing the difference in a side-fund over time.



Term vs. Permanent Detailed Analysis

Current Year Summary:

Permanent Premium: \$0	Term Premium: \$0	Tax Rate: 25.00%	Side-Fund Return: 5.00%	After Tax Return: 3.75%
Permanent Policy: N/A	Term Policy: N/A	Permanent Policy Dividend Option: N/A	Riders: N/A	Initial Death Benefit: \$0

Year	Age	Annual Permanent Premium	Annual Term Premium	Annual Amount to Invest	Side-Fund Balance	Cash Surrender Value*	Term Death Benefit	Term Benefit + Side-Fund	Permanent Death Benefit*	Comparison
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This life insurance illustration is not valid unless accompanied by, or preceded by, a Basic Illustration. **Refer to the Basic Illustration for guaranteed elements and other important information.**

*These values are not guaranteed. They include dividends that are neither estimates nor guaranteed, but are based on the dividend scale in effect on the date this report was produced. Dividends in future years may be higher or lower depending on the company's experience.

A dividend scale change may increase or decrease the number of out-of-pocket (cash) premium payments. If an abbreviated payment option is illustrated, dividends are used to buy paid-up additions for the period of time shown. Then, premiums are paid from dividends and the surrender of paid-up additions as necessary. If actual dividends are lower than assumed in the illustration, additional out-of-pocket (cash) premium payments likely will be required, or if cash premium payments have stopped, they may need to be resumed at a later date. The use of the policy's values in this fashion generally will reduce the death benefit. **Please refer to the insurance company illustration that accompanies this report for more information.**

The side fund is considered a hypothetical investment. The balance is calculated by compounding the accumulated difference between the policy premiums at the fund rate entered in the assumptions. This hypothetical rate is not intended to represent the performance of any particular product and is meant for illustrative purposes only.

Not valid unless accompanied by, or preceded by, a Basic Illustration. Refer to the Basic Illustration for guaranteed elements and other important information.

Annual Permanent Premium: The annual payment made on the permanent life insurance policy being considered, as represented in the policy's basic illustration.

Annual Term Premium: The annual payment made on the term life insurance policy being considered, as represented in the policy's presentation / illustration.

Annual Amount to Invest: The difference between the permanent life insurance premium and the term life insurance premium. This savings is assumed to be invested each year in a side fund. If the term premium is greater than the permanent premium, the difference is removed from the side fund balance.

Side Fund Balance: The value of the side fund in any year after growth and taxes.

Cash Surrender Value: The amount available in cash upon cancellation of the permanent life insurance policy before it becomes payable upon death of the insured or maturity. This is the non-guaranteed cash value in the policy being considered, as represented in the policy's basic illustration.

Term Death Benefit: The payment made to the beneficiary of the term life insurance policy when the insured dies. This is the death benefit of the term policy being considered, as represented in the policy's presentation / illustration.

Term Benefit + Side Fund: The sum of the term life insurance death benefit from the policy's presentation / illustration plus any side fund balance.

Permanent Death Benefit: The payment made to the beneficiary of the permanent life insurance policy when the insured dies. This is the death benefit of the permanent life insurance policy being considered, as represented in the policy's basic illustration.

Comparison: Reflects how much more (or less) the permanent life insurance policy provides in terms of death benefit when compared to the term life insurance death benefit plus the side fund, if any.

No representation or guarantee is made regarding the accuracy or completeness of the values included in this report. You should rely on the illustrations / presentations from the product(s) issuer(s) as the official record(s) of your policies. This report is not a statement of your policies' values.

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