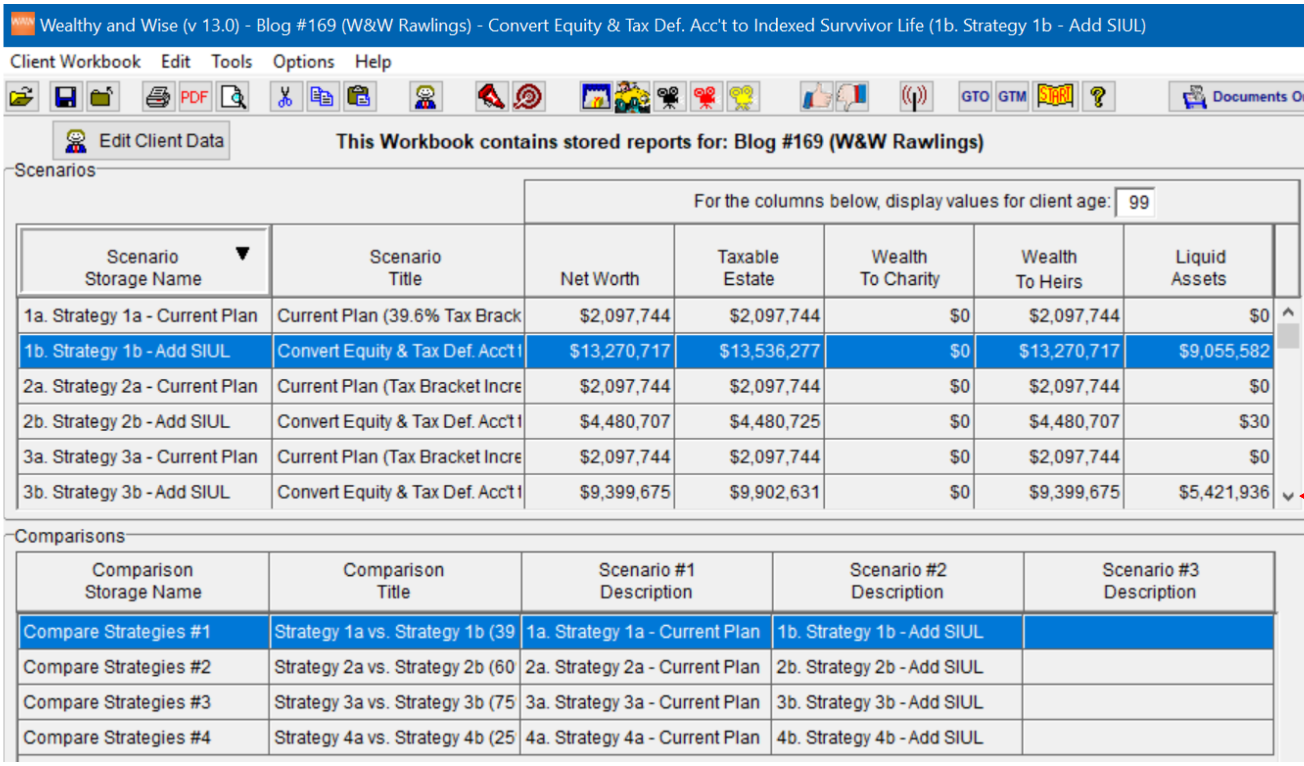
Below is a view of the Workbook Main Windows from Wealthy and Wise® and the InsMark Illustration System Digital Workbooks used for Blog #169 along with a description of their contents.

Wealthy and Wise


Wealthy and Wise (v 13.0) - Blog #169 (W&W Rawlings) - Convert Equity & Tax Def. Acc't to Indexed Survivor Life (1b. Strategy 1b - Add SIUL)

Client Workbook Edit Tools Options Help

Edit Client Data

This Workbook contains stored reports for: Blog #169 (W&W Rawlings)

Scenarios

For the columns below, display values for client age: 99

Scenario Storage Name	Scenario Title	Net Worth	Taxable Estate	Wealth To Charity	Wealth To Heirs	Liquid Assets
1a. Strategy 1a - Current Plan	Current Plan (39.6% Tax Brack	$2,097,744	$2,097,744	$0	$2,097,744	$0
1b. Strategy 1b - Add SIUL	Convert Equity & Tax Def. Acct t	$13,270,717	$13,536,277	$0	$13,270,717	$9,055,582
2a. Strategy 2a - Current Plan	Current Plan (Tax Bracket Incre	$2,097,744	$2,097,744	$0	$2,097,744	$0
2b. Strategy 2b - Add SIUL	Convert Equity & Tax Def. Acct t	$4,480,707	$4,480,725	$0	$4,480,707	$30
3a. Strategy 3a - Current Plan	Current Plan (Tax Bracket Incre	$2,097,744	$2,097,744	$0	$2,097,744	$0
3b. Strategy 3b - Add SIUL	Convert Equity & Tax Def. Acct t	$9,399,675	$9,902,631	$0	$9,399,675	$5,421,936

Comparisons

Comparison Storage Name	Comparison Title	Scenario #1 Description	Scenario #2 Description	Scenario #3 Description
Compare Strategies #1	Strategy 1a vs. Strategy 1b (39	1a. Strategy 1a - Current Plan	1b. Strategy 1b - Add SIUL	
Compare Strategies #2	Strategy 2a vs. Strategy 2b (60	2a. Strategy 2a - Current Plan	2b. Strategy 2b - Add SIUL	
Compare Strategies #3	Strategy 3a vs. Strategy 3b (75	3a. Strategy 3a - Current Plan	3b. Strategy 3b - Add SIUL	
Compare Strategies #4	Strategy 4a vs. Strategy 4b (25	4a. Strategy 4a - Current Plan	4b. Strategy 4b - Add SIUL	

Important Note

There are two more scenarios, 4a and 4b.

Use the slide bar in the System to uncover them.

Workbook file name: Blog #169 (W&W Rawlings).!ww This file can be imported into Wealthy and Wise to see exactly how data was entered in the prompts to create the various comparisons that were featured in Blog #169.

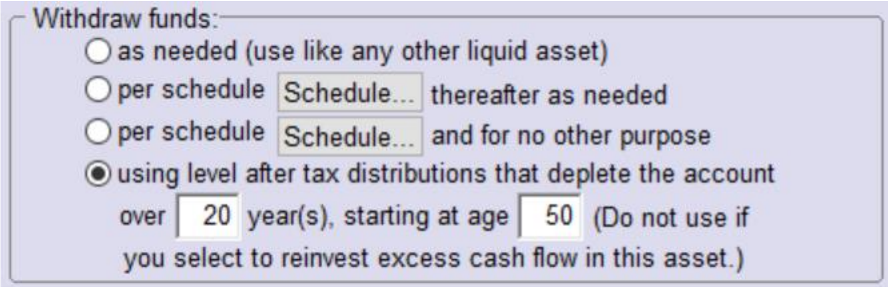
Scenario 1a: This illustrates Wayne and Lauren Rawlings' current plan including a Solo 401(k) covering both doctors with a combined current balance of $400,000 and annual contributions of $60,000 each. They also have $500,000 in an Equity Account and $400,000 in an Indexed Annuity. Their retirement goal is $400,000 in after tax cash flow starting at age 70 with a 3.00% cost of living adjustment thereafter. They expect to sell their medical practice at age 70 and factors for this cash flow are included in the asset mix. Their joint life expectancy is age 90, and they want to include an additional ten years in the analysis as a safety valve. Scenario 1a doesn't meet their expectations.

Scenario 1b: An Indexed Survivor UL policy is added to the asset mix that is funded with 20 annual premiums of $134,892. The policy has a face amount of $3,504,964, increasing for 20 years; level thereafter. So that the Rawlings have no additional out-of-pocket cost for the policy, the premiums were established as follows: the contribution to each of their Solo 401(k)s is $60,000 which, in their 39.6% income tax bracket, results in an after tax cost to them of $72,480 ($36,240 each). Future annual contributions of $60,000 each to their 401(k)s are terminated which produces after cash flow of $72,480. Their $500,000 Equity Account is liquidated over 20 years (to age 70) producing level, after tax cash flow of $36,479. The $400,000 Indexed Annuity is liquidated over 20 years (to age 70) producing level, after tax cash flow of $25,933. These three sums total $134,892 ($72,480 + $36,479 + $25,933) which pay the 20 annual premiums. Scenario 2a more than meets their expectations.

Note: Calculators in Wealthy and Wise are used to produce the levelized distribution of both the Equity Account and the Indexed Annuity to help you establish the premium for the life policy.

Income tax brackets are set to 39.6% on the Client Data screen for both Scenario 1a and Scenario 1b.

Scenario 1a is compared to Scenario 1b in Comparison Strategies #1.



Note: You can illustrate level cash flow which depletes an asset over the years specified in any of the Scenarios using this prompt on the Liquid Assets tab or Retirement Plan tab.

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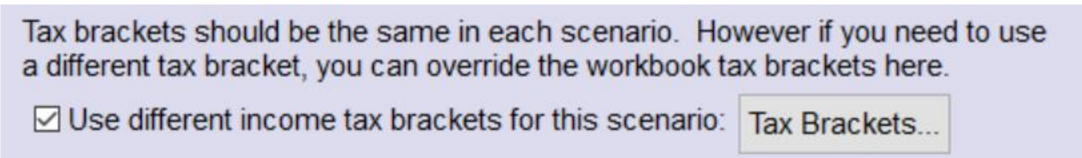
<u>Scenario 2a</u>: This is a copy of Scenario 1a with the following exception: The income tax bracket is changed to 60% at age 70 in order to reflect the insatiable appetite of the Hidden Partner (Uncle Sam) for tax revenue to fund skyrocketing expenditures and national debt in the future. <u>Scenario 2a doesn't meet their expectations.</u>

<u>Scenario 2b</u>: This is a copy of Scenario 1b (with the life insurance) with one exception: The <u>retirement</u> tax bracket is set to 60%. <u>Scenario 2b more than meets their expectations.</u>

<u>Be careful how you make the tax bracket change</u> since in this evaluation you don't want this 60% rate to affect other scenarios. You should make this change on the Preliminary Data tab of Scenario 2a and 2b using this prompt:

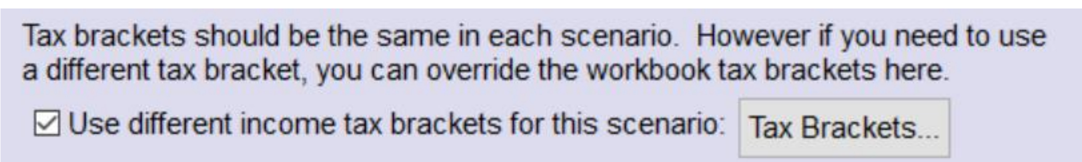


Scenario 2a is compared to Scenario 2b in Comparison Strategies #2.

<u>Scenario 3a</u>: This is a copy of Scenario 2a with the following exception: The income tax bracket is changed to 60% at age 70 in order to reflect the insatiable appetite of the Hidden Partner (Uncle Sam) for tax revenue to fund skyrocketing expenditures and national debt in the future. <u>Scenario 3a doesn't meet their expectations.</u>

<u>Scenario 3b</u>: This is a copy of Scenario 2b (with the life insurance) with one exception: The <u>retirement</u> tax bracket is set to 75%. <u>Scenario 3b more than meets their expectations.</u>

<u>Be careful how you make the tax bracket change</u> since in this evaluation you don't want this 75% rate to affect other scenarios. You should make this change on the Preliminary Data tab of Scenario 3a and 3b using this prompt:

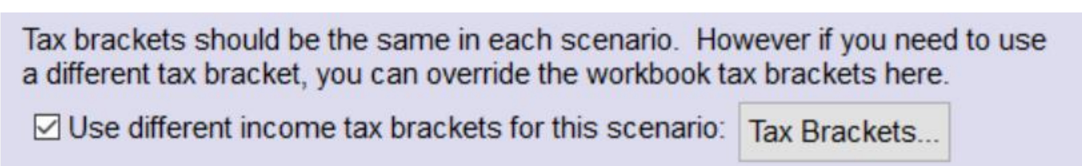


Scenario 3a is compared to Scenario 3b in Comparison Strategies #3.

<u>Scenario 4a</u> (use the slide bar in the Scenario section to reveal 4a and 4b)**:** This is a copy of Scenario 3a (with the life insurance) with the following exception: The income tax bracket is changed to 25% at age 70 in order to reflect the insatiable appetite of the Hidden Partner (Uncle Sam) for tax revenue to fund skyrocketing expenditures and national debt in the future. <u>Scenario 4a meets their expectations.</u>

<u>Scenario 4b</u>: This is a copy of Scenario 3b with one exception: The <u>retirement</u> tax bracket is set to 25%. <u>Scenario 4b meets their expectations by a much wider margin than Scenario 4a.</u>

<u>Be careful how you make the tax bracket change</u> since in this evaluation you don't want this 25% rate to affect other scenarios. You should make this change on the Preliminary Data tab of Scenario 3a and 3b using this prompt:



Scenario 4a is compared to Scenario 4b in Comparison Strategies #4.

InsMark Illustration System

Workbook file name: Blog #169 (IOV Rawlings).!ii This file can be imported into your InsMark Illustration System to see exactly how data was entered in the prompts to create the life insurance illustrations featured in Blog #169. The Illustration of Values module on the Personal Insurance tab in the InsMark Illustration System was used to feature an indexed survivor universal life policy insuring Wayne Rawlings, MD, and his wife, Lauren Rawlings, MD, both age 50. Wayne and Lauren expect to retire at age 70. The policy has a premium for 20 years of $134,892 created as follows: the contribution to each of their Solo 401(k)s is $60,000 which, in their 39.6% income tax bracket, results in an after tax cost to them of $72,480 ($36,240 each). Their $500,000 Equity Account is liquidated over 20 years (to age 70) producing level, after tax cash flow of $36,479. The $400,000 Indexed Annuity is liquidated over 20 years (to age 70) producing level, after tax cash flow of $25,933. These three sums total $134,892 ($72,480 + $36,479 + $25,933) which pay the 20 annual premiums of $134,892 on an Indexed Survivor UL policy with a face amount of $3,504,964, increasing for 20 years; level thereafter.

Note: Calculators in Wealthy and Wise workbook (noted above) easily produce the levelized distribution of both the Equity Account and the Tax Deferred Account (for the Indexed Annuity) to help you establish the premium for the life policy.