Below is a view of the Workbook Main Window from the InsMark Illustration System used for Blog #186 along with a description of its contents.

InsMark Illustration System

Workbook file: Blog #186.!ii Import this file into your *InsMark Illustration System* to see precisely how data was entered to create the illustrations for Blog #186. We strongly recommended that you read Blog #186 before proceeding as it will ease your understanding of the design descriptions below.

Note: Included in the Proposal for Blog #186 discussed below is our new cost analysis summarizing the management fees and income taxes on retirement withdrawals from all the investment alternatives compared to the mortality charges and policy expenses associated with the IUL. (IUL is invariably the best choice.) Look for this prompt located on the Basic Data tab in each of the illustration modules noted below if you want to use this option:

Click here for a video describing this new option and its data entry. It features a proposal similar to the one in Proposal 2 below (Various Financial Alternatives).

Proposals 1 and 2. These illustrations were both prepared using the Illustration of Values module located on the Personal Insurance tab of the InsMark Illustration System. They involve simple data entry. The IUL policy values should either be imported from one of InsMark's linked insurance companies or entered by you. If linked data is not available, many users export values from a pdf to Excel and copy appropriate columns of data and paste them into the relevant fields in Source Data Storage. Please be very careful if you cut and paste values.

Proposal 3. Because both insureds are the same age, I was able to develop a composite of Proposals 1 and 2 using the Illustration of Values module located on the Personal Insurance tab of the InsMark Illustration System. Creating composites of more than one illustration is done as follows: Extract data from each illustration proposal pdf to the same Excel spreadsheet and then combine values into one composite. When finished, copy values from each composite column into the appropriate columns in InsMark Source Data Storage which you can access using the Tools selection on the Main Menu bar. Some life insurance companies will export policy data directly to Excel. If yours doesn't, consider using an app like PDF Converter Elite (www.pdfconverter.com) which can transfer values from a pdf directly into Excel.

Proposal 4. The illustration module used in Proposal 4 is Other Investments vs. Your Policy located on the Personal Insurance tab of the InsMark Illustration System. For your policy data, use the composite values you created for Proposal 3. This module will automatically compare it to two 401(k)s.

The 401(k) investment selection is located on the Investment Details tab. You can choose Tax Deductible Retirement Plan (TDRP) that is generic for a 401(k), IRA, Keogh, or 403(b) (since they are all taxed the same). I prefer to be more specific and selected a customized name of 401(k)s with the "s" indicating the plurality a 401(k) for each client. Select "**Tax Deductible Retirement Plan (TDRP)**" as the option for taxation. Indicate the 401(k) yield you want to display. (I used 6.85%, the same as the IUL.) I also included a 1.00% management fee (other fees are also available to select).

Conclusion

IUL is highly superior to a 401(k), and the concept presented works regardless of tax bracket. The only exception to this is if an employer is matching part of the contribution. In that case, it is best for the client to continue contributions to the 401(k) that maximize the employer's match and use IUL in place of the after-tax cost of the unmatched contribution. See Blog #185: Split Funded 401(k)™ for examples of this using a split funded strategy..

Important Note #1: The hypothetical life insurance illustrations referred to in this report assume the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. Actual illustrations are not valid unless accompanied by a basic illustration from the issuing life insurance company.

Important Note #2: The information in this report is for educational purposes only. In all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.