



Below is a view of the Workbook Main Window from the InsMark Illustration System used for Blog #201 along with a description of the input for the three proposals.

Client Workbook Edit Tools Options Help Agent List

Workbook Main Window

Proposals for the workbook: Blog #201 DSP-BS Plan

Proposal Description	Sales Concept	Policy Data (if applicable)			
		Policy Notation	Initial Premium	Death Benefit	Name of Product
1. DSP Buy-Sell -- Roger B.	Dual Security Buy-Sell Plan	Blog #201	\$100,000	\$3,500,000	Indexed UL
2. DSP Buy-Sell -- Tom C.	Dual Security Buy-Sell Plan	Blog #201	\$100,000	\$3,500,000	Indexed UL
3. Composite	Dual Security Buy-Sell Com...	n/a	n/a	n/a	n/a

Workbook file name: Blog #201 DSP.iii

Proposals 1 and 2 are Dual Security Buy-Sell Plans for Roger Brady and Tom Carpenter, 50-50 owners of an automobile dealership. They are funding a buy-sell agreement plan with cash value life insurance owned and paid for by a Limited Liability Company (LLC) they have established solely for this purpose. Funds for the LLC's premiums for the policies can come from a variety of sources discussed in my Blog #201: bonuses or split dollar arrangements with their underlying operating company, or premium financing. For this Case Study, Roger and Tom are presumed to use personal contributions to the LLC.

The LLC distributes each policy to the insured on a tax-free basis (IRC Secs. 731(a) & 731(b)) at retirement (age 65), and each insured can access tax-free cash flow from the policy using guaranteed, non-callable, secured loans. No income tax is ever due provided the insurance policy is not surrendered, lapsed, sold, or subject to withdrawals above cost basis. For details, see Blog #201 at <http://insmarkblog.com/blog-archive.html>

Proposal 3 is a Composite of Proposals 1 and 2. When printing a Composite, a Table of Contents and Section Pages are available. To include them, check the following selection located at the bottom of the Report Selection tab:

Include a table of contents and section pages to your composite output.

The only serious data entry for a Dual Security Buy-Sell Plan involves the prompts on the Benefit Data tab:

Yr	Age	(1) Death Benefit of the Policy	Portion of Death Benefit	
			(2a) Amount to Acquire Member's Interest in C corporation	(2b) Amount to Indemnify LLC for Loss of Member
1	45	3,583,972	3,083,972	500,000
2	46	3,674,708	3,174,708	500,000
3	47	3,772,753	3,272,753	500,000
4	48	3,878,696	3,378,696	500,000
5	49	3,993,173	3,493,173	500,000
6	50	4,116,872	3,616,872	500,000
7	51	4,250,536	3,750,536	500,000
8	52	4,394,966	3,894,966	500,000
9	53	4,551,032	4,051,032	500,000
10	54	4,723,991	4,223,991	500,000

Column (1) is the death benefit data you entered in InsMark Source Data Storage (see below). Columns (2a) and (2b) is how that death benefit data applies to the amount used for Buy-Sell and the amount used to indemnify the LLC against the premature loss of the Member. By entering data in one of the columns, the balance automatically appears in the other Column.

At InsMark, our personal preference uses increasing death benefit until retirement (level after that) and scheduling a level amount in Column (2b) during pre-retirement years, so that the Column (2a) benefit increases at the highest possible rate reflecting an increasing value of the shares subject to the Buy-Sell. If there is no perceived value for premature loss of the Member, keep all death benefits in Column 2a.

Importing Basic Illustration Data into InsMark Systems: The source of illustration data is 1) via a link from the life insurance company whose basic illustration software you are using, or 2) from a Winflex connection that has links with InsMark, or 3) from your hand-entered data in **InsMark Source Data Storage**. The first two are the most reliable because the source of the data is the insurance company's basic illustration.

There are, however, three ways to hand-enter illustration data in InsMark Source Data Storage:

- 1) Enter pertinent data along with year by year numerical values in the arrays in InsMark's Source Data Storage. This procedure is simple to do for most of the prompts, although entering several years of cash values and increasing death benefits can be tedious (unless you have staff who can do it for you).

Caution: Be very careful when you hand-enter data. Mistakes are easy to make, and you should have a second set of eyes evaluating your results.

- 2) Print a pdf of non-guaranteed values from the basic illustration, convert that pdf to an Excel file ([PDF Converter Elite](#) can do this), and copy the columns of premiums, withdrawals, loans, cash values, and death benefits from Excel and paste them into the arrays in InsMark Source Data Storage (part of the InsMark Illustration System).
- 3) View InsMark's video tutorial using Acrobat Reader. [Click here](#) to view that video.

Important Note #1: The hypothetical life insurance illustrations and alternative investments 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 of life insurance 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.

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