Ash Life Audit℠

A Professional Life Insurance Portfolio Analysis

An objective policy performance evaluation prepared for:

John Client

1/1/2017

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Life Planning Group®

Part I: Understanding and Evaluating your Coverage

Current Policy Data

	Policy #1	Policy #2
Insured	John Client – 12/1/1957	
Policy Owner	John Client Irrevocable Trust, Dated 1/1/2003	
Policy Beneficiary	John Client Irrevocable Trust, Dated 1/1/2003	
Current Insurance Company	Carrier A	Carrier A
Product Type	Universal Life	Term Life
Policy Number	8675309	8675310
Rate Class	Non-Tobacco	Non-Tobacco
Current Net Death Benefit	$1,200,000	$500,000
Annualized Premium	$14,794	$1,560
Net Surrender Value	$177,537	$0
Surrender Charge	$15,589	$0
Cost Basis	$192,322	Not Provided
Policy Date	1/1/2003	1/1/2003
Policy Objective	**Estate Liquidity**	

Policy #1: Performance Assessment

This product is a Current Assumption Universal Life contract. Current Assumption Universal Life offers permanent coverage; guaranteed to remain in-force as long as there is a positive cash value inside the policy. Premiums and coverage amounts are flexible. The insurance company will assess a schedule of policy charges and credit a fixed-rate of interest to the policy on a periodic basis; the rate of interest and the policy charges are subject to change. The policy may perform better or worse than originally anticipated, however, there is a guaranteed minimum interest rate that will be credited each year. Policy values can be distributed as income via policy withdrawals or loans.

The following is an assessment of current and projected future performance of existing policy based on interest rates, cost of insurance, premium levels, and projected and guaranteed assumptions.

Carrier A Policy #8675309 - Inforce Ledgers Dated 12/15/2016				
Current Values				
Current Net Death Benefit		$1,200,000		
Net Surrender Value		$177,537		
Projections				
Design Goal		*As-Is*	*Minimum Premium to Project to Maturity*	*Pay Zero Premium*
Illustrated Outlay		**$14,794**	**$19,237**	**$0**
Outlay Paid Through		All Years	Age 100	Not Paid
Policy Guaranteed Duration		**Age 75**	**Age 77**	**Age 69**
Guaranteed Interest Rate		3.00%	3.00%	3.00%
Policy Projected Duration		**Age 91**	**Lifetime**	**Age 77**
Current Interest Rate		3.30%	3.30%	3.30%
Level Death Benefit		$1,200,000	$1,200,000	$1,200,000
Cash Value	***Age 65***	$269,120	$293,701	$187,279
	Age 80	$420,339	$580,518	Lapsed
Life Expectancy Evaluation*				
Life Expectancy		Age 86 *(27 Years)*		
Probability of Outliving Projected Duration		16.9%	0%	75.4%

** Based on 2008 Valuation Basic Table, Select and Ultimate. The LE tables used are not tailored to your personal situation or risk class; rather, they are based on population averages and are presented merely to help you form a generalized idea of potential ages at death.*

Policy #2: Performance Assessment

This product is a Term Life contract. Term Life offers low-cost coverage for a temporary duration. Premiums are traditionally guaranteed to remain level for a specified number of years. Traditionally, term products allow for a conversion to a permanent product at the same carrier without proving medical insurability up to a specified age. Term products do not build cash value. There is a risk of outliving your policy.

The following is an assessment of current and projected future performance of existing policy based on interest rates, cost of insurance, premium levels, and projected and guaranteed assumptions.

Carrier A Policy #8675310 - Inforce Ledger Dated 12/15/2016		
Current Values		
Current Net Death Benefit		$500,000
Projections		
Design Goal		As-Is
Illustrated Outlay		**$1,560**
Level Premium Duration		1 Year
Projected Future Premiums	***Year 2***	$3,795
	Year 3	$4,175
	Year 4	$4,590
Cumulative 10-Year Outlay		**$53,795**
Conversion		
Illustrated Outlay		$12,966
Outlay Paid Through		All Years
Policy Guaranteed Duration		Age 100
Policy Projected Duration		Age 100
Life Expectancy Evaluation*		
Life Expectancy		Age 86 *(27 Years)*
Probability of Outliving Projected Level Duration		99.8%

** Based on 2008 Valuation Basic Table, Select and Ultimate. The LE tables used are not tailored to your personal situation or risk class; rather, they are based on population averages and are presented merely to help you form a generalized idea of potential ages at death.*

Discussion Points

Policy Performance

Carrier A Policy #8675309: Based on current premium, charges, and interest rate, the policy is projected to lapse at age 91. In order to project coverage to policy maturity, premiums would need to be increased to $19,237 per year.

Carrier A Policy #8675310: Current premiums are projected to remain level for one more policy year. In subsequent years, premium is projected to increase annually.

Financial Strength Ratings

Carrier A: AM Best: **A+,** *Comdex:* **90**

The Comdex score indicates that approximately 90% of all rated life insurance companies are rated at or below Carrier A.

Key Code:

Area of Concern – Immediate and ongoing monitoring is recommended

Neutral Point of Interest – Continued monitoring is recommended

Positive Point of Interest – Future monitoring is recommended

Market Analysis – Policy #1

All known rate class factors have been considered and applied to policies offered by more than 50 life insurance companies. Figures are current as of the date of this review and are subject to change in the future due to age changes and/or product changes.

John Client – 12/1/1957 – Standard Non-Tobacco

Objective: Maintain Coverage and Minimize Premium to Extend Coverage for Lifetime.

		Minimum Funding to Maturity	Alternative #1	Alternative #2	Alternative #3
Insurance Company		Carrier A	John Hancock	Nationwide	Prudential
Strategy		*Pay premium to project coverage to maturity.*	*Pay premium to project coverage to maturity.*	*Pay premium to guarantee coverage to maturity.*	*Pay premium to project coverage to maturity.*
Product Type		Universal Life	Universal Life	Guaranteed Universal Life	Universal Life
Level Death Benefit		$1,200,000	$1,200,000	$1,200,000	$1,200,000
Illustrated Outlay		**$19,237**	**$11,186**	**$11,892**	**$17,005**
Outlay Paid Through		Age 100	Age 100	Age 100	Age 100
Policy Guaranteed		**Age 77**	**Age 80**	**Lifetime**	**Age 93**
Guaranteed Interest Rate		3.00%	2.00%	N/A	N/A
Policy Projected		Lifetime	Lifetime	Lifetime	Lifetime
Current Interest Rate		3.30%	5.05%	N/A	N/A
Cash Value	***Age 65***	$293,701	$143,373	$0	$215,770
	Age 80	$580,518	$198,376	$0	$602,764
AM Best		A+	A+	A+	A+
Comdex		90	92	89	90

- An evaluation of the medical underwriting elements was not conducted.

- Alternatives assume a tax-free exchange of the current policy's cash surrender value of $177,537.

Figures are current as of the date of this Audit and are subject to change in the future due to age changes and/or product changes. This report should only be used in conjunction with the complete illustrations, reports and professional interpretation of a licensed professional. This is not tax or legal advice.

Market Analysis – Policy #2

John Client – 12/1/1957 – Standard Non-Tobacco

Objective: Maintain Coverage and Extend Coverage

	As Is	Alternative #1	Alternative #2	Alternative #3
Insurance Company	Carrier A	Lincoln National	Protective Life	AXA Equitable
Product Type	*Term*	*10 Year Term*	*10 Year Term*	*10 Year Term*
Level Death Benefit	$500,000	$500,000	$500,000	$500,000
Illustrated Outlay	**$1,560**	**$2,195**	**$2,213**	**$2,275**
Level Premium Duration	1 Year	10 Years	10 Years	10 Years
Cumulative 10-Year Outlay	$53,795	$21,950	$22,130	$22,750
AM Best	A+	A+	A+	A+
Comdex	90	90	86	92

Objective: Extend Coverage for Lifetime with a Minimum Outlay

	Conversion	Alternative #1	Alternative #2	Alternative #3
Insurance Company	Carrier A	Lincoln National	Protective	Nationwide
Product Type	*Conversion to Guaranteed UL**	*Guaranteed Universal Life*	*Guaranteed Universal Life*	*Guaranteed Universal Life*
Level Death Benefit	$500,000	$500,000	$500,000	$500,000
Illustrated Outlay	**$12,966**	**$8,827**	**$8,942**	**$9,219**
Outlay Paid Through	All Years	All Years	All Years	All Years
Policy Guaranteed Duration	**Age 100**	**Age 100**	**Age 100**	**Age 100**
Policy Projected Duration	Age 100	Age 100	Age 100	Age 100
AM Best	A+	A+	A+	A+
Comdex	90	90	86	90

- An evaluation of the medical underwriting elements was not conducted.
**Conversion at Standard Non-Tobacco Rates.*

Options to Consider

Carrier A Policy #8675309:

1. Maintain current policy. Based on current premium, charges, and interest rate, the policy is projected to lapse at age 91. In order to project coverage to policy maturity, premiums would need to be increased to $19,237 per year.

2. Acquire a new contract. Based on current assumptions, an annual premium of $11,186 would be required to extend coverage for the lifetime of the insured on a non-guaranteed basis.

3. Acquire a new contract. Based on guaranteed assumptions, an annual premium of $11,880 would be required to extend coverage for the lifetime of the insured on a guaranteed basis.

Carrier A Policy #8675310:

1. Maintain current policy. Based on current, non-guaranteed premium schedule, annual premiums are projected to increase on an annual basis after the next policy year.

2. Acquire a new 10 year term contract. Level premiums for the next 10 years would be between $2,195 and $2,275 depending on the carrier.

3. Convert current policy or apply for new guaranteed UL coverage. Annual premiums range from $8,827 - $12,966.

Medical testing and complete underwriting will be required to verify insurability.

I acknowledge that I have been presented with this entire document and have reviewed and understand my options.

Insured/Owner Signature: ____

Insured/Owner Printed: ____

Date: ____

Life Insurance – General Product Overview

Whole Life – Offers permanent coverage; guaranteed to remain in-force if premiums are paid on time and in full. Builds cash value and is projected to earn a dividend paid by the carrier (dividends are projections only and not guaranteed – dividends are dependent on the overall performance of insurance carrier for that given year). Traditionally requires a higher level of premium than other permanent products and typically not as flexible when it comes to changing premiums or coverage amounts, and when distributing cash out of the policy.

Guaranteed Universal Life – Offers low-cost permanent coverage; guaranteed to remain in-force if premiums are paid on time and in full. Coverage can be guaranteed for any duration; however, premium payments and policy performance should be monitored carefully as reduction in premiums or missed premiums can affect the guarantee duration. There can be flexibility of amount and duration of premium to achieve desired guarantee duration. Traditionally designed to have little or no cash values; as far as cash value growth, there is typically very limited upside potential to be achieved.

Current Assumption Universal Life – Offers permanent coverage; guaranteed to remain in-force as long as there is a positive cash value inside the policy. Premiums and coverage amounts are flexible. The insurance company will assess a schedule of policy charges and credit a fixed-rate of interest to the policy on a periodic basis; the rate of interest and the policy charges are subject to change. The policy may perform better or worse than originally anticipated, however, there is a guaranteed minimum interest rate that will be credited each year. Policy values can be distributed as income via policy withdrawals or loans.

Variable Universal Life – Offers permanent coverage; guaranteed to remain in-force as long as there is a positive cash value inside the policy. Premiums and coverage amounts are flexible. Cash value is usually invested in subaccounts, selected by the policy-owner, that are linked directly to the stock market; policy performance is dependent on the performance of the selected investment subaccounts, as well as the policy charges being assessed by the carrier at that time; policy charges can be changed by the insurance company. The policy may perform better or worse than originally anticipated, however, there is no guaranteed minimum interest rate, therefore there is an increased level of risk associated with this product type. Policy values can be distributed as income via policy withdrawals or policy loans.

Indexed Universal Life – Offers permanent coverage; guaranteed to remain in-force as long as there is a positive cash value inside the policy. Premiums and coverage amounts are flexible. Policy owner has a choice of fixed-rate strategies and/or indexed strategies based on the upward movement of a stock market index or indices; a fixed-strategy uses a fixed-rate of interest declared by the insurance company for a certain amount of time. An indexed-strategy uses a formula that calculates interest based on the movement of a stock market index or indices subject to the cap rate or participation rate set by the insurance carrier. Policy performance is dependent on the performance of the selected index strategy as well as the policy charges being assessed by the carrier at that time; fixed-interest rate, policy charges, cap rate and participation rate can all be changed by the insurance company. The policy may perform better or worse than originally anticipated, however, there is a guaranteed minimum interest rate that will be credited each year. Policy values can be distributed as income via policy withdrawals or loans.

Term Life – Offers low-cost coverage for a temporary duration. Premiums are traditionally guaranteed to remain level for a specified number of years. Traditionally, term products allow for a conversion to a permanent product at the same carrier without proving medical insurability up to a specified age. Term products do not build cash value. There is a risk of outliving your policy.