THE SITUATION

Mr. (57 years old) and Mrs. (56 years old) Family Business Owner purchased a $5M Survivorship Universal Life (SUL) policy paying an annual premium of $48,000 a year. The policy has an Option 2 death benefit meaning the death benefit increases as the policy's cash value grows. When purchased, the agent showed the cash value performing at a rate of 8% annually.

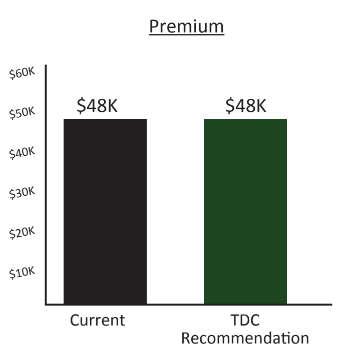
OUR RECOMMENDATION

After reviewing the policy, it became clear that the policy was drastically underperforming. Despite the agent illustrating an anticipated return of 8%, the policy showed an actual return of only 4.85%, and thus the death benefit was not growing at the required rate to cover their family need. We also concluded that Mr. and Mrs. Family Business Owner had a need for $15M of coverage, three times as much as they currently had.

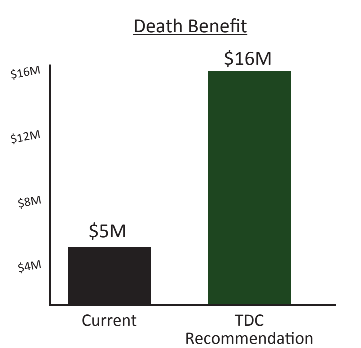
TDC Recommendation

- Straight 1035 exchange of the current policy's cash value into a new $16M SUL policy with a Return of Premium (ROP) meaning the death benefit is guaranteed to grow by the amount of total premiums paid
- Same annual premium payment
- IRR at Mrs. Family Business Owner life expectancy (age 83) = 9.92%
- Income & Estate Tax Free IRR at Mrs. Family Business Owner life expectancy (age 83) = 16.53%

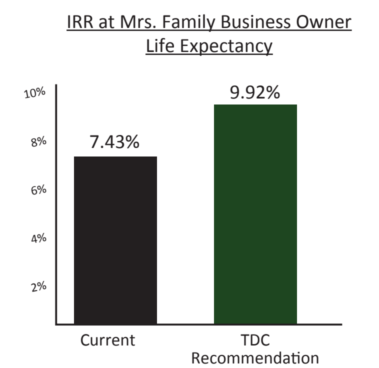
RE-CAP OF RESULTS



[EQUAL]



[220% Increase]



[34% Increase]

CONCLUSION

SAME PREMIUM + NEW CONTRACT = 3x's DEATH BENEFIT + RETURN OF PREMIUM

Tyler Horning
P: 419.794.1082 | E: thorning@tdclife.com