



Gift of a Lifetime

- **Betty and Bill (both age 52)** are thrilled at the birth of their new grandson, Ben. They want to give baby Ben a gift that he will have for life and will cause Ben to think of his grandparents fondly.

Their insurance agent suggested that Betty and Bill consider a gift of life insurance. Properly funded, the policy could provide Ben with valuable coverage for him and his future family.

- **Conclusion:** The original \$2,000 premium per year for 10 years, which was paid by Betty and Bill—Ben’s grandparents—netted Ben a non-guaranteed cash distribution of \$2,301,000 through age 100, and he could still have nearly \$2 million of non-guaranteed values left at age 100. This is truly a gift of a lifetime, and would remind Ben of his grandparents for the rest of his life.

Note: If Betty and Bill were to add the Life Protector Rider to their policy, Ben would be protected from incurring “phantom income” reportable on a 1099R if Ben should borrow too much money during his retirement years and cause the policy to lapse.

■ Solution: Lifetime Builder Series II

Male, age 0, non-tobacco, \$2,000 annual premium, \$250,000 initial face amount

End of Year	Age	Annual Outlay	Loan Balance	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	1	\$2,000	\$0	\$0	\$251,384
2	2	\$2,000	\$0	\$1,514	\$252,976
3	3	\$2,000	\$0	\$3,371	\$254,729
4	4	\$2,000	\$0	\$5,388	\$256,642
5	5	\$2,000	\$0	\$7,561	\$258,710
6	6	\$2,000	\$0	\$9,884	\$260,929
7	7	\$2,000	\$0	\$12,367	\$263,307
8	8	\$2,000	\$0	\$15,023	\$265,859
9	9	\$2,000	\$0	\$17,866	\$268,597
10	10	\$2,000	\$0	\$21,049	\$271,676
20	20	\$0	\$0	\$41,794	\$291,794
31	31	-\$10,000	\$0	\$80,096	\$324,532
49	49	-\$10,000	\$0	\$292,541	\$558,754
50	50	-\$10,000	\$10,695	\$304,510	\$572,435
51	51	-\$20,000	\$32,829	\$306,813	\$571,735
52	52	-\$20,000	\$56,502	\$309,497	\$569,356
53	53	-\$10,000	\$71,125	\$323,294	\$575,722
54	54	-\$10,000	\$86,764	\$338,307	\$580,598
55	55	\$4,000	\$88,518	\$369,614	\$598,680
56	56	\$4,000	\$90,394	\$403,402	\$630,547
57	57	\$4,000	\$92,400	\$439,837	\$663,377
58	58	\$4,000	\$94,545	\$479,138	\$697,138
59	59	\$4,000	\$96,840	\$521,549	\$731,802
60	60	\$4,000	\$99,294	\$567,322	\$767,307
61	61	\$4,000	\$101,919	\$616,729	\$817,951
62	62	\$4,000	\$104,726	\$669,984	\$871,408
63	63	\$4,000	\$107,728	\$727,371	\$927,795
64	64	\$4,000	\$110,939	\$789,212	\$987,246
65	65	\$4,000	\$114,373	\$855,867	\$1,049,915
66	66	-\$65,000	\$191,843	\$853,931	\$1,052,628
75	75	-\$65,000	\$1,182,301	\$868,590	\$971,134
80	80	-\$65,000	\$2,053,912	\$930,595	\$1,079,820
90	90	-\$65,000	\$4,980,541	\$1,188,113	\$1,496,546
100	100	-\$65,000	\$10,711,819	\$1,754,984	\$2,004,320

Pay \$2,000 premium annually in years 1-10 (Betty and Bill's gift to Ben)

Ben's age 31, withdraw \$10,000 to cost basis for new home down payment

Ben's age 49, he uses loans to help cover his kids' college expenses \$10,000 annual loan ages 49 to 50 \$20,000 annual loan ages 51 to 52 \$10,000 annual loan ages 53 to 54

Ben's age 55 to 66, he repays \$4,000 per year of the college loans

At Ben's age 66, he begins taking an annual loan of \$65,000 to age 100

At age 100, it is projected that Ben will still have a cash value of \$1,754,984 and death benefit of \$2,004,320

\$2,301,000

Net amount of cash distribution that Ben received over his lifetime (\$2,301,000 in total distributions versus \$64,000 in premiums paid)