

*prepared for
Mr. Client*

*report date
April 2, 2009*

presented by
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POLICY ANALYSIS & COMPARATIVE EVALUATION (PACE)

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WHY EVALUATE YOUR LIFE INSURANCE COVERAGE?

Although simple in concept, a life insurance policy can be a complex financial instrument. Just as you regularly review your investment portfolio, a life insurance policy needs to be monitored to be certain that it remains appropriate for your goals and performs according to expectations. Changes in the life insurance industry have led to new, more efficient policies that were developed in response to a more competitive environment brought on by mergers and demutualization. In addition, interest rate and market volatility can significantly affect the underlying cash value in a permanent life insurance policy.

Any number of factors have an impact on your life insurance policy, including:

- Policies that were illustrated at rates that are inconsistent with today's economic environment and may be underperforming expectations.
- Policies that were underfunded or funded with a combination of term and permanent coverage, to minimize outlay, and may require an extension of the premium payment period or an increase in the current premium outlay due to recent declines in interest and dividend crediting rates.
- Recent policy feature developments that guarantee death benefits for a specified premium, regardless of actual investment performance.
- Insurance company ratings that may have declined, threatening the financial ability of the insurance carrier to perform on its contractual obligations.
- Term or graded premium policies that may increase substantially in cost.
- Recent design advances in the medical field, underwriting improvements, technology and mortality improvements in product pricing which may provide opportunities to enhance benefits or reduce outlay.

If your health has improved, you may benefit from current underwriting programs or enhancements in policy pricing, due to:

- Lowered mortality costs associated with improved longevity.
- Ailments or illnesses that can be better managed than at the time the policy was originally issued.
- New special concessions in underwriting programs.
- Changes in your profession or lifestyle

A Life Insurance Review evaluates your existing life insurance coverage. By analyzing information on the performance of your current policies and reviewing your options for optimizing the benefit and cost effectiveness of your coverage, it ensures that your current and future objectives are being met.

As part of the Life Insurance Review Process, we provide you with a thorough explanation of how your policy has performed, projected cash values at designated intervals, and an assessment of the number of years that the policy will remain in force based on guaranteed and current assumptions. We may also provide you with information on alternative policies.

Essential questions that factor into the review process include:

- Is your life insurance coverage on track to meet intended goals?
- How is your policy performing relative to its original objective?
- Are your insurance contracts among the most competitive and cost effective on the market today?
- Have the needs that prompted the purchase of your existing life insurance policy changed?

Documents and information that factor into the analysis include:

- A policy summary
- The structure of the policy such as ownership, beneficiaries, and payment methods
- The underwriting rate class and potential improvements
- The effect of changes in interest rates and increases in the cost of insurance
- The financial stability of the insurance company

TERM LIFE

Term Insurance generally has the lowest initial premiums and is the least complicated type of life insurance. Term provides life insurance protection for a specified period of time, such as 5, 10 or 20 years. If the insured dies within the term period, a death benefit is paid. If the insured is still alive at the end of the term period, protection ends. Some term insurance can be renewed after the initial level term period for additional periods at much higher premiums. This type of life insurance does not build cash value.

PARTICIPATING WHOLE LIFE

Participating Whole Life is a type of permanent life insurance that has premiums based on the underlying guarantees of the policy. Dividends represent the difference between the contractual guarantees and what the company actually experiences for mortality, expenses and interest. They are payable annually and may reduce future premium outlay or enhance future cash values and death benefits, when applied to the contract. Dividends are not guaranteed.

Older participating contracts generally mature at age 100 (or earlier) and do not allow coverage to extend beyond that age. The net cash value is paid out to the policy owner at that point. The policy owner may face an income tax on any gain over premiums paid.

Participating contracts can generally be illustrated with a blend of base and term. The projected dividend is assumed to cover future term costs, which may increase over time. Since dividends are not guaranteed, if the dividends are not actually paid as illustrated, the term costs may not be covered and either the term amount could decrease or higher premiums would need to be paid to cover the cost.

INTEREST SENSITIVE WHOLE LIFE

Interest Sensitive Whole Life is a type of permanent life insurance in which the premiums are fixed at issue. Premiums (less expense charges) are credited to the policy account and may generate cash values over time. Cost of insurance charges are deducted and interest is credited to the policy account. In addition, at the end of each policy year, the carrier may credit the policy values with excess interest. Policy values may be used to reduce future premium outlay or enhance death benefits. Interest Sensitive Whole Life contracts have guaranteed maximum charges and guaranteed minimum interest rates.

Older Interest Sensitive Whole Life contracts generally mature at age 100 (or earlier) and do not allow coverage to extend beyond that age. The net cash value is paid out to the policy owner at that point. The policy owner may face an income tax on any gain over premiums paid.

UNIVERSAL LIFE

Universal Life is a type of permanent life insurance that permits flexible premium payments. The policy owner may vary the amounts and/or timing of premium payments within limits. Premiums (less expense charges) are credited to a policy account (cash value) from which the cost of insurance charges are deducted and to which interest is credited at rates that may change. Universal Life contracts have guaranteed maximum charges and guaranteed minimum interest rates. Many carriers now offer secondary guarantee riders and provisions to assist in maintaining death benefit coverage regardless of the policy's performance.

Current Policy Overview

Insured's Personal Data

Name: Mr. Client
Date of Birth: 7/1/1951
Current Age: 56
Gender: M
Underwriting Class at Issue: Standard Non-Smoker
Table Rating and/or Flat Extra: N/A
Current Underwriting Class: Standard Non-Tobacco
Table Rating and/or Flat Extra: N/A

Current Policy

Carrier: Inforce Carrier
Product Name: Inforce Product
Policy Type: Universal Life
Policy Number: 12345
Purpose: Estate Liquidity
Owner: ILIT
Beneficiary: ILIT

Policy Information

Anniversary Date: 9/1/2006
Death Benefit Option: Level
Face Amount at Issue: \$2,000,000
Dividend Option: N/A
Current Premium: \$46,991
Premium Mode: Annual
Net Cash Surrender Value: \$23,124
Current Net Death Benefit: \$2,000,000
Current Outstanding Loan: \$0
Are Premiums Projected to Remain Level? Yes

Policy Features/Riders

Accelerated Benefits: No
Maturity Extension: Yes
No Lapse Guarantee: No
No Lapse Guarantee to Age: N/A

A Section 1035 Exchange is an option if you are dissatisfied with your current policy's performance or its ability to meet your changing financial needs.

§1035(a) provides that, under certain conditions, no gain or loss will be recognized on the exchange of one life insurance contract for another. The taxpayer's basis in the new policy will be the same as that of the contract exchanged. I.R.C. §1031(d). These provisions allow you to avoid current tax where there is a gain or maintain a carryover tax basis in the new contract by avoiding the current recognition of gain that could result upon the surrender of an existing policy. I.R.C. §72(e). For those policies maintaining an outstanding loan, it is important to check if an alternative policy option has a 1035 loan carryover provision and will accept the client's outstanding loan, otherwise any discharge of loan indebtedness may be a taxable event to the owner.

Another major advantage of using a §1035 exchange is the ability to apply significant cash values accrued in an existing policy to the new policy without incurring the adverse consequences of creating a modified endowment contract (MEC) under I.R.C. Section 7702(a). In effect, the adjusted 7-pay premium calculation applicable to a §1035 exchange treats cash values rolled over from an existing policy as cash values under the new policy, rather than premium paid. I.R.C. Section 7702(c)(3)(A). Therefore, §1035 cash values will not, by themselves, cause the policy to violate the 7-pay rules.

In order to qualify under §1035, the exchange must fall within the following parameters:

- The life insurance policy may be exchanged for another life insurance policy, an endowment contract, or an annuity.
- The existing life insurance contract must be assigned to the insurance company issuing the new policy.
- The same life must be the insured on the contract before and after the exchange.

In a private ruling, the Service approved §1035 treatment of the exchange of a joint and last survivor life insurance policy, following the death of one of the insured persons, for a universal variable life insurance policy that insures the survivor. Let. Rul.9248013; see also Let. Rul.9330040.

- The policy must be issued to the owner of the original policy.

Other issues to consider:

- A replacement of an existing policy will likely result in a reduction of cash value due to the acquisition costs (sales loads and other expenses) of a new policy.
- A new policy will be subject to a new suicide and contestability period (of one to two years). During the contestable period the insurer may cancel the contract or refuse to pay a claim where any mistaken or untrue statements were made on the application.
- Your current policy may have more advantageous contractual provisions, loan interest rates or tax treatment than are available on the new policy.
- Changes in your health and your increased age may negatively impact mortality costs and premiums.
- You should be certain that your existing life insurance company will treat this exchange as non-taxable.
- If one or more of your existing life insurance policies is less than seven years old when this contract is exchanged, any reductions in death benefit amounts may require retesting for modified endowment contract (MEC) purposes.

Where there is a Section 1035 exchange, strict compliance with the law is required. This will provide you with the maximum income tax benefits. In many cases your state may require certain additional paperwork to be filed indicating the purpose for a change in the existing life insurance. Please consult your tax, financial, legal and life insurance advisors regarding Section 1035 issues.

WHAT CAN THE POLICY COMPARISON PAGE TELL ME?

The Policy Analysis and Comparative Evaluation (PACE) report reviews existing life insurance policies, based on information from ledgers provided by the insurance carriers. These are referred to as “in-force” projections of hypothetical values. Life insurance companies usually offer these, upon request, so that policyowners can see how their policies are projected to perform, based upon a set of assumptions, beginning now and moving forward. They are valuable measurements because circumstances are likely to have changed since the policies were originally issued. Please note that neither we nor any proposed insurance provider is responsible for values associated with your existing life insurance that are used in this summary. You and/or the life insurance company that issued your existing policy provided this information.

PACE then compares the in-force policy projections to alternative policy illustrations. Please note that the alternatives illustrated reflect specific underwriting classes, which may or may not be obtainable based on the individual's actual medical status. The comparison highlights projected hypothetical performance in three selected policy years based upon a similar set of assumptions. This is important because over time some life insurance policies may perform better or worse. Where there is a long-term need, a long-term analysis is important. This can help you determine how well the life insurance policies compare, based on projections offered by the insurers, relative to meeting your goals.

PACE compares several key measures in analyzing policies:

NET CASH FLOW

This measures the projected out-of-pocket costs for the life insurance coverage based upon current/guaranteed assumptions. Total Net Outlay is the cumulative premiums on the policy through age 100, less premiums paid to date on the in-force policy and less any 1035 exchange rollover premium on the proposed policies. A policy which is unable to remain in-force lapses and no death benefit is available when it is needed. You should be mindful that some of the policies being compared may not illustrate staying in-force for the same number of years and therefore, large differences in Total Net Outlay could reflect the fact that one or more of the policies did not have a premium outlay for the lapsed years. If a policy does not have an extended maturity feature, and endows at a specified age (e.g., 90, 95, etc.), no premiums are reflected beyond the endowment age...refer to the carrier's ledger for details.

Alternatively, future cash flows may reflect the increasing premiums required to maintain the policy in later years. If one or more of the policies is a level term policy, future cash flows may reflect the increasing premium outlays after the initial guarantee period expires.

NET ANNUAL OUTLAY

This measure compares the actual policy outlay, including premiums, withdrawals, loans and any interest due in selected policy years, less any 1035 exchanges if applicable, based upon current/guaranteed assumptions. This helps demonstrate whether the annual outlay is projected to increase in order to maintain the policy. If the report shows "Lapsed" in a selected year, then the projected premium outlay is insufficient to maintain the coverage in that year at current/guaranteed assumptions and no death benefit is payable. If the report indicates "Endow at XX" in the selected year, then the policy's cash value was paid to the policyowner at the endowment age. This is important because the tax-free death benefit is foregone and any gain over basis is taxable as ordinary income to the policyowner. Refer to the carrier's ledger for details.

NET CASH SURRENDER VALUES

This measure compares the available policy proceeds should the policy be surrendered for cash in the selected policy years. You should be aware that a different product might illustrate lower cash values in the early policy years, reflecting surrender charges assessed by the carrier to recover its costs in acquiring the policy. Over time, these surrender charges may reduce to zero. Certain product designs, as in guaranteed death benefit policies (designed for the estate-planning marketplace, where cash value is not as important to the policyowner), may illustrate much lower cash values.

NET DEATH BENEFITS

This measure compares the projected death benefit payable, less policy loans, based upon current/guaranteed assumptions. Net death benefits may vary from year to year for a number of reasons. Many flexible premium policies have alternative death benefit options, which include level, increasing (face amount plus cash value) or return of premium (face amount plus cumulative premiums). Whole life policies may have increasing death benefits, where dividends are applied to purchase additional death benefit through paid-up additions. Finally, decreasing term insurance provides a death benefit that is scheduled to reduce over time. It is often used to cover a decreasing liability, like a mortgage.

If the report shows "Lapsed" in a selected year, then the projected out-of-pocket cost may be insufficient to maintain the policy at current/guaranteed assumptions and thus no death benefit may be payable when it is needed. If the report indicates "Endow at XX" in the selected year, then the policy's cash value would have been paid to the policyowner at the endowment age. This is important because the tax-free death benefit is foregone and any gain over basis is taxable as ordinary income to the policyowner. Refer to the carrier's ledger for details.

POLICY LAPSE YEAR

This measure illustrates the year the policy is projected to lapse, based upon the net annual outlay, both on current assumptions as well as the carrier's guaranteed assumptions. This measure is important in identifying the risk that the policy may not deliver its intended benefits.

"RENEW TO XX" reflects a term policy, which may be maintained in force to the indicated age, provided the policyowner pays the annually increasing premium to the specified age (after any initial premium guarantee period). If information on these premiums is provided, the cumulative outlay under Net Cash Flow will reflect these increasing premiums.

"ENDOW AT XX" indicates the policy's cash value would have been paid to the policyowner at the endowment age. This is important because the tax-free death benefit is foregone and any gain over basis is taxable as ordinary income to the policyowner.

"NO-LAPSE - XX" indicates the death benefit is guaranteed to the specified age regardless of the policy's actual crediting rate, as long as the premiums are paid as scheduled. "No-Lapse - Life" indicates the death benefit is guaranteed for the insured(s)' lifetime regardless of the policy's actual crediting rate, as long as the premiums are paid as scheduled and other conditions are met.

Policy Comparison - Guaranteed & Current Assumptions

Mr. Client, M, DOB: 7/1/1951

Description of Alternative	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product Name	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL
Policy Type	Universal Life	Universal Life	Universal Life	Universal Life	Universal Life	Universal Life	Universal Life
Guaranteed/Current Crediting Rate	3.00% / 4.45%	2.00% / 4.25%	3.00% / 4.30%	4.00% / 4.50%	4.00% / 4.00%	2.50% / 4.00%	3.00% / 3.00%

Current Assumptions - Net Cash Flow

Exist. CSV/ 1035 Exchange	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124
Initial Premium	\$ 46,991	\$ 60,542	\$ 61,679	\$ 61,604	\$ 61,318	\$ 61,997	\$ 61,790
Annual Premium	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666
Years Paid	35 Years	44 Years	65 Years	44 Years	55 Years	65 Years	65 Years
Net Outlay	\$ 1,644,685	\$ 1,646,370	\$ 2,506,104	\$ 1,693,120	\$ 2,100,670	\$ 2,526,726	\$ 2,513,290

Guaranteed Assumptions - Net Cash Flow

Exist. CSV/ 1035 Exchange	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124	\$ 23,124
Initial Premium	\$ 46,991	\$ 60,542	\$ 61,679	\$ 61,604	\$ 61,318	\$ 61,997	\$ 61,790
Annual Premium	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666
Years Paid	35 Years	44 Years	65 Years	44 Years	55 Years	65 Years	65 Years
Net Outlay	\$ 1,644,685	\$ 1,646,370	\$ 2,506,104	\$ 1,693,120	\$ 2,100,670	\$ 2,526,726	\$ 2,513,290

When will the Policy Lapse?

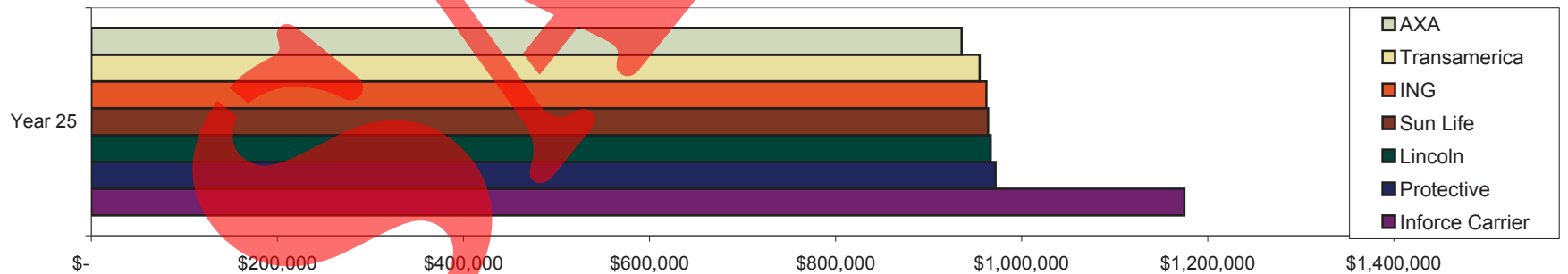
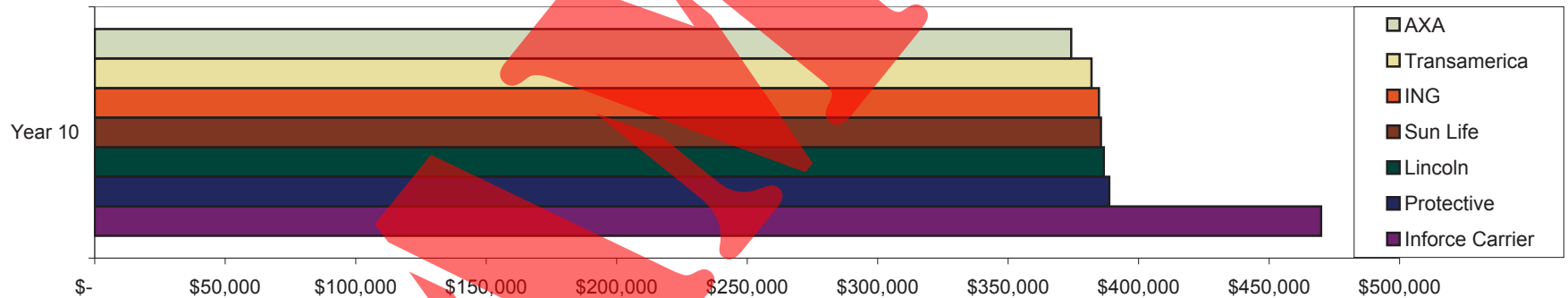
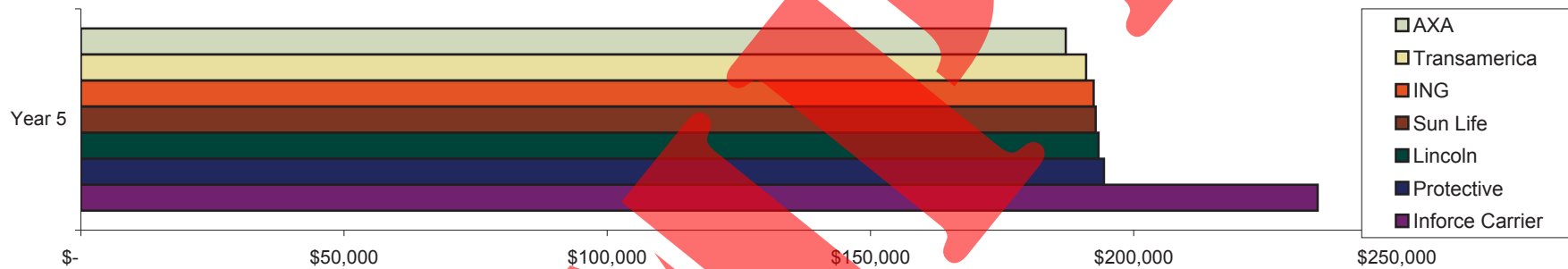
Current Assumptions	Year 35	No Lapse - Age 100	No Lapse - Age 121	No Lapse - Age 121	No Lapse - Age 120	No Lapse - Age 121	No Lapse - Age 121
Guaranteed Assumptions	Year 16	No Lapse - Age 100	No Lapse - Age 121	No Lapse - Age 121	No Lapse - Age 120	No Lapse - Age 121	No Lapse - Age 121

Life insurance products may contain various terms & conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis.

Net Outlay Comparison - Current Assumptions

	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL

Net Outlay to Assumed Years at Current Assumptions							
Year 5	\$ 234,955	\$ 187,088	\$ 192,777	\$ 192,400	\$ 190,970	\$ 194,364	\$ 193,330
Year 10	\$ 469,910	\$ 374,175	\$ 385,554	\$ 384,800	\$ 381,940	\$ 388,727	\$ 386,660
Year 25	\$ 1,174,775	\$ 935,438	\$ 963,886	\$ 962,000	\$ 954,850	\$ 971,818	\$ 966,650

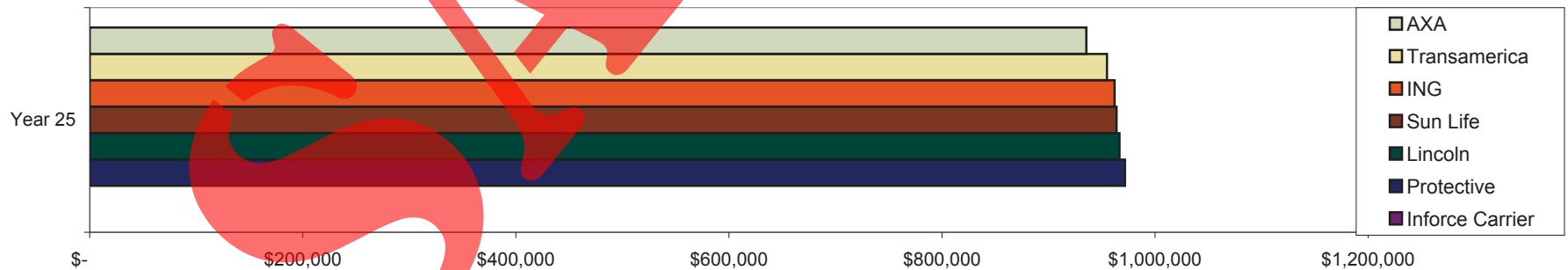
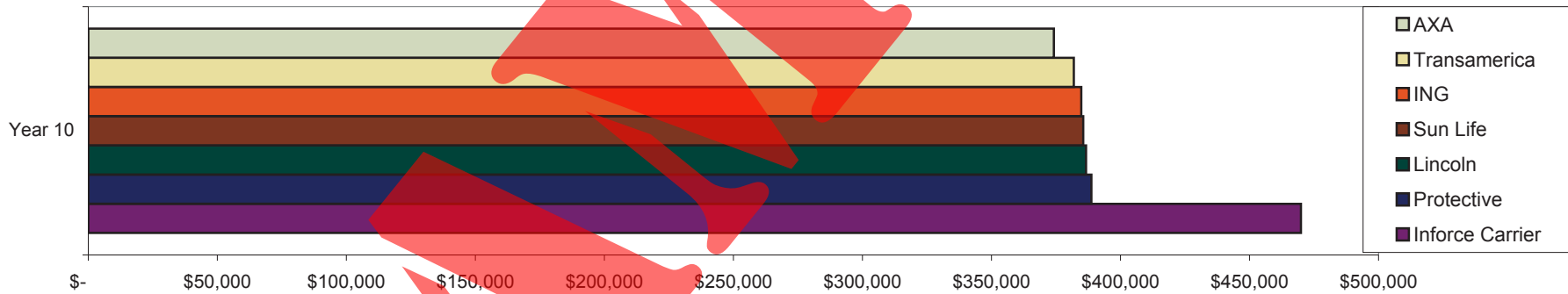
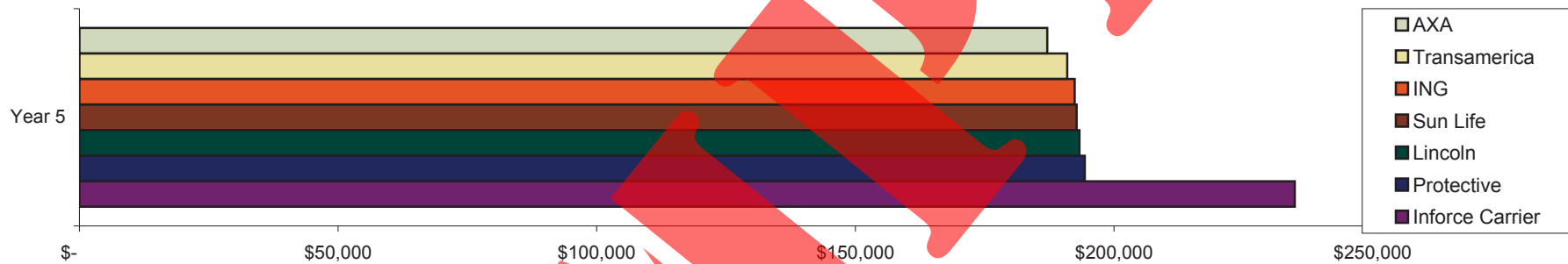


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Net Outlay Comparison - Guaranteed Assumptions

	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL

Net Outlay to Assumed Years at Guaranteed Assumptions							
Year 5	\$ 234,955	\$ 187,088	\$ 192,777	\$ 192,400	\$ 190,970	\$ 194,364	\$ 193,330
Year 10	\$ 469,910	\$ 374,175	\$ 385,554	\$ 384,800	\$ 381,940	\$ 388,727	\$ 386,660
Year 25	Lapsed	\$ 935,438	\$ 963,886	\$ 962,000	\$ 954,850	\$ 971,818	\$ 966,650



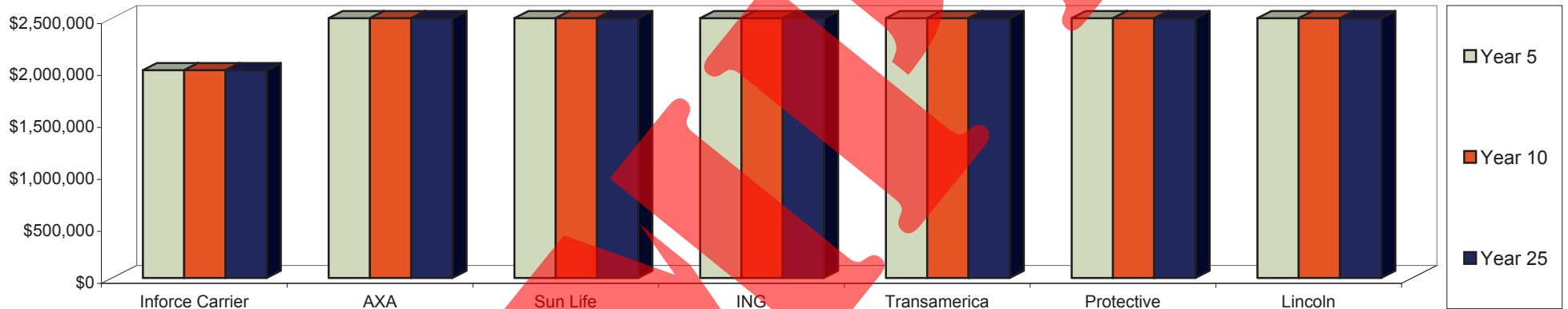
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Death Benefit Comparison

	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL

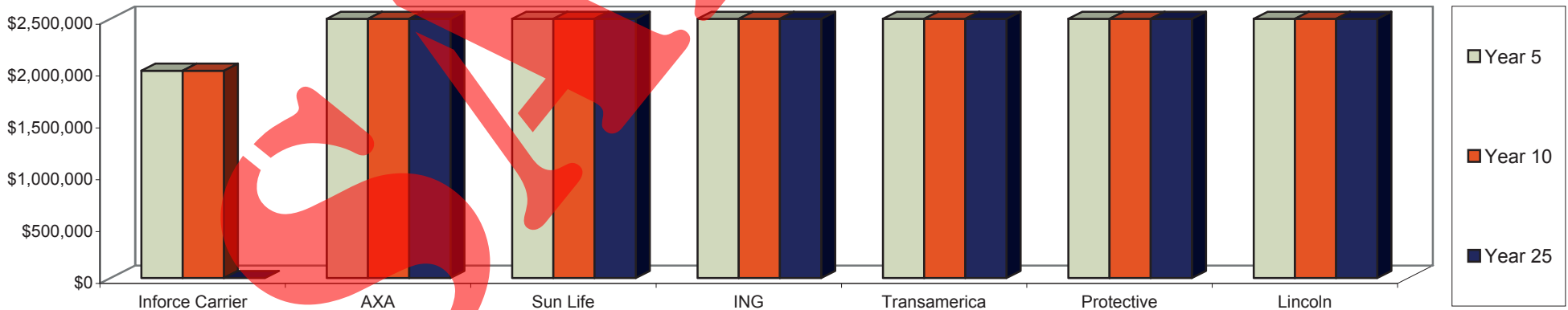
Projected Death Benefit at Current Assumptions

Year 5	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Year 10	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Year 25	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000



Projected Death Benefit at Guaranteed Assumptions

Year 5	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Year 10	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Year 25	Lapsed	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000



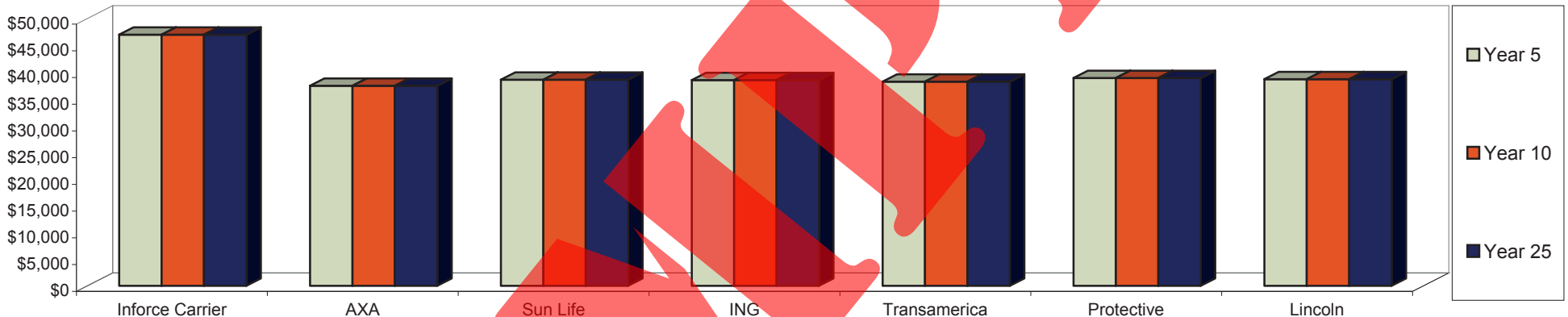
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Premium Comparison

	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL

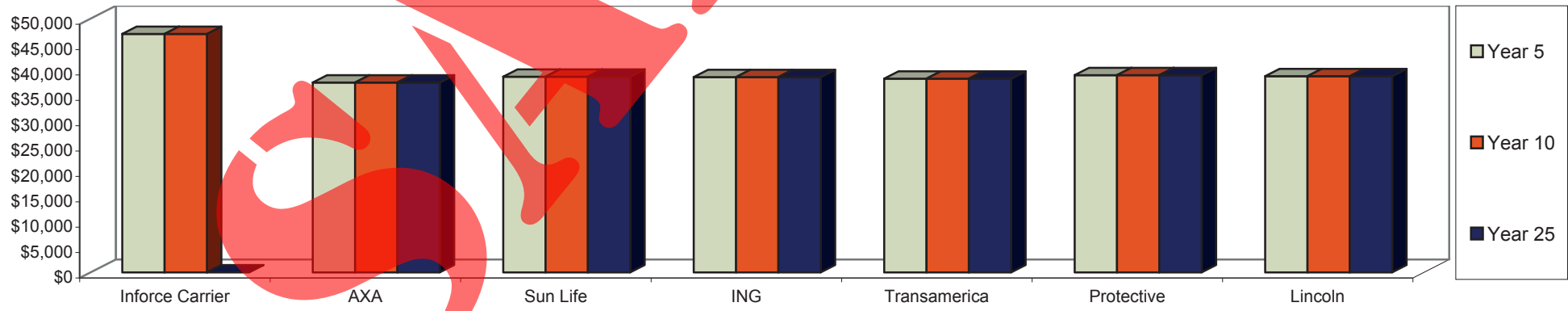
Projected Premiums at Current Assumptions

Year 5	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666
Year 10	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666
Year 25	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666



Projected Premiums at Guaranteed Assumptions

Year 5	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666
Year 10	\$ 46,991	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666
Year 25	Lapsed	\$ 37,418	\$ 38,555	\$ 38,480	\$ 38,194	\$ 38,873	\$ 38,666



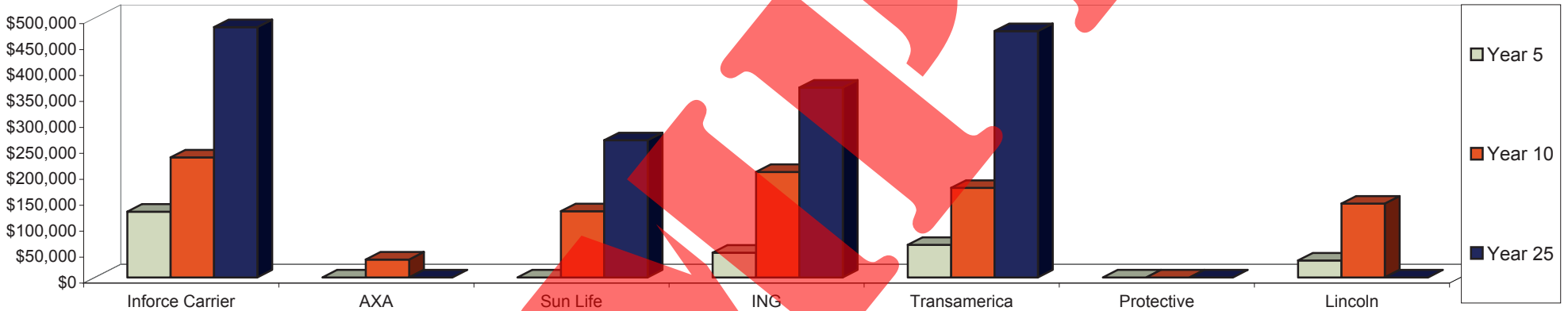
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Net Cash Surrender Value Comparison

	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL

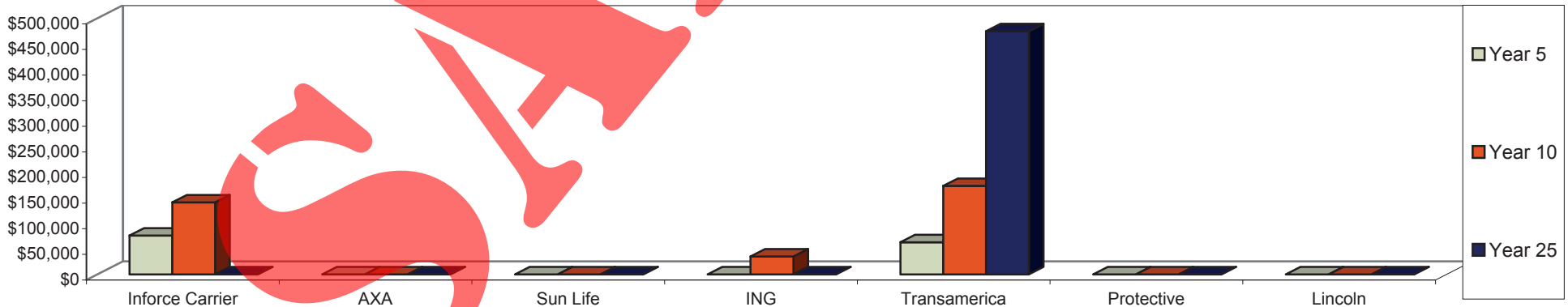
Projected Net Cash Surrender Value at Current Assumptions

Year 5	\$ 126,709	\$ -	\$ -	\$ 47,644	\$ 62,693	\$ -	\$ 32,593
Year 10	\$ 231,370	\$ 34,454	\$ 127,616	\$ 203,292	\$ 172,611	\$ -	\$ 142,227
Year 25	\$ 482,209	\$ -	\$ 264,294	\$ 365,861	\$ 474,739	\$ -	\$ -



Net Cash Surrender Value at Guaranteed Assumptions

Year 5	\$ 75,738	\$ -	\$ -	\$ -	\$ 62,693	\$ -	\$ -
Year 10	\$ 140,552	\$ -	\$ -	\$ 34,907	\$ 172,611	\$ -	\$ -
Year 25	Lapsed	\$ -	\$ -	\$ -	\$ 474,739	\$ -	\$ -



Life insurance products may contain various terms & conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis.

Internal Rate of Return on Death Benefit

	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Carrier	Inforce Carrier	AXA	Sun Life	ING	Transamerica	Protective	Lincoln
Product	Inforce Product	Athena UL - LPR	Universal Protector LP3 (2007)	GDBUL	TransACE	Centennial G UL	LifeGuarantee UL

IRR of Death Benefit at Current Assumptions

Year	Existing Policy	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option	Universal Life Option
Year 1	2752.46%	4029.40%	3953.21%	3958.18%	3977.11%	3932.47%	3945.96%
Year 2	401.62%	512.44%	506.16%	506.57%	508.14%	504.44%	505.56%
Year 3	177.99%	220.62%	218.19%	218.35%	218.95%	217.52%	217.95%
Year 4	106.92%	131.76%	130.32%	130.41%	130.77%	129.92%	130.18%
Year 5	73.57%	90.90%	89.88%	89.95%	90.20%	89.60%	89.79%
Year 6	54.61%	67.92%	67.13%	67.18%	67.38%	66.91%	67.06%
Year 7	42.52%	53.37%	52.71%	52.76%	52.92%	52.54%	52.65%
Year 8	34.21%	43.40%	42.84%	42.88%	43.01%	42.69%	42.79%
Year 9	28.19%	36.18%	35.69%	35.72%	35.85%	35.56%	35.65%
Year 10	23.65%	30.74%	30.30%	30.33%	30.44%	30.18%	30.26%
Year 11	20.11%	26.50%	26.11%	26.14%	26.24%	26.00%	26.07%
Year 12	17.30%	23.13%	22.77%	22.79%	22.88%	22.67%	22.73%
Year 13	15.01%	20.38%	20.04%	20.07%	20.15%	19.95%	20.01%
Year 14	13.12%	18.10%	17.79%	17.81%	17.89%	17.70%	17.76%
Year 15	11.53%	16.19%	15.90%	15.91%	15.99%	15.82%	15.87%
Year 16	10.18%	14.56%	14.29%	14.30%	14.37%	14.21%	14.26%
Year 17	9.03%	13.16%	12.90%	12.92%	12.99%	12.83%	12.88%
Year 18	8.03%	11.95%	11.71%	11.72%	11.78%	11.64%	11.68%
Year 19	7.16%	10.89%	10.66%	10.67%	10.73%	10.59%	10.64%
Year 20	6.40%	9.96%	9.74%	9.75%	9.81%	9.67%	9.71%
Year 21	5.72%	9.13%	8.92%	8.93%	8.99%	8.86%	8.90%
Year 22	5.13%	8.40%	8.19%	8.21%	8.26%	8.14%	8.17%
Year 23	4.59%	7.74%	7.54%	7.55%	7.60%	7.49%	7.52%
Year 24	4.11%	7.14%	6.95%	6.97%	7.01%	6.90%	6.94%
Year 25	3.68%	6.61%	6.42%	6.44%	6.48%	6.37%	6.41%

Summary Years - IRR of Death Benefit at Current Assumptions

Year 5	73.57%	90.90%	89.88%	89.95%	90.20%	89.60%	89.79%
Year 10	23.65%	30.74%	30.30%	30.33%	30.44%	30.18%	30.26%
Year 25	3.68%	6.61%	6.42%	6.44%	6.48%	6.37%	6.41%

Life insurance products may contain various terms & conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis.

The financial strength of an insurance company is one of the factors that should be considered in selecting an insurance carrier. Purchasing insurance from a financially strong carrier increases the likelihood that the policy's benefits will be paid when due.

Traditional rating agencies have had a strong impact on the insurance industry and its customers. The criteria used by the principal three multi-industry rating services share a large degree of commonality. Each rating service evaluates the strengths and strategies of company management, the operating results of the business units, investment performance, and capitalization. Although each rating agency looks to the same criteria, each has its own unique rating scale.

A.M. BEST

A.M. Best has 15 rating categories ranging from A++ to F.

STANDARD AND POOR'S

Standard & Poor's has 19 rating categories ranging from AAA to R.

MOODY'S

Moody's has 21 rating categories ranging from Aaa to C.

FITCH

Fitch has 24 rating categories ranging from AAA to D.

COMDEX

The Comdex is based on the ratings issued by A.M. Best, Standard & Poor's, Moody's Investors Services, and Fitch. The Comdex is not a rating itself, but a composite index based on an average of all the ratings received from these rating services. The Comdex gives the company's standing, on a scale of 1 to 100, in relation to other companies that have been rated by the services. It is an objective value based solely on the mathematical distribution of all the companies that have been rated.

WEISS

Weiss has 16 rating categories ranging from A+ to F.

Industry ratings are not a warranty of an issuer's current or future ability to meet its contractual obligations. Each issuing company is solely responsible for the obligations under their own policies.

WHAT THE RATINGS MEAN

	A.M. BEST	STANDARD & POOR'S	MOODY'S	FITCH	WEISS
EXCELLENT	A++	AAA	Aaa	AAA	A+
	A+	AA+	Aa1	AA+	A
		AA	Aa2	AA	A-
		AA-	Aa3	AA-	
GOOD	A	A+	A1	A+	B+
	A-	A	A2	A	B
		A-	A3	A-	B-
				BBB+	
				BBB	
FAIR	B++	BBB+	Baa1	BB+	C+
	B+	BBB	Baa2	BB	C
	B	BBB-	Baa3	BB-	C-
	B-				
POOR	C++	BB+	Ba1	B+	D+
	C+	BB	Ba2	B	D
	C	BB-	Ba3	B-	D-
	C-	B+	B1		
		B	B2		
		B-	B3		
TROUBLED	D	CCC	Caa1	CCC+	E+
	E	CC	Caa2	CCC	E
	F	R	Caa3	CCC-	E-
			Ca	CC	F
			C	C	
				DDD	
				DD	
				D	

A Trustee has a fiduciary duty to invest and manage trust assets as a prudent investor. This includes not just traditional investment assets, but other frequently overlooked assets, such as life insurance.

THE UNIFORM PRUDENT INVESTOR ACT (UPIA), WHICH MOST STATES HAVE ADOPTED SOME VERSION OF, PROVIDES THAT:

"[A] trustee who invests and manages trust assets owes a duty to the beneficiaries of the trust to comply with the prudent investor rule... a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution."

TRUSTEES WHO BREACH THIS DUTY, MAY BE LIABLE FOR MONETARY DAMAGES TO THE TRUST BENEFICIARIES.

A key responsibility of the trustee is to have a disciplined investment process that seeks the greatest return for the least amount of risk. In order to help minimize potential trustee liability with respect to trust owned life insurance, it is advisable to develop an investment policy statement (IPS) for the purpose of documenting this process. At a minimum, the IPS should cover the following:

- Duties and responsibilities of the trustee with respect to trust owned life insurance
- The purpose for the coverage
- Type of coverage to be held by the trust, based on the designated risk tolerance
- Premium level to be adhered to, based on grantor's gifting limitations

A key component of an IPS is a commitment to regularly review each policy owned by the trust.

Term Insurance generally has the lowest initial premiums and is the least complicated type of life insurance. Term provides life insurance protection for a specified period of time, such as 5, 10 or 20 years. If the insured dies within the term period, a death benefit is paid. If the insured is still alive at the end of the term period, protection ends. Some term insurance can be renewed after the initial level term period for additional periods at much higher premiums. However, if the life insurance need is long-term, then term insurance may become prohibitively expensive.

Term Life contracts may have specific features that can affect policy performance:

- **RENEWABILITY:** After the level term period, Term insurance is contractually renewable on an annual basis until a specified age, at then-available rates. After a specified age, coverage terminates.
- **CONVERSION OPTION:** Most Term contracts are convertible to a permanent policy within a specified period or until an attained age. The new policy is based on rates reflecting your client's then-current age. Usually, a term policy can be converted or exchanged without evidence of insurability. As the carrier controls product options available for conversion, these policies may not be among the most competitively priced products on the market at that time. Refer to the policy for specific contract options.

Should you delay conversion of the policy beyond the conversion period and become medically impaired or uninsurable, applying for new coverage may not be feasible.

- **DECREASING TERM INSURANCE:** In this type of insurance, the premium cost remains the same for the life of the policy while death benefit decreases. In a decreasing term contract, the cost per \$1000 of death benefit increases annually.
- **UNDERWRITING:** Many carriers offer underwriting incentives for their permanent products only. For the appropriate client, this may make a permanent product more affordable and an alternative option.

Term insurance can be advantageous in meeting specific client objectives, such as temporary life insurance needs and/or clients with limited income. Ultimately, product choice should be determined by selecting the product that best matches your individual needs and priorities.

ARE YOU PROTECTED AGAINST THE LOSS OF A KEY PERSON?

Have you thought about what you would do if you lost a key player in your business? One of your most important business assets is just down the hall from you. It's the person who handles your books. It's the person who generates your largest sales and has the closest contacts with your best customers. It's the person who manages your key department and the relationship with your best employees. It's the person who holds that specialized skill critical to your business, or maybe the one whose skills drive one of your key business lines.

HAVE YOU CONSIDERED THE IMPACT TO THEIR BUSINESS IF YOU UNEXPECTEDLY LOST SUCH A PERSON?

Would it be:

- *Disruptions in management?*
- *Loss of earnings and customers?*
- *Delayed product launches?*
- *Credit issues?*

What are you doing to protect your business if a key person is no longer there to help drive your business? Key person protection is important to help insure that your business sustains the loss of a vital employee. Unfortunately, many business owners don't consider the risks of losing a key person until it is too late.

Key Person is a life insurance based program designed to help you value the loss your business would face if you lost a key person. You purchase a life insurance policy insuring each key person's life and hold that policy as an asset of the business.

The unique nature of life insurance lets you shift the business risk from yourself to the life insurance carrier. It's the one asset that can provide you the amount you need when you need it most – after the loss of your key employee. And permanent life insurance has the potential to build cash values that can be used as a business asset – as collateral, an informal line of credit and to help fund a benefit program for a retired key employee.

Current Assumptions – The underlying factors, such as cost of insurance (COI) and policy crediting interest rates, currently used by an issuing company to project policy performance. Current Assumptions are not guaranteed and the interest rate credited is usually declared by the Board of Directors, at least annually.

Guaranteed Assumptions – The maximum cost of insurance (COI) charge and minimum interest crediting rate that a carrier guarantees on a Universal Life (UL) or Whole Life (WL) insurance policy. Should a change in financial markets or actuarial statistics warrant, insurers have the right to raise the COIs from current or projected rates and to lower the interest crediting rate to these guarantees.

Guaranteed Net Cash Surrender Value – The guaranteed equity amount available to the owner of a life insurance policy, based upon Guaranteed Assumptions. It is the total cash that has accumulated in the policy (guaranteed cash value) less applicable surrender charges and any outstanding policy loans and accrued interest.

In-Force - A policy for which a current Premium has been paid, or in which the cost of insurance (COI) and other expenses have been assessed against policy values, and the contract would pay a death benefit.

Initial Death Benefit - The amount of insurance originally illustrated/issued.

IRR (Internal Rate of Return) - The IRR on the death benefit or cash value that is equivalent to an interest rate (after taxes) at which an amount equal to the illustrated premium payments could have been invested outside the policy to arrive at the death benefit or cash value of the policy.

Lapse – The cessation of life insurance coverage through nonpayment of premiums or when there is insufficient policy cash value to cover current policy costs.

Loan – A transfer of money with an obligation to repay the money plus interest. One way to access the cash value of a permanent life insurance policy.

Net Cash Surrender Value – The equity amount available to the policy owner upon surrender of a life insurance policy. It is the total cash that has accumulated in the policy (cash value) less applicable surrender charges and any outstanding Policy Loans and accrued interest.

Net Death Benefit - The amount of insurance payable minus any outstanding loans and accrued interest.

Policy Loan – A loan made by an insurance company to a policyholder on the security of the cash value in the policy.

Premium – The amount charged by a life insurance company for a policy.

National Financial Partners (NYSE:NFP) offers you the advantage of working with an independent firm that is able to address a wide spectrum of your financial needs. We share in the intellectual capital and sophisticated capabilities of a leading insurance distribution company in the United States. NFP is a unique organization, consisting of more than 1,500 independent insurance and financial planning advisors that are committed to serving clients with creative, comprehensive solutions. In light of constant changes in technology, regulations and industry providers, never before has it been more important to have access to leading market expertise, strong relationships with leading insurers and a dedicated underwriting advocacy program.

This summary review is designed to present a comprehensive overview of your existing life insurance policies, including any in force projections offered to you by your existing life insurance carriers, and compare this coverage to your current goals and objectives. It also compares and contrasts your existing life insurance coverage to proposed life insurance policies. This review is limited to fixed products only, as such please discuss variable product options with your financial advisors.

The comparison in this presentation is generally more appropriate where life insurance for like purposes is compared. Where some of your existing contracts are intended for purposes different than the proposed policies, the numbers represented in this report may not compare insurance for like-kind purposes. For example, it may not be appropriate to compare one or more insurance policies purchased for survivor protection with a proposed life insurance policy for estate planning unless, of course, your goals and objectives have changed and you no longer require the life insurance for survivor protection.

Neither this firm nor its representatives offer tax or legal advice. This presentation, in oral or written form, should not be construed as such. This summary and the comments it contains are intended to be general observations based on the information you provided regarding your current life insurance, and your life insurance related needs, goals and objectives. Your furnishing of accurate data will enhance the value of this summary review. This analysis, however, is not intended to replace a complete tax and legal review related to your life insurance.

This is a supplemental illustration intended to provide you with an overview of how the proposed life insurance policies compare and contrast to your existing life insurance. This presentation is not valid without a complete, basic compliance illustration for each policy shown dated the same day as this supplemental illustration. It discusses, among other things, the impact of a modified endowment contract, the impact of loans and withdrawals and the impact of a policy lapse.

Please note that we are not responsible for values associated with your existing life insurance that are used in this summary. You and/or the issuing life insurance company and not this firm provide this information.

This presentation is based, in part, on the projections and assumptions in the basic life insurance illustrations. It compares the proposed life insurance to your existing life insurance and, where available, in-force projections of your existing life insurance. All projections, both the proposed life insurance and in-force projections, are based on hypothetical rates and are not a guarantee of future performance. Your actual results will be different from the values shown in this presentation. You should consider what is a reasonable projection based on your risk tolerance. If you believe that the underlying assumptions are incorrect, you should have the illustration, the in-force projections obtained from other companies and/or this supplement rerun based on what you believe is reasonable.

If you purchase new life insurance and use the funds from your existing life insurance policy to fund some or all of that purchase, this may be considered a replacement. In that case, some states require additional paperwork to be completed explaining the reasons for the change. Your life insurance advisor will be able to inform you of the requirements for your state. Before making any decisions about your existing life insurance, be certain to review and update your medical information. Your health is an important part of any review.

One or more of the existing or proposed life policies may have features/riders associated with policies. These features/riders may provide important benefits that are built into the cost of the policies but may not be reflected in this summary review. Please refer to your policy or the attached compliance illustrations for more information.

I have read the above disclosure, understand it, and also acknowledge that this information is based on hypothetical assumptions. I understand that this presentation is intended to be a general life insurance summary review and that, should I choose to implement, will be discussed with my other financial advisors as to its appropriateness within my overall planning needs. I have also received the compliance illustrations from the issuing insurance companies which were used to create this summary review.

Client's Signature: _____ Date: _____

Presenting Agent: _____ Firm: _____

This supplemental illustration is for information purposes only and is not valid without a compliance illustration for the life insurance policies mentioned.

Pursuant to IRS Circular 230, we are providing you with the following notification:

The information contained in this report is not intended to (and cannot) be used by anyone to avoid IRS penalties. This report supports the promotion and marketing of life insurance. You should seek advice based on your particular circumstances from an independent tax advisor.