

Qualified Plan Distribution Analysis

for

Robert Smith

and

Mary Smith

Presented by:

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Important Notes

These pages depict certain wealth preservation strategies. These strategies may include simple wills, marital trusts, family trusts, credit shelter trusts, living trusts, grantor retained trusts, charitable remainder trusts, special business entities, life insurance (with or without a trust), taxable and charitable gifts. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy. This illustration simply shows the effect of the strategy shown on your estate and potential estate taxes, based on certain assumptions detailed in the illustration.

This report provides only broad, general guidelines, which may be helpful in shaping your thinking about and discussing your wealth preservation needs with your professional advisors. The quality of this report is dependent upon the accuracy of data furnished by you. No legal or accounting advice is being rendered by this report or through any other oral or written communications. This report provides estimates based on our general understanding of current tax laws. Unless otherwise indicated, the tax aspect of the federal Generation-Skipping Transfer Tax (GSTT) is not reflected. The GSTT is similar to an additional level of estate tax on certain transfers to grandchildren, or individuals two or more generations removed from the transferor, whether by direct gift or where such transfers may occur through trust or other arrangements where such persons may be beneficiaries. Please discuss legal and accounting matters directly with your counselors in each of those areas.

Calculations contained in this report are estimates only. Actual results may vary substantially from the figures shown. All rates of return are hypothetical and are not a guarantee of future performance of any asset, including insurance or other financial products. All inflation rates are estimates provided by you. This analysis is based on information provided by you. It should be kept in mind that property passes by deed first, next by contract, and then by will. To implement any wealth

preservation strategy it may be necessary to change ownership or designated beneficiary before your revised will and any wealth preservation strategy will be effective.

Because your wealth preservation concerns and goals may change in the future, periodically monitoring actual results and making appropriate adjustments are essential components of your program.

During the course of the analysis, gifting strategies may be proposed that include the acquisition of insurance and other financial products. When this occurs, additional information about the specific product, including a prospectus when required will be provided for your review.

You should consult your own tax and legal advisor before utilizing any strategy shown so that it can be evaluated based on your own needs and circumstances. Nothing contained in this report is intended to be used on any tax form or to support any tax deduction. Only your tax advisor should provide you with that type of information.

IMPORTANT: The projections or other information generated by this investment analysis tool (Qualified Plan Distribution Analysis) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

IRS CIRCULAR 230 NOTICE: To ensure compliance with requirements imposed by the IRS, this notice is to inform you that any U. S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this presentation.

This presentation is not a financial plan.

Using Distributions From Your Plan

Understanding Distributions From Your Qualified Plan

Your Objectives

- Tax Deferral—Defer the payment of income taxes as long as allowed
- Security—Use your qualified plan to provide your family with continued distributions even after your death

The Government's View of Qualified Plans

- Tax advantaged "perks" to encourage retirement savings
- Qualified plans were never intended as a mechanism to pass wealth to future generations
- To discourage the use of qualified plans as wealth transfer vehicles, Congress created the required minimum distribution rules

Distribution Rules

- Required Beginning Date (RBD)—No later than April 1st following age 70½ for traditional IRAs, SEPs, SIMPLEs. For qualified retirement plans, the later of April 1 of the year following the year in which the participant reaches age 70½ or retires, if less than a 5% owner.
- Required Minimum Distributions (RMD)—The amount you must take from your plan each year
- Distributions of qualified plan balance at death are subject to ordinary income tax at beneficiary's tax rate

How do you use these rules to meet your objectives?



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Lifetime Distribution Summary

No New Life Insurance

Beginning Account Balance Dec. 31, 2006

\$1,000,000

Allocation of Distributions

Year	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Income Taxes Paid ⁴	Non-Premium Gifts	Spending	Reinvested Distributions ⁵	End of Year Qualified Plan Balance	Total of All Other Assets ⁶	Less Tax Liability ⁷	Qualified & All Other Assets ⁸
2007		61,678	0	0	0	0	0	1,061,678	3,084,000	0	4,145,678
2008		65,482	0	0	0	0	0	1,127,160	3,170,352	0	4,297,512
2009		69,521	0	0	0	0	0	1,196,681	3,259,122	0	4,455,802
2010		73,809	0	0	0	0	0	1,270,489	3,350,377	0	4,620,866
2011		78,361	0	0	0	0	0	1,348,850	3,444,188	0	4,793,038
2012		83,194	0	0	0	0	0	1,432,044	3,540,625	0	4,972,669
2013		88,325	0	0	0	0	0	1,520,370	3,639,763	0	5,160,132
2014		93,773	0	0	0	0	0	1,614,143	3,741,676	0	5,355,819
2015		99,557	0	0	0	0	0	1,713,699	3,846,443	0	5,560,142
2016	27.4	102,170	62,544	0	0	0	62,544	1,753,326	4,019,019	19,463	5,752,882
2017	26.5	104,410	66,163	19,463	0	0	46,701	1,791,572	4,179,993	20,371	5,951,194
2018	25.6	106,554	69,983	20,371	0	0	49,612	1,828,143	4,348,495	21,550	6,155,087
2019	24.7	108,582	74,014	21,550	0	0	52,464	1,862,711	4,524,673	22,791	6,364,592
2020	23.8	110,474	78,265	22,791	0	0	55,474	1,894,920	4,708,906	24,100	6,579,725
2021	22.9	112,208	82,748	24,100	0	0	58,648	1,924,380	4,901,589	25,480	6,800,489
2022	22.0	113,758	87,472	25,480	0	0	61,992	1,950,666	5,103,137	26,935	7,026,868
2023	21.2	115,124	92,013	26,935	0	0	65,078	1,973,778	5,313,529	28,332	7,258,974
2024	20.3	116,255	97,230	28,332	0	0	68,899	1,992,802	5,533,775	29,940	7,496,637
2025	19.5	117,148	102,195	29,940	0	0	72,255	2,007,755	5,763,670	31,467	7,739,959
2026	18.7	117,779	107,367	31,467	0	0	75,900	2,018,168	6,003,782	33,059	7,988,891

¹ Life expectancy is based on the lives of the participant and the named beneficiary. See the Assumptions page for additional information.

² Assumes qualified plan earns 6.00% interest. Also includes Employer Contributions and Salary Reductions, if any.

³ Actual Distribution is the greater of the pretax distribution required to generate the Desired Distributions (see Assumptions page) or Required Minimum Distribution.

⁴ Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability.

⁵ Actual Distributions less Taxes and Penalties, Non-Premium Gifts and Spending.

⁶ All Other Assets and Cumulative Reinvested Distributions assumed to earn 4.00% interest and are taxed at 30.00%. Does not include the death benefit of life insurance.

⁷ The liability for income taxes and penalties that occurred this calendar year but will be paid at the start of the following year.

⁸ Net of liability for income taxes and any penalties.

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Lifetime Distribution Summary

With Gifts for New Life Insurance

Beginning Account Balance Dec. 31, 2006

\$1,000,000

Allocation of Distributions

Year	Life Exp. ¹	Earnings & Contributions ²	Actual Distributions ³	Income Taxes Paid ⁴	Premiums & Non-Prem. Gifts ⁵	Spending	Reinvested Distributions ⁶	End of Year Qualified Plan Balance	Total of All Other Assets ⁷	Life Ins. Surr. Cash Value	Qualified & All Other Assets ⁸
2007		60,839	30,000	0	30,000	0	0	1,030,839	3,084,000	0	4,105,839
2008		62,233	39,000	9,000	30,000	0	0	1,054,072	3,170,352	0	4,212,724
2009		63,514	41,700	11,700	30,000	0	0	1,075,886	3,259,122	0	4,322,498
2010		64,814	42,510	12,510	30,000	0	0	1,098,190	3,350,377	0	4,435,815
2011		66,176	42,753	12,753	30,000	0	0	1,121,613	3,444,188	0	4,552,975
2012		67,616	42,826	12,826	30,000	0	0	1,146,404	3,540,625	0	4,674,181
2013		69,144	42,848	12,848	30,000	0	0	1,172,700	3,639,763	0	4,799,608
2014		70,766	42,854	12,854	30,000	0	0	1,200,612	3,741,676	0	4,929,431
2015		72,487	42,856	12,856	30,000	0	0	1,230,242	3,846,443	0	5,063,828
2016	27.4	73,347	44,899	12,857	30,000	0	2,042	1,258,690	3,956,824	0	5,201,853
2017	26.5	74,955	47,498	13,661	30,000	0	3,836	1,286,146	4,072,157	0	5,343,843
2018	25.6	76,493	50,240	14,461	30,000	0	5,779	1,312,400	4,192,734	0	5,489,829
2019	24.7	77,949	53,134	15,305	30,000	0	7,828	1,337,216	4,318,813	0	5,639,833
2020	23.8	79,308	56,186	16,196	30,000	0	9,989	1,360,338	4,450,664	0	5,793,866
2021	22.9	80,553	59,403	17,136	30,000	0	12,267	1,381,487	4,588,570	0	5,951,930
2022	22.0	81,666	62,795	18,127	30,000	0	14,668	1,400,358	4,732,827	0	6,114,014
2023	21.2	82,646	66,055	19,171	30,000	0	16,883	1,416,949	4,883,421	0	6,280,197
2024	20.3	83,458	69,800	20,174	30,000	0	19,627	1,430,607	5,041,078	0	6,450,356
2025	19.5	84,099	73,364	21,328	30,000	0	22,036	1,441,341	5,205,648	0	6,624,565
2026	18.7	84,552	77,077	22,425	30,000	0	24,653	1,448,816	5,377,540	0	6,802,789

¹ Life expectancy is based on the lives of the participant and the named beneficiary. See the Assumptions page for additional information.

² Assumes qualified plan earns 6.00% interest. Also includes Employer Contributions and Salary Reductions, if any.

³ Actual Distribution is the greater of the pretax distribution required to generate the Desired Distributions (see Assumptions page) or Required Minimum Distribution.

⁴ Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability.

⁵ The premium amounts shown are an estimate based on your current age and sex. This is not an illustration of actual premium which may be charged. Any life insurance premiums shown assume traditional life insurance with guaranteed death benefits, cash values and premiums. If other policies are proposed which contain non-guaranteed values, they must be accompanied by an illustration which complies with state law requirements.

⁶ Actual Distributions less Taxes and Penalties, Premium and Non-Premium Gifts and Spending.

⁷ All Other Assets and Cumulative Reinvested Distributions assumed to earn 4.00% interest and are taxed at 30.00%. Does not include the death benefit of life insurance.

⁸ Net of liability for income taxes and any penalties.

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Estate Distributions at Death

No New Life Insurance

Beginning Account Balance Dec. 31, 2006

\$1,000,000

Year	Life Exp. ¹	Account Balance ²	All Other Assets ³	Total Estate ⁴	Estate Taxes ⁵	IRD Income Taxes ⁶	Net After Tax Estate	Life Insurance Death Benefit ⁷	Net to Heirs ⁸	Net to Heirs as % of Total Estate
2007		1,061,678	3,084,000	3,938,394	0	318,503	3,619,891	0	3,619,891	92%
2008		1,127,160	3,170,352	4,082,636	37,186	326,992	3,718,458	0	3,718,458	91%
2009		1,196,681	3,259,122	4,233,012	0	359,004	3,874,008	0	3,874,008	92%
2010		1,270,489	3,350,377	4,389,823	0	381,147	4,008,676	0	4,008,676	91%
2011		1,348,850	3,444,188	4,553,386	1,249,362	234,457	3,069,567	0	3,069,567	67%
2012		1,432,044	3,540,625	4,724,036	1,343,220	247,739	3,133,077	0	3,133,077	66%
2013		1,520,370	3,639,763	4,902,126	1,441,169	261,993	3,198,964	0	3,198,964	65%
2014		1,614,143	3,741,676	5,088,028	1,543,415	277,815	3,266,798	0	3,266,798	64%
2015		1,713,699	3,846,443	5,282,135	1,650,174	295,454	3,336,507	0	3,336,507	63%
2016	27.4	1,753,326	4,019,019	5,465,238	1,750,881	302,570	3,411,787	0	3,411,787	62%
2017	26.5	1,791,572	4,179,993	5,653,635	1,854,499	309,452	3,489,684	0	3,489,684	62%
2018	25.6	1,828,143	4,348,495	5,847,333	1,961,033	316,687	3,569,613	0	3,569,613	61%
2019	24.7	1,862,711	4,524,673	6,046,363	2,070,499	323,540	3,652,324	0	3,652,324	60%
2020	23.8	1,894,920	4,708,906	6,250,739	2,182,906	330,378	3,737,455	0	3,737,455	60%
2021	22.9	1,924,380	4,901,589	6,460,464	2,298,255	336,836	3,825,373	0	3,825,373	59%
2022	22.0	1,950,666	5,103,137	6,675,525	2,416,539	342,413	3,916,573	0	3,916,573	59%
2023	21.2	1,973,778	5,313,529	6,896,026	2,537,814	347,467	4,010,744	0	4,010,744	58%
2024	20.3	1,992,802	5,533,775	7,121,805	2,661,993	351,584	4,108,229	0	4,108,229	58%
2025	19.5	2,007,755	5,763,670	7,352,961	2,789,128	355,313	4,208,520	0	4,208,520	57%
2026	18.7	2,018,168	6,003,782	7,589,447	2,919,196	358,272	4,311,979	0	4,311,979	57%

¹ Life expectancy is based on the lives of the participant and the named beneficiary. See the Assumptions page for additional information.

² See Lifetime Distribution Summary - No New Life Insurance.

³ Includes All Other Assets and Cumulative Reinvested Distributions.

⁴ Includes Account Balance plus All Other Assets, less Estimated Estate and Probate Expenses assumed at 5.00%.

⁵ The Estate Tax is calculated on the Total Estate less estimated liability for ordinary income taxes and any penalties. The Applicable Credit Amount is utilized at the first death.

⁶ A portion of distributions following death are considered Income in Respect of a Decedent (IRD). Ordinary income taxes, estimated at 30.00%, are due on these amounts.

⁷ Existing life insurance not includable in estate. See Assumptions page.

⁸ Total Estate less all taxes plus Life Insurance Death Benefit less Estimated Estate and Probate Expenses assumed at 5.00%. Refer to the Lifetime Distribution Summary - No New Life Insurance for the value of Non-Premium Gifts.

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Estate Distributions at Death

With Gifts for New Life Insurance

Beginning Account Balance Dec. 31, 2006					\$1,000,000						
Year	Life Exp. ¹	Account Balance ²	All Other Assets ³	Total Estate ⁴	Estate Taxes ⁵	IRD Income Taxes ⁶	Net After Tax Estate	Life Insurance Death Benefit ⁷	Net to Heirs ⁸	Net to Heirs as % of Total Estate	
2007		1,030,839	3,084,000	3,900,547	0	309,252	3,591,295	2,500,000	6,091,295	156%	
2008		1,054,072	3,170,352	4,002,088	940	315,940	3,685,209	2,500,000	6,185,209	155%	
2009		1,075,886	3,259,122	4,106,373	0	322,766	3,783,607	2,500,000	6,283,607	153%	
2010		1,098,190	3,350,377	4,214,024	0	329,457	3,884,567	2,500,000	6,384,567	152%	
2011		1,121,613	3,444,188	4,325,326	1,123,930	195,849	3,005,548	2,500,000	5,505,548	127%	
2012		1,146,404	3,540,625	4,440,472	1,187,260	198,870	3,054,343	2,500,000	5,554,343	125%	
2013		1,172,700	3,639,763	4,559,628	1,252,795	202,113	3,104,720	2,500,000	5,604,720	123%	
2014		1,200,612	3,741,676	4,682,960	1,320,628	206,305	3,156,027	2,500,000	5,656,027	121%	
2015		1,230,242	3,846,443	4,810,637	1,390,850	211,446	3,208,340	2,500,000	5,708,340	119%	
2016	27.4	1,258,690	3,956,824	4,941,760	1,462,968	216,240	3,262,552	2,500,000	5,762,552	117%	
2017	26.5	1,286,146	4,072,157	5,076,650	1,537,158	220,856	3,318,637	2,500,000	5,818,637	115%	
2018	25.6	1,312,400	4,192,734	5,215,337	1,613,436	225,535	3,376,366	2,500,000	5,876,366	113%	
2019	24.7	1,337,216	4,318,813	5,357,841	1,691,813	230,550	3,435,479	2,500,000	5,935,479	111%	
2020	23.8	1,360,338	4,450,664	5,504,173	1,772,295	235,227	3,496,650	2,500,000	5,996,650	109%	
2021	22.9	1,381,487	4,588,570	5,654,334	1,854,883	239,556	3,559,894	2,500,000	6,059,894	107%	
2022	22.0	1,400,358	4,732,827	5,808,313	1,939,572	243,515	3,625,226	2,500,000	6,125,226	105%	
2023	21.2	1,416,949	4,883,421	5,966,187	2,026,403	247,055	3,692,729	2,500,000	6,192,729	104%	
2024	20.3	1,430,607	5,041,078	6,127,838	2,115,311	249,871	3,762,656	2,500,000	6,262,656	102%	
2025	19.5	1,441,341	5,205,648	6,293,337	2,206,335	252,522	3,834,480	2,500,000	6,334,480	101%	
2026	18.7	1,448,816	5,377,540	6,462,649	2,299,457	254,627	3,908,566	2,500,000	6,408,566	99%	

¹ Life expectancy is based on the lives of the participant and the named beneficiary. See the Assumptions page for additional information.

² See Lifetime Distribution Summary - With Gifts for New Life Insurance.

³ Includes All Other Assets and Cumulative Reinvested Distributions.

⁴ Includes Account Balance plus All Other Assets.

⁵ The Estate Tax is calculated on the Total Estate less Estimated Estate and Probate Expenses assumed at 5.00% and estimated liability for ordinary income taxes and any penalties. The Applicable Credit Amount is utilized at the first death.

⁶ A portion of distributions following death are considered Income in Respect of a Decedent (IRD). Ordinary income taxes, estimated at 30.00%, are due on these amounts.

⁷ Existing and proposed new life insurance not includable in estate. See Assumptions page.

⁸ The proposed life insurance death benefit amount has been shown for illustration purposes only and does not guarantee issuance of this amount.

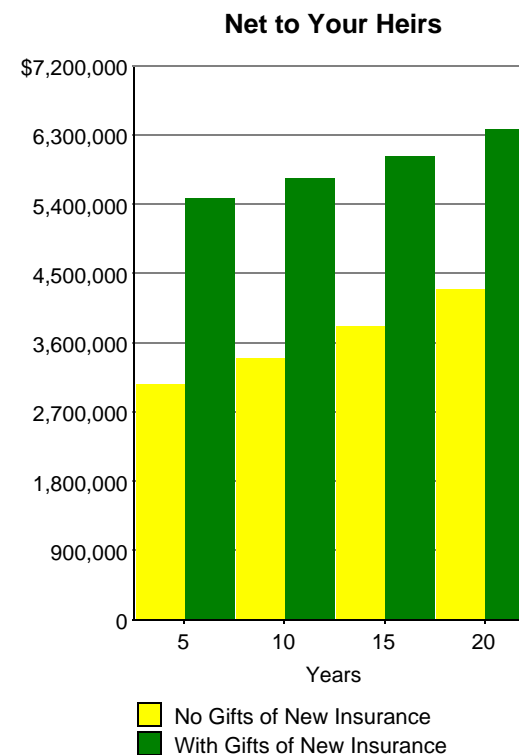
⁸ Total Estate less all taxes, less Estimated Estate Probate and Expenses assumed at 5.00%, plus Irrevocable Life Insurance Trust. Refer to the Lifetime Distribution Summary - With Gifts for New Life Insurance for the value of Premium and Non-Premium Gifts.

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Estate Distributions at Death Comparison

With and Without Gifts for New Life Insurance

Year	Age	Qualified Plan + Other Assets No New Insurance			Qualified Plan + Other Assets With Gifts for New Insurance		
		Total Estate ¹	Taxes ²	Net to Heirs ¹	Total Estate ¹	Taxes ²	Net to Heirs ¹
2007	61	3,938,394	318,503	3,619,891	3,900,547	309,252	6,091,295
2008	62	4,082,636	364,178	3,718,458	4,002,088	316,879	6,185,209
2009	63	4,233,012	359,004	3,874,008	4,106,373	322,766	6,283,607
2010	64	4,389,823	381,147	4,008,676	4,214,024	329,457	6,384,567
2011	65	4,553,386	1,483,820	3,069,567	4,325,326	1,319,779	5,505,548
2012	66	4,724,036	1,590,959	3,133,077	4,440,472	1,386,129	5,554,343
2013	67	4,902,126	1,703,162	3,198,964	4,559,628	1,454,908	5,604,720
2014	68	5,088,028	1,821,230	3,266,798	4,682,960	1,526,932	5,656,027
2015	69	5,282,135	1,945,628	3,336,507	4,810,637	1,602,297	5,708,340
2016	70	5,465,238	2,053,450	3,411,787	4,941,760	1,679,208	5,762,552
2017	71	5,653,635	2,163,951	3,489,684	5,076,650	1,758,014	5,818,637
2018	72	5,847,333	2,277,720	3,569,613	5,215,337	1,838,971	5,876,366
2019	73	6,046,363	2,394,039	3,652,324	5,357,841	1,922,363	5,935,479
2020	74	6,250,739	2,513,284	3,737,455	5,504,173	2,007,522	5,996,650
2021	75	6,460,464	2,635,092	3,825,373	5,654,334	2,094,440	6,059,894
2022	76	6,675,525	2,758,952	3,916,573	5,808,313	2,183,087	6,125,226
2023	77	6,896,026	2,885,282	4,010,744	5,966,187	2,273,458	6,192,729
2024	78	7,121,805	3,013,577	4,108,229	6,127,838	2,365,182	6,262,656
2025	79	7,352,961	3,144,441	4,208,520	6,293,337	2,458,857	6,334,480
2026	80	7,589,447	3,277,467	4,311,979	6,462,649	2,554,084	6,408,566



¹ See "Estate Distributions at Death" ledgers for detail.

² Represents total of Estimated Estate Taxes and IRD Income Taxes. See "Estate Distributions at Death" ledgers for details.

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Assumptions

Details and Assumptions for Calculations

General Assumptions

Robert's DOB: January 1, 1946 and Mary's DOB: January 1, 1946

Calculations assume that the value of All Other Assets (excluding life insurance) is equal to \$3,000,000. These assets are assumed to grow at 4.00%. Hypothetical rates of return illustrated are not associated with any particular investment product.

Calculations assume an ordinary income tax rate of 30.00%.

Calculations include annual exclusion gifts of premiums to an Irrevocable Life Insurance Trust (ILIT).

The Account Balance and Other Assets are grown pro-rata based on the date entered.

Qualified Plan Assumptions

Current qualified plan amount is \$1,000,000 with a growth rate of 6.00%. Hypothetical rates of return illustrated are not associated with any particular investment product.

Elections:

Required Minimum Distributions based on the Uniform Lifetime Table.

Distributions are at least the Required Minimum Distribution using the Uniform Lifetime Table.

Tax Relief Act of 2001 Compliant

This illustration shows the effect of this law on your estimated estate if you (and your spouse) die in the year shown. The Tax Relief Act of 2001 reduces the maximum rate and increases the applicable exclusion amount each year through 2009 with no estate tax in year 2010. A "sunset provision" voids the new law in 2011 and retroactively restores the law effective in 2001.

Distributions Assumptions

Early retirement distributions are not exempt from the IRC Section 72(t) penalty.

Distributions are taxable.

Distribution method illustrated is equal to spending, but not less than required minimum distribution. Distribution calculations use the spouse as the joint beneficiary. Required Minimum Distributions are based on the Uniform Lifetime Table.

Final Regulations

Required Minimum Distributions are calculated based on the Uniform Lifetime Table. The Uniform Lifetime Table is permitted to be used for lifetime distributions for calendar years beginning on or after January 1, 2002 and must be used for lifetime distributions for calendar years beginning on or after January 1, 2003. If your beneficiary is your spouse (who is more than 10 years younger than you) distributions during your joint lives may be calculated using the Joint and Last Survivor Table.

Compliance with Revenue Ruling 2002-62

Section 72(t) distributions are in compliance with the calculation methods stated in Revenue Ruling 2002-62. The following calculation methods may be illustrated under this ruling: 1) Extension of the existing Uniform Lifetime Table for use with the Life Expectancy Method. 2) Addition of annuity factor table for use with the Annuity Method. 3) Addition of interest rate (not more than 120% of the federal mid-term rate) for use with the Amortization and Annuity Methods.