

**Illustration  
of a  
Successful  
Asset Optimization Plan™**

Prepared for:  
TEAM Plan  
On  
1/31/2006

Prepared by: TEAM Member  
Address  
City, State ZipCode  
Phone

This is not a contract. The purpose of this plan is to illustrate the role of insurance in your affairs.  
All suggestions regarding taxes and other concerns should be reviewed with your personal counsel.

## **SECTION I**

### **Illustration of Asset Optimization**

## Your Success Formula—An Introduction

*prepared for*  
TEAM Plan  
January 31, 2006

TEAM Plan, this Missed Fortune Success Formula™, prepared exclusively for you, provides an alternative approach to achieving your goals for financial freedom by managing a portion of your equity with emphasis on liquidity, safety, and growth. This report will also demonstrate the seldom-understood power of life insurance in propelling you toward your financial objectives.

All projections in this analysis are based on data obtained from your True Wealth Discovery™ personal financial profile. The validity of these projections and recommendations, therefore, is subject to the accuracy of the financial information you submitted.

Please review the financial data you provided to confirm its accuracy. Also, please understand this report is neither a contract nor part of your policy, but is designed to show you the potential advantages of life insurance in your financial affairs.

The values illustrated in this plan are based on historic and/or current market rates and are not a guarantee of future results, since the performance of this plan may vary as market conditions change. Possible changes in current tax law or changes in IRS interpretation of existing laws could also affect these projections. All suggestions regarding taxes and other concerns should be reviewed with your personal counsel.

Please see the accompanying illustration from Indianapolis Life, which must be included for this plan to be valid.

## Your Success Formula—An Overview of the Principles

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The home is probably the single largest personal investment most of us have, and it is the “bank vault” that holds our single largest asset—our equity. This asset can become your greatest tool in building wealth for you and those you care about.

TEAM Plan, the following Missed Fortune Success Formula is an illustration of successfully managing a portion of the equity in your house to increase the liquidity, safety, and rate of return of this great asset.

To unleash the power of that equity, you can separate cash out of your real estate by obtaining a mortgage on your property. If done properly, you can then manage your equity to increase liquidity, safety and rate of return:

- **Liquidity**—Putting your home’s equity in a position of liquidity enables you to act instead of react. Whether it’s a change in market conditions, disaster, financial emergency, or professional opportunity, you have access to your equity.
- **Safety**—By separating as much equity from your house as is feasible, you can achieve greater safety of principal.
- **Rate of Return**—Separating equity and putting it in a position of growth allows otherwise idle dollars to earn a rate of return.

Your Success Formula also allows for other important financial objectives, as detailed below.

### Cash Flow Management

For many people, it may seem impossible to allocate a large sum of cash solely to financial planning—hundreds of thousands of dollars are simply not lying around. However, successful asset optimization allows almost any homeowner to employ a large sum of cash through an installment strategy—in a manner that can fit into his or her budget:

- You are, in effect, transforming your house payment into your investment or your retirement fund contribution.
- The Success Formula provides for systematic savings that can enhance tomorrow’s long-term results without increasing today’s outgo.

### Credit Management

Your good credit is a precious commodity, and the Missed Fortune Success Formula provides for wise credit management. With a portion of your equity in a position of liquidity:

- You should have the ability to prevent threats to your credit, such as getting behind on your mortgage or a brief interruption in employment.
- You can dip into your liquid cushion to maintain timely monthly payments if the need arises.

(After all, isn’t it preferable to have a slightly higher house payment with a liquid side fund than a slightly lower house payment with no liquidity—especially if personal needs or professional opportunities arise?)

## Asset Management

Controlling your home equity is smart asset management for several reasons:

- It increases liquidity, safety, and rate of return.
- It also allows you to gain total control of your cash.
- You can establish an emergency fund.
- You can use the strategy as a hedge against inflation.
- You can establish a pre-funded retirement strategy.

## Risk Management

Managing your home equity *properly* is also good risk management. If you employ your equity in a properly structured insurance contract, you accomplish several things:

- You increase your equity's position of safety.
- The insurance contract can be a source of tax-favored income when needed.
- The contract can also replace the asset at death, while also allowing access to liquid funds.
- The contract can be structured to supplement your income should you become disabled.

## Tax Planning

While it is essential that you consult your own tax advisor for your personal situation, the Success Formula also allows for strategic tax planning:

- It can potentially provide for greater interest deductions.
- Through properly structured life insurance contracts, it can allow for tax-deferred earnings and tax-free access to your liquid equity.
- Should you die, your tax-advantaged proceeds can pass to your beneficiaries income-tax free.
- You can possibly avoid unnecessary tax with a strategic roll-out of qualified funds (current 401(k)s or IRAs) through mortgage interest offsets.

## Estate Planning

The Success Formula is an excellent estate-planning tool:

- Its wise use of properly structured life insurance multiplies the estate through the death benefit.
- Equity repositioned to properly structured life insurance contracts provides probate-free death benefits for beneficiaries.

## Additional Resources

These powerful principles are explained in greater depth in the Missed Fortune™ book series. Published by Time Warner Business Books, the comprehensive *Missed Fortune—Isn't It Time You Became Wealthy* and the trimmer *MISSED FORTUNE 101: A Starter Kit to Becoming a Millionaire* allow you to study the concepts in detail.

## Your Success Formula—The Recommendation

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January 31, 2006

TEAM Plan, in consideration of your personal financial objectives, your Success Formula has been prepared to assist you in successfully managing and safely utilizing a significant portion of your equity base. It allows you to do so in a manner consistent with your goals to:

- optimize your assets.
- make better use of your available cash flow.

Based on your personal financial profile, you currently have \$314,539 of home equity. (This is determined from the estimated value of your home(s) of \$700,000, less the current balance of your mortgage(s) of approximately \$385,461.)

Your proposed Success Formula plan would be as follows:

**Obtain New Mortgage(s)**—To begin, you would obtain new mortgage(s) in the amount of \$630,000. (The type and terms of your mortgage(s) should be reviewed by you and your legal advisor.)

**Pay Off Your Current Mortgage(s)**—The new mortgage(s) will generally be used to replace your current mortgage(s).

**Satisfy Other Liabilities**—From the new mortgage(s), you also can utilize your home equity to satisfy current liabilities of \$3,000 (possibly freeing up cash flow for other investment opportunities), and \$15,750 to cover the new loan's closing costs.

**Put Your Liquid Equity to Work for You**—The remaining liquid equity of approximately \$225,789 will be available to you as a contribution to your Success Formula plan—used in part to purchase life insurance. (To your advantage, this initial Success Formula plan contribution does not constitute an out-of-pocket expense to you. It is simply a reflection of the available loan proceeds and repositioned cash flow after obtaining the proposed mortgage. Additional plan deposits may also be considered, and are based on your available cash flow and desired contributions.)

**Leverage Life Insurance for Your Success**—Once a portion of your liquid equity and other scheduled contributions are reallocated to your Success Formula plan, you may systematically use these available funds to purchase the proposed life insurance policy with an initial death benefit of \$1,344,248.

## Your Success Formula—11-Year Projection

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**TEAM Plan**  
January 31, 2006

TEAM Plan, the following 11-year projection is provided as an illustration of the impact of utilizing your Success Formula plan.

**Equity Growth**—After initial implementation of your Success Formula plan, the equity in your home(s) will naturally continue to realize growth (assuming, of course, that the home(s) continues to appreciate, rather than depreciate, in value.)

This equity growth simply results from the assumed appreciation on your home(s), coupled with any decline in the balance of your mortgage(s). For example, if your home(s), currently valued at \$700,000, appreciate(s) at an estimated average 5.00% each year, the total fair market value would be \$1,197,238 in 11 years.

Furthermore, by the end of those 11 years, your proposed mortgage(s) will have a \$630,001 balance, based on your scheduled payments. Therefore, after implementing this plan, the equity remaining in your home, unutilized by this current Success Formula plan, is estimated to increase to \$567,236 by the end of the 11th year.

**Current Plan Growth**—Additionally, you may realize growth on the portion of equity that is reallocated to this current Success Formula plan, often in one of two ways:

- By allowing your cash values to accumulate for long-term goals (such as retirement income).
- By receiving periodic policy loans or plan distributions to help with more immediate, short-term goals (such as college funding for your children).

**Projected Plan Asset Value**—Your Success Formula plan includes the recommended purchase of cash value life insurance, which based on current assumptions and considerations of all scheduled contributions and distributions, is estimated to have a 11-year Accumulation value of \$911,036. This cash value, added to the appreciated value of your home, plus any other dollars that may have accumulated independently of your policy in a separate supplemental side fund, provides you with an estimated:

- 11-year plan asset value of \$2,108,274.

**Projected Plan Net Worth**—This \$2,108,274 plan asset value, less your 11th year mortgage balance of \$630,001, will provide you with a:

- projected plan net worth of \$1,478,272.

**Projected Plan Estate Value**—If death should occur at the 11-year mark, your projected plan estate value would be based on the total of the life insurance death benefit, plus the value of your side fund and the value of your home(s), less the balance of your mortgage(s), which would be:

- \$1,911,484.

## Your Success Formula—Building Your Wealth

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**TEAM Plan**  
January 31, 2006

TEAM Plan, as you can see, this plan is designed to assist you in the effective utilization of your available cash and credit. The plan also provides your family with protection against loss of income due to an untimely death.

**Immediate Protection**—This protection is immediately available upon placing the proposed life insurance policy in force.

- For example, if death should occur as early as the first year of this plan, your family or other beneficiary would receive an income-tax free death benefit of \$1,344,248.
- This money could be used to reduce or pay off the balance of your mortgage(s) or reinvested to provide a fund to make the mortgage payments.

**Flexibility**—This plan is flexible and sensitive to your needs. Structured to your financial objectives, it may provide:

- additional retirement income.
- mortgage protection.
- enhanced liquidity, safety, rate of return, and tax benefits.

**Reaching Your Financial Destination**—Simply stated, homes are made to house people, not store cash. Your Success Formula plan turns your home equity into a harder working asset. It can unlock and increase your equity potential, helping you accelerate along the road toward your financial goals. Through Successful Asset Optimization, you can give new life to the lazy, idle dollars trapped in your house.

When we have a reservoir located in the mountains above us, it can be used as a water source and especially comes in handy during times of drought. It can also be used as a recreational resource. If we install some turbines at the base of the dam, tremendous power can be generated that gives new life to an entire city, without giving up the use of water for consumption and recreation. In much the same way, home equity can be capitalized to give it a new life, thereby increasing liquidity, safety, rate of return, and tax benefits that can turbo charge your wealth growth rate. Your wealth is enhanced utilizing the miracles of compound interest, tax-favored capital accumulation, and the power of positive leverage.



## Personal Financial Profile

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January 31, 2006

### OPTIMIZING AND REPOSITIONING YOUR ASSETS (Calculating the Size of the Bucket)

The following illustration determines the total value of your assets that may be optimized for your Success Formula. It reviews strategies for repositioning your assets, paying off debt, streamlining cash flow, and maximizing tax advantages to prepare for a comfortable retirement.

<b>Home</b>		<b>\$225,789.01</b>
Fair Market Value	\$700,000.00	
Amount of Proposed Mortgage(s)	\$630,000.00	
LESS:		
Current Mortgage(s) (payoff)	\$-385,460.99	
Closing Costs	\$-15,750.00	
Other Liabilities	\$-3,000.00	
<b>Repositioned Assets</b>		<b>\$335,301.83</b>
Money Market	\$11,500.00	
IRA Roll-out (total)	\$323,801.83	
<b>Annual Cash Flow Allocation</b>		<b>\$23,362.72</b>
Insurance Premium	\$1,250.00 for 10 yrs.	
401K cont.	\$5,440.00 for 11 yrs.	
IRA cont.	\$6,120.00 for 11 yrs.	
Store Credit Card	\$1,200.00 for 11 yrs.	
Change in mortgage payments	\$-11,772.48 for 11 yrs.	
<b>Total</b>		<b>\$584,453.56</b>

#### **OBJECTIVES:**

1. Successfully manage equity to increase liquidity, safety, and rate of return.
2. Utilize available tax strategies to your advantage.
3. Prepare financially for a comfortable retirement.

## Annual Break Down Illustration

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**TEAM Plan**  
**January 31, 2006**

	1	2	3	4	5	6	7	8	9	10	11
Home cash out refinance	\$630,000										
Home mortgage pay off	\$-385,461										
Home closing costs	\$-15,750										
Change in mortgage payments	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772	\$-11,772
IRA Roll-out	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437	\$29,437
401K cont.	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440	\$5,440
IRA cont.	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120
Money Market	\$11,500										
Insurance Premium	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Pay off of Store Credit Card	\$-3,000										
Store Credit Card	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Annual Total	\$268,963	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$30,424

**Grand Total** **\$584,454**

TAMRA	\$110,000	\$110,000	\$110,000	\$33,985	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$31,674	\$30,424
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**Notes:**  
a. Please review the financial data you provided to confirm its accuracy.  
b. All suggestions regarding taxes and other concerns should be reviewed with you personal counsel.

# A Vista Advantage Life Insurance Policy

Structured and Utilized as  
**A \*Tax-Advantaged Non-Qualified  
 Retirement Planning Alternative**

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**January 31, 2006**

**New Cash Contributions**

**Compound Interest**



**\*Total Premiums Allowed:**

**\*Minimum Death  
 Benefit Required**  
 \$ \_\_\_\_\_  
 \$ \_\_\_\_\_

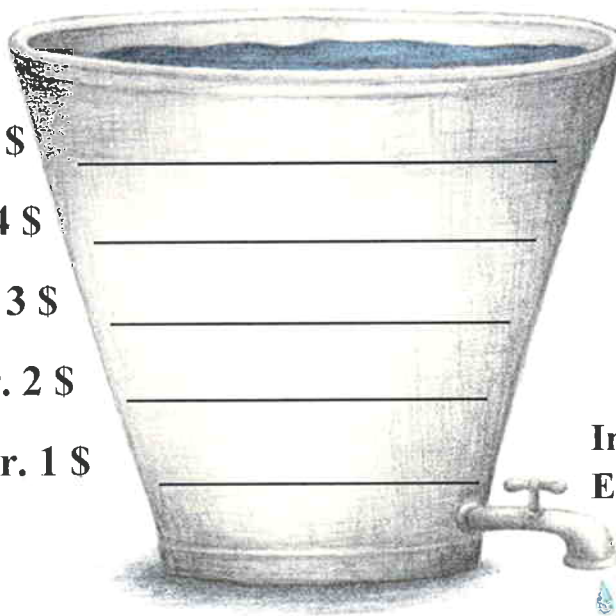
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**Yr. 4 \$**

**Yr. 3 \$**

**Yr. 2 \$**

**Yr. 1 \$**



**Insurance Mortality and  
 Expense Charges**

**TEFRA 1982  
 DEFRA 1984  
 TAMRA 1988**



**Corridor dictates the minimum death benefit required based upon the insured's age and gender to accommodate the ultimate desired aggregate premium basis.**

Notes:

\* Tax Citations: IRC Section 101, IRC Section 72(e).

Rev. Rule 66-322, 1966-2 CB 123, TEFRA Section 266, DEFRA Section 221

If tax laws change affecting new contracts, existing contracts *should* be grandfathered; *however*, there is no guarantee.