

Life Insurance Memo

Pricing an IFA: How Much Does "Free" Cost?

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Immediate Financing Arrangements

An Immediate Financing Arrangement (IFA) is an arrangement in which a policyholder's life insurance policy is funded by a bank loan. The loan, in effect, pays the premiums. **Upon the death of the policyholder, the policy is expected to have had a lifetime performance sufficient to 1) pay back the outstanding loan and 2) provide the liquidity required by the estate.** The strategy's net effect is that the policyholder gets a net death benefit seemingly for free. Indeed, IFAs are often pitched with this idea – that the policyholder can get life insurance for free. Hence, the IFA's “no-cost” insurance moniker. However, is an IFA truly “no-cost”? The answer is no. Before any net death benefit is obtained, an IFA's loan component has interest payment requirements (or costs) throughout the lifetime of the policy. An IFA has very significant **lifetime cash flow output** requirements that are often overlooked, misunderstood, or minimized.

For the lifetime of the IFA strategy, policyholders must make annual interest payments on the outstanding loan used to finance the policy premiums, even after the premium schedule has ended. Furthermore, these payments on the outstanding loan are reset annually based on adjustments to prime rates. For a 40-year-old, that could mean over four decades of interest payments on that loan, and at variable interest rates. However, evaluating **the actual cost of an IFA** for the policyholder is not typically an easy task. Many clients (and some agents) are unable to make sense of an IFA's complex moving parts, hindering their capacity to make useful “apples-to-apples” comparisons with other insurance solutions.

Thus, the overall objective here is to develop a simple method for comparing an IFA to alternative insurance solutions and for evaluating an IFA's actual costs.

*To start, this paper proposes a specific look at **how an IFA's actual costs compare** to that of a traditional insurance plan, such as a Guaranteed Universal Life contract (GUL).*

A traditional insurance policy such as a Guaranteed Universal Life (GUL) does not have any moving parts. The premium amount, the number of premiums owing, and the death benefit are level and guaranteed. Therefore, it can be easily understood and evaluated as **annual premiums paid (outputs) and an eventual death benefit received (input).**

This makes evaluating the policy's internal rate of return (IRR) a simple task. One can similarly examine an IFA for its **outputs and input**. That is, for the sake of comparison with other insurance plans such as a GUL, an IFA can be reduced to its **annual outward cash flow requirements (outputs)** and its **eventual net death benefit (input)**. Through this simpler lens of cash flow outputs and final death benefit input, an IFA strategy's IRR can be cross-evaluated with that of other insurance plans for a more meaningful **"apples to apples" cost comparison**.

To begin this comparison, one must specifically define **an IFA's cash output and input**.

1. **Outputs:** An IFA's premiums are directly financed by the bank loan. Thus, it is the annual interest payments to the bank that become the policyholder's practical **"cash outputs."** Output must be looked at as a year's interest payments in totality, before the application of any deductions or tax credits.
2. **Input:** The input is the policy's death benefit. However, for an IFA, it is reduced by having to first pay off the outstanding bank loan at death.

Next, we can review the outputs and inputs more closely and what sets the foundation for how most clients understand an IFA's costs.

Interest Payments: The Hidden IFA "Premium"

Though premiums may only be required for a few years, the outstanding loan – with its annual interest payments – remains until death. The loan also requires annual requalification, with rates being reset based on actual prime rates. Overall, annual interest payments on an IFA loan are a lifetime commitment. Yet, many clients are unaware of the full implication or actual cost of this component of the IFA. Generally speaking, an IFA requires **a lifetime commitment to an unknown, variable cost**.

How are IFAs typically understood and calculated? Why are the actual costs of an IFA generally unknown?

Reason #1: Low interest rates as illustrated

IFA illustrations are unable to accommodate variable rates. Thus, an average loan rate is assumed, which is often a low interest rate. When a fixed low rate - such as 3% - is assumed, the loan interest payment schedule assumes an overly optimistic *fixed lifetime interest rate cost*. Any increase in real-world interest rates would dramatically increase the IFA's lifetime cash flow requirements and negatively impact the strategy's net benefit.

Reason #2: Tax credit application

Every year, the policyholder must first outlay 100% of the interest payments owing on the total outstanding loan, out of pocket. Yet, IFA presentations often emphasize cash flow requirements as interest payments net of tax credits. IFA strategies assume that interest payments (and a portion of the policy premium) are tax-deductible from income.

Furthermore, these IFA illustrations are built on the assumption that credits will be accepted. Indeed, an IFA strategy assumes all credits applied by an individual's accountant will survive CRA's increasing scrutiny. As a result, an IFA strategy presentation shows interest payment schedules as *significantly lower than the actual out-of-pocket IFA cost required, presenting a best-case scenario that is more attractive than the actual cost.*

NB: The CRA has set clear rules, stating that interest on a loan used to pay a life insurance premium is not tax deductible (Income Tax Folio S3-F6-C1, Interest Deductibility).

Therefore, every year for the lifetime of the policy, a policyholder must be able to structure his affairs regarding the interest and premium deductions such that CRA would accept the credits. In 2013, that year's Federal budget effectively shut down (by denying the interest and premium credits) a similar financed premium life insurance strategy that had relied on tax credits (widely known as the 10-8). There is a real possibility that any tax credits, on even the most well-structured IFA, could be subject to future legislative changes or even to GAAR.

Reason #3: First interest payments appear low

During the first few years of an IFA, only a few premiums will have been financed. Thus, each year's total interest payment output during this period appears low relative to lifetime average interest payment requirements. Many IFAs are less than a few years old and have been structured in a period of historically low interest rates. For this reason, the strategy may seem to be working effectively from a client's (or a professional's) perspective. However, a review of total actual costs would require reviewing all outputs for the lifetime of the loan, using reasonable assumptions, with and without tax credits applied. Remember, IFA loans are a lifetime commitment, the loan does not get paid back until death, and the strategy will be exposed to retroactive CRA scrutiny for the entire policy duration. Will the loans be manageable at an increased age? Can the loans be repaid easily if called back?

Comparing an IFA: Apples to Apples Case Study

The following case study constructs (and deconstructs) an actual IFA as commonly presented. For this illustration, the client is a healthy, non-smoker, 56-year-old male with an insurance need of \$5M for tax purposes. Life expectancy is set at year 30, age 86.

Assumptions:

- 1) **Policy Performance:** As an IFA starts with a life insurance policy, this example uses a common Whole-Life product by one of the top Canadian carriers. The policy's performance is set at the current return -1%, as recommended in the insurance carrier's guidelines, i.e. 5%.

Premiums Due: \$425,000 x 10

Death Benefit in 30 years (age 86): \$9,514,580

The strategy requires the policyholder to borrow the 10 x \$425,000 from the bank (**\$4.25M total**) to finance the policy premiums. In Year 30, at the insured's age of 86, the policy is expected to pay out **\$9,514,580**. From the \$9,514,580 death benefit, \$4,25M will be used to repay the outstanding bank loan, leaving the Estate with a net death benefit of **\$5,264,580**, as intended.

- 2) **Interest Rate:** As the premiums will be financed by the bank, an average interest rate must be assumed for the lifetime loan of \$4.25M. The example that follows uses a relatively low fixed interest rate of 5%. This rate could be considered plausible for illustration, though still somewhat optimistic. In other words, to avoid the argument that we are being unfair, the example uses the same or better variables than an enthusiastic IFA promoter would use. The goal here is to simply break down an IFA into its moving parts to **highlight actual cash outlay requirements** and better evaluate **the strategy's actual cost**.
- 3) **Tax credits:** To highlight the IFA's net costs in a "best case scenario" as is generally presented, we'll assume that all tax credits (for interest and partial premiums) are granted without challenge for 30 years. We will apply a credit of 50.17% to
 - 1) the out-of-pocket *interest payment* and
 - 2) the *lesser of the premium vs NCPI*, reduced by the loan-to-death benefit ratio.

This credit is applied to all premiums, even those paid from the policy cash value.

Let's now review the **IFA's actual lifetime interest payment** requirements. The following interest payment analysis employs all of the above assumptions.

- Year 1:

Total loan \$425,000 (\$425,000 x 1)	\$425,000
Interest payment due (\$425,000 x 5%)	\$21,250
Total tax credits applied (51% of interest)	\$10,936
Net cash flow output (\$21,250 - \$10,936)	\$10,314

- **Year 10:**

Total loan \$4,250,000 (\$425,000 x 10)	\$4,250,000
Interest payment due (\$4,250,000 x 5%)	\$212,500
Total tax credits applied (56% of interest)	\$119,294
Net cash flow output (\$212,500 - \$119,294)	\$93,206

As of year 10, the loan debt will remain fixed at \$4,250,000 for the remaining life of the policy. At our assumed average interest rate of 5%, the policyholder will be required to make actual interest payments of \$212,500, annually until death.

Tax credits on interest payments and premiums would be continually applied each year. In fact, due to the policy's increasing net cost of pure insurance (NCPI), the portion of the tax credits attributed to the premium is increasing over time, effectively decreasing the effective net cash flow required.

- **Year 20:**

Total loan \$4,250,000 (\$425,000 x 10)	\$4,250,000
Interest payment due (\$4,250,000 x 5%)	\$212,500
Total Tax credits applied (67% of interest)	\$141,895
Net cash flow output (\$212,500 - \$141,895)	\$70,605

- **Year 30:**

As described above, at year 30 (age 86), the policy would pay out \$9,514,580 of which \$4,25M would be used to repay the outstanding bank loan, leaving a net death benefit of **\$5,264,580**. We can now look at the IRR and the average interest payment (cash output) over those 30 years, with and without tax credits:

	Average	IRR Y30
Average Interest payment (before tax credits)	\$180,625	0.0%
Average Interest payment (net of tax credits)	\$64,633	6.2%

Note: An IFA promoter may want to include the "excess CDA" on the net proceeds calculation. This would be the portion of the CDA credit remaining after the loan is reimbursed (in our case an excess credit of \$3,757,157). The reader can decide what value this could have for the estate (perhaps 15%?). However, one must keep in mind that this projects a CDA application 30 years into the future. The tax landscape may have materially changed by then.

Several of the elements discussed above should be obvious at this point:

- The **actual annual cash flow output** is the annual out-of-pocket interest payment in its totality, as paid before tax credits are applied, **in our case \$212,500 as of year 10**.
- The IFA strategy is heavily reliant on tax credits. Credits grow to cover 50% to 80% of actual annual out-of-pocket interest payments over the lifetime of the policy. This factor cannot be guaranteed and **artificially alters the perceived cash flow of the plan**.
- Interest payments before year 10 are very misleadingly low relative to the interest payments required from year 10 onward. Can policyholders manage **the actual interest payment (out of pocket) for 30+ years, with and without the tax credits?**

GUL: A Cost-Effective Alternative

Now that the **actual interest payment output** of an IFA has been clarified, it is possible to make a **meaningful comparison** to a standard GUL. For comparison, we will use a fully guaranteed \$5M Survivorship GUL life insurance strategy provided by an A-rated insurance carrier. **As with the IFA illustration, the client is a 56-year-old male with an insurance need of \$5M.** The client also has a healthy spouse of the same age.

A \$5M fully guaranteed GUL for a healthy 56M & 56F calculates as follows:

Guaranteed Face Value: \$5,000,000

Guaranteed Annual Premium: \$45,335

IRR year 30: 7.5%

To hedge against the SUL joint-life longevity risk, the same \$5M GUL above can be limited to 25 guaranteed premiums of \$50,691. In that case, the IRR in year 30 would be 7.2%. The GUL used here is also priced in USD, as it is a US-based insurance carrier product.

NB: We did not apply a joint-life strategy for the IFA example earlier simply because the surviving spouse would have had to maintain the IFA interest payments and tax credits creating a significant longevity risk. Additionally, the spouse would be subject to annual requalification for bank loans and tax credits. The GUL Survivorship, however, mitigates this risk by limiting the number of guaranteed premiums, typically to 25 years or less.

Conclusion

The risks of an IFA almost always outweigh the overall benefits. We have shown that using reasonable assumptions, even if one meets all the qualifications and is willing to accept the risks of an IFA, the benefits can be achieved using a low-cost, debt-free, no-risk strategy.

In light of the recent Department of Finance memo on GAAR (*Modernizing and Strengthening the General Anti-Avoidance Rule, August 11, 2022*), how confident are policyholders (and professionals) that they could justify taking on a strategy whose IRR drops from 6.2% to 0.0% absent tax credits? Especially considering market alternatives. **The critical point is to determine whether the policy loan would exist independently of the life insurance policy. The answer must be a clear “yes”.**

With higher interest rates on the horizon (at the time of writing, the US prime rate is 7.5% and rising), how realistic is a lifetime rate of 5%? Will policy investment performance make up for the increased cash flow required should rates continue to rise? Will policyholders be able to maintain high-interest callable loans indefinitely?

Lastly, it is worth noting that the commission on the IFA above would be based on a premium of \$425,000 while the commission on the GUL would be based on \$45,335.

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IFA Whole Life / Financed Policy Concept

Policy Rate:	5%	Personal Income Tax Rate	50.17%
Premium	\$425,000	Average Annual Interest Rate	5.0%
Assumed LE	86 (Y30)	Intrest & Premium Deductibility	Yes

SCENARIO: EXEMPT LIFE INSURANCE POLICY (Alternate Rate)

Year	Age	Annual Deposit	Total CDA Credit	Total Death Benefit	Ending Loan Balance	Interest Payable	Interest Credits	Premium Credits	Cash Flow Net of Credits	Net To Estate Value
1	57	\$425,000	\$6,673,604	\$7,089,472	\$(425,000)	\$(21,250)	\$10,661	\$275	\$(10,314)	\$6,664,472
2	58	425,000	6,733,190	7,560,071	(850,000)	(42,500)	21,322	789	(20,389)	6,710,071
3	59	425,000	6,801,935	8,035,519	(1,275,000)	(63,750)	31,983	1,457	(30,310)	6,760,519
4	60	425,000	6,883,553	8,519,139	(1,700,000)	(85,000)	42,644	2,302	(40,053)	6,819,139
5	61	425,000	6,973,903	9,006,218	(2,125,000)	(106,250)	53,306	3,347	(49,598)	6,881,218
6	62	425,000	7,070,898	9,493,914	(2,550,000)	(127,500)	63,967	4,622	(58,911)	6,943,914
7	63	425,000	7,178,897	9,985,712	(2,975,000)	(148,750)	74,628	6,158	(67,964)	7,010,712
8	64	425,000	7,300,045	10,482,778	(3,400,000)	(170,000)	85,289	7,987	(76,724)	7,082,778
9	65	425,000	7,432,179	10,981,877	(3,825,000)	(191,250)	95,950	10,141	(85,159)	7,156,877
10	66	425,000	7,578,416	11,484,800	(4,250,000)	(212,500)	106,611	12,683	(93,206)	7,234,800
11	67	-	7,447,108	11,276,924	(4,250,000)	(212,500)	106,611	14,477	(91,412)	7,026,924
12	68	-	7,341,187	11,085,363	(4,250,000)	(212,500)	106,611	16,473	(89,416)	6,835,363
13	69	-	7,263,324	10,911,967	(4,250,000)	(212,500)	106,611	18,667	(87,221)	6,661,967
14	70	-	7,214,151	10,756,505	(4,250,000)	(212,500)	106,611	21,070	(84,819)	6,506,505
15	71	-	7,191,586	10,615,911	(4,250,000)	(212,500)	106,611	23,706	(82,182)	6,365,911
16	72	-	7,194,952	10,488,477	(4,250,000)	(212,500)	106,611	26,590	(79,298)	6,238,477
17	73	-	7,217,001	10,371,167	(4,250,000)	(212,500)	106,611	28,651	(77,238)	6,121,167
18	74	-	7,256,527	10,262,489	(4,250,000)	(212,500)	106,611	30,792	(75,097)	6,012,489
19	75	-	7,313,412	10,162,068	(4,250,000)	(212,500)	106,611	33,006	(72,882)	5,912,068
20	76	-	7,387,186	10,069,221	(4,250,000)	(212,500)	106,611	35,283	(70,605)	5,819,221
21	77	-	7,478,290	9,984,173	(4,250,000)	(212,500)	106,611	37,619	(68,270)	5,734,173
22	78	-	7,585,873	9,906,003	(4,250,000)	(212,500)	106,611	39,983	(65,906)	5,656,003
23	79	-	7,709,028	9,833,720	(4,250,000)	(212,500)	106,611	42,376	(63,512)	5,583,720
24	80	-	7,846,384	9,765,988	(4,250,000)	(212,500)	106,611	44,777	(61,112)	5,515,988
25	81	-	7,997,387	9,702,322	(4,250,000)	(212,500)	106,611	47,177	(58,712)	5,452,322
26	82	-	8,164,870	9,645,652	(4,250,000)	(212,500)	106,611	49,550	(56,338)	5,395,652
27	83	-	8,349,203	9,596,467	(4,250,000)	(212,500)	106,611	49,992	(55,896)	5,346,467
28	84	-	8,548,344	9,552,941	(4,250,000)	(212,500)	106,611	50,220	(55,669)	5,302,941
29	85	-	8,761,534	9,514,580	(4,250,000)	(212,500)	106,611	50,423	(55,466)	5,264,580
30	86	-	8,990,240	9,483,083	(4,250,000)	(212,500)	106,611	50,590	(55,299)	5,233,083
31	87	-	9,234,057	9,458,406	(4,250,000)	(212,500)	106,611	50,722	(55,167)	5,208,406
32	88	-	9,440,332	9,440,332	(4,250,000)	(212,500)	106,611	50,819	(55,069)	5,190,332
33	89	-	9,429,372	9,429,372	(4,250,000)	(212,500)	106,611	50,878	(55,010)	5,179,372
34	90	-	9,423,933	9,423,933	(4,250,000)	(212,500)	106,611	50,908	(54,981)	5,173,933
35	91	-	9,423,772	9,423,772	(4,250,000)	(212,500)	106,611	50,909	(54,980)	5,173,772
36	92	-	9,426,661	9,426,661	(4,250,000)	(212,500)	106,611	50,893	(54,996)	5,176,661
37	93	-	9,430,960	9,430,960	(4,250,000)	(212,500)	106,611	50,870	(55,019)	5,180,960
38	94	-	9,435,377	9,435,377	(4,250,000)	(212,500)	106,611	50,846	(55,043)	5,185,377
39	95	-	9,439,425	9,439,425	(4,250,000)	(212,500)	106,611	50,824	(55,065)	5,189,425
40	96	-	9,444,122	9,444,122	(4,250,000)	(212,500)	106,611	50,799	(55,090)	5,194,122
Cont'd...		\$4,250,000			Average Y1-30 IRR Y30	\$(180,625) 0.0%		Average Y1-30 IRR Y30	\$(64,633) 6.2%	

Annual Cash Flow

Policy Value

Survivorship GUL Policy Concept (Life Pay)

Policy Rate:	1% Guar	Personal Income Tax Rate	50.17%
Premium	\$45,335	Average Annual Interest Rate	0%
Assumed LE	86 (Y30)	Intrest & Premium Deductibility	No

SCENARIO: LIFE INSURANCE POLICY (Guaranteed)

Year	Age	Annual Deposit	Total Cash Value (CSV)	Total Death Benefit	Ending Loan Balance	Interest Payable	Interest Credits	Premium Credits	Net Cash Flow	Net To Estate Value
1	57/57	\$45,335	-	\$5,000,000	-	-	-	-	\$(45,335)	\$5,000,000
2	58/58	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
3	59/59	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
4	60/60	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
5	61/61	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
6	62/62	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
7	63/63	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
8	64/64	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
9	65/65	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
10	66/66	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
11	67/67	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
12	68/68	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
13	69/69	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
14	70/70	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
15	71/71	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
16	72/72	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
17	73/73	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
18	74/74	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
19	75/75	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
20	76/76	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
21	77/77	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
22	78/78	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
23	79/79	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
24	80/80	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
25	81/81	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
26	82/82	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
27	83/83	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
28	84/84	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
29	85/85	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
30	86/86	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
31	87/87	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
32	88/88	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
33	89/89	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
34	90/90	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
35	91/91	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
36	92/92	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
37	93/93	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
38	94/94	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
39	95/95	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000
40	96/96	45,335	-	5,000,000	-	-	-	-	(45,335)	5,000,000

Cont'd...

Average Y1-30 \$(45,335)
IRR Y30 7.5%

Annual Cash Flow

Policy Value

Survivorship GUL Policy Concept (25 pay)

Policy Rate:	1% Guar	Personal Income Tax Rate	50.17%
Premium	\$50,691	Average Annual Interest Rate	0%
Assumed LE	86 (Y30)	Intrest & Premium Deductibility	No

SCENARIO: LIFE INUSRANCE POLICY (Guaranteed)

Year	Age	Annual Deposit	Total Cash Value (CSV)	Total Death Benefit	Ending Loan Balance	Interest Payable	Interest Credits	Premium Credits	Net Cash Flow	Net To Estate Value
1	57/57	\$50,691	-	\$5,000,000	-	-	-	-	\$(50,691)	\$5,000,000
2	58/58	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
3	59/59	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
4	60/60	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
5	61/61	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
6	62/62	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
7	63/63	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
8	64/64	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
9	65/65	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
10	66/66	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
11	67/67	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
12	68/68	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
13	69/69	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
14	70/70	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
15	71/71	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
16	72/72	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
17	73/73	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
18	74/74	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
19	75/75	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
20	76/76	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
21	77/77	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
22	78/78	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
23	79/79	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
24	80/80	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
25	81/81	50,691	-	5,000,000	-	-	-	-	(50,691)	5,000,000
26	82/82	-	-	5,000,000	-	-	-	-	-	5,000,000
27	83/83	-	-	5,000,000	-	-	-	-	-	5,000,000
28	84/84	-	-	5,000,000	-	-	-	-	-	5,000,000
29	85/85	-	-	5,000,000	-	-	-	-	-	5,000,000
30	86/86	-	-	5,000,000	-	-	-	-	-	5,000,000
31	87/87	-	-	5,000,000	-	-	-	-	-	5,000,000
32	88/88	-	-	5,000,000	-	-	-	-	-	5,000,000
33	89/89	-	-	5,000,000	-	-	-	-	-	5,000,000
34	90/90	-	-	5,000,000	-	-	-	-	-	5,000,000
35	91/91	-	-	5,000,000	-	-	-	-	-	5,000,000
36	92/92	-	-	5,000,000	-	-	-	-	-	5,000,000
37	93/93	-	-	5,000,000	-	-	-	-	-	5,000,000
38	94/94	-	-	5,000,000	-	-	-	-	-	5,000,000
39	95/95	-	-	5,000,000	-	-	-	-	-	5,000,000
40	96/96	-	-	5,000,000	-	-	-	-	-	5,000,000

Average Y1-30 \$(43,699)
IRR Y30 7.2%

Annual Cash Flow

Policy Value