

# THE ALTERNATIVE

## USING LIFE INSURANCE

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Prepared for:

***Ruth and Al Sample***

This proposal by Pension Concepts has been designed to illustrate how you may increase your retirement income over your life expectancy with added flexibility.

Consider taking the Single Life from your pension and provide your spouse a survivor benefit through a life insurance alternative.

The savings may be greater or less than illustrated. When the time value of money is considered, the savings will be less.

*See attached policy illustration for guaranteed values and other important disclosures. This presentation is not valid without complete underlying illustrations for all policy summaries shown.*

*This presentation shows the continuation of the currently illustrated non-guaranteed elements and is neither an estimate nor a guarantee of future performance. These non-guaranteed elements are subject to change by the company. In the future, the actual non-guaranteed elements may be more or less favorable than those illustrated.*

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January 2, 2007

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# Is Pension Maximization Feasible for You?

- ★ Election of a Single-Life pension option is usually irrevocable. You should determine whether your own pension provides a reversion feature.
  
- ★ Does your pension plan require that you elect the joint-and-survivor plan in order to maintain medical benefits?
  
- ★ Does your pension plan provide for cost-of-living increases? If so, you may need to purchase a much larger amount of insurance in order to provide your spouse with comparable income.
  
- ★ Inflation or unexpected expenses may erode your disposable income. At some point, you may not be able to afford life insurance. If your policy is canceled, your spouse will lose part of his or her income.
  
- ★ At your death, annuity rates may have changed. Your spouse may not be able to buy as high an income as you planned for.
  
- ★ Every situation is unique. Electing A "Single Life" pension and purchasing life insurance as an alternative means of providing for the surviving spouse is a serious and complex decision. Your New York Life agent will recommend a life insurance plan to accomplish your goals. Your New York Life agent will also encourage you to get an expert "second opinion" from your own tax advisor or employee benefits counselor.
  
- ★ Dividends and interest crediting rates are not guaranteed. Your plan may not work if there is a reduction in the applicable dividend scale or interest crediting rate. Ask your agent to show you values based on a reduced dividend scale or interest crediting rate.

## What are your "Retirement Income Objectives"?



You want the most income you can possibly receive.



You also want income for Al if you die before him.



You want to be able to change your plan if your circumstances or the circumstances of your family change.

See attached policy illustration for guaranteed values and other important disclosures. This presentation is not valid without complete underlying illustrations for all policy summaries shown.

# YOUR SITUATION

# THE ALTERNATIVES

**Will Your Present Plan Provide You With What You Said You Wanted?  
Compare Your Present Plan With A Life Insurance Solution**

Your Situation					Life Insurance Policy(s)&&		
Present Plan+					Protector Universal Life Age 58 Preferred		
Your Age	Single Life	Joint & 100%	Reduction in Monthly Income	Reduction Assuming 25% Tax Bracket	Monthly Premium 10 Pay*#	Monthly Premium 20 Pay*#	Monthly Premium Life Pay#
	Monthly Income Option	Survivor Income Option					
58	\$0	\$0	\$0	\$0	\$75,290	\$38,145	\$657
63	\$0	\$0	\$0	\$0	\$720	\$720	\$657
65	\$4,800	\$4,080	\$720	\$540	\$720	\$720	\$657
70	\$5,520	\$4,690	\$830	\$623	\$0	\$720	\$657
75	\$6,240	\$5,300	\$940	\$705	\$0	\$720	\$657
80	\$6,960	\$5,910	\$1,050	\$788	\$0	\$0	\$657
85	\$7,680	\$6,520	\$1,160	\$870	\$0	\$0	\$657
<b>Total (Annual)</b>			<b>\$236,880</b>	<b>\$177,660</b>			

Assumes 3% salary increases before and 3% COLA after retirement beginning at age 65.  
Al would receive \$4,080 per month if Ruth should predecease him.

+ Information from factfinder and/or current Plan Administrator

### How Much is Your Cost Through Age 85?

**\$236,880**

\$153,050

\$202,305

\$212,814

Present Value Pre-Tax (4% Discount)

**\$159,101**

\$139,531

\$151,622

\$136,592

### How Much Could the Alternatives Benefit You Through Age 85?

**\$0**

\$83,830

\$34,575

\$24,066

Present Value Pre-Tax (4% Discount)

\$0

\$19,570

\$7,479

\$22,510

**PRESENT VALUE is a series of future cash flows at a constant discount rate.**

# NOT VALID WITHOUT AN ATTACHED POLICY ILLUSTRATION FOR EACH POLICY SHOWN. PLEASE REFER TO THE ATTACHED BASIC ILLUSTRATION FOR GUARANTEED VALUES AND OTHER IMPORTANT INFORMATION."



\* This illustration shows the continuation of the currently illustrated non-guaranteed elements and is neither an estimate nor a guarantee of future performance. These non-guaranteed elements are subject to change by the company. In the future, the actual non-guaranteed elements may be more or less favorable than those shown in the illustration. The policy will terminate if at any time the cash surrender value is insufficient to pay the monthly deductions. This can happen due to insufficient premium payments, if loans or withdrawals are made, or if current interest rates or charges fluctuate.


### Summary

**YOUR SITUATION IS REDUCTION IN INCOME.  
THE ALTERNATIVE IS TO MINIMIZE THE REDUCTION AND PROVIDE MORE FLEXIBILITY.**



# You Said You Also Wanted **FLEXIBILITY**

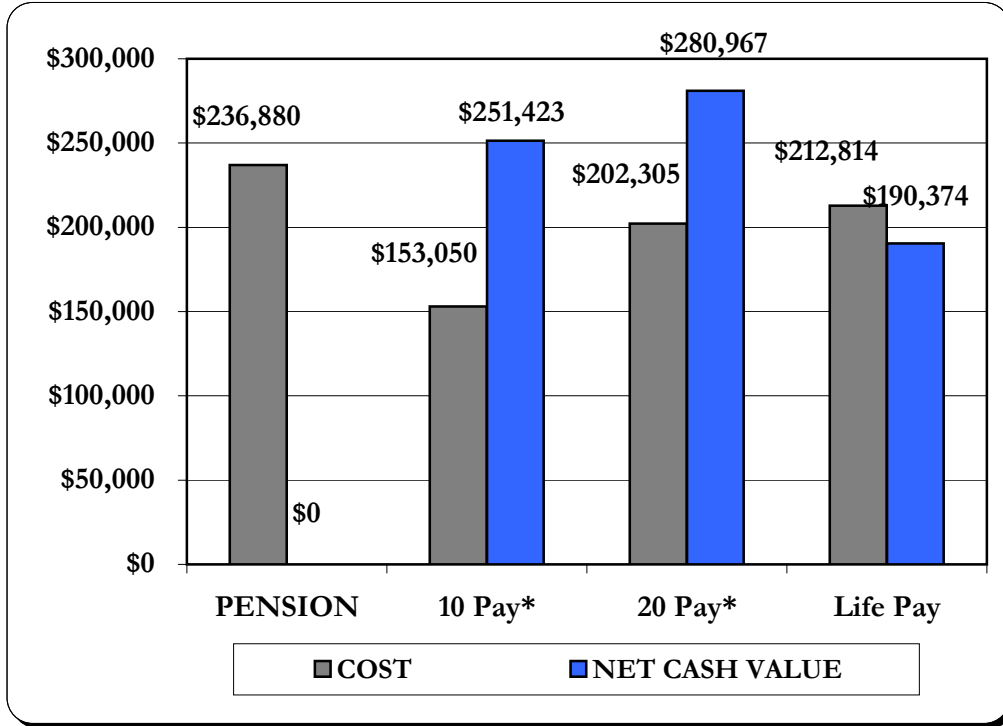
		<b>Life Insurance Policy(s)</b>		
		Protector Universal Life Age 58 Preferred		
<b>Joint &amp; Survivor (Pension Plan)</b>		<b>10 Pay*</b>	<b>20 Pay*</b>	<b>Life Pay</b>
	What Does Your Family Receive Upon <b><u>SIMULTANEOUS DEATH?</u></b>	<b>\$0</b>	<b>\$504,075</b>	<b>\$504,075</b>
	Does Your Pension Provide <b><u>EXTRA CASH</u></b> if You Need It?	<b>Joint &amp; Survivor</b>	<b>10 Pay*</b>	<b>20 Pay*</b>
	End of 5 Years	<b>\$0</b>	<b>\$94,710</b>	<b>\$51,747</b>
	End of 10 Years	<b>\$0</b>	<b>\$155,084</b>	<b>\$102,340</b>
	End of 27 Years	<b>\$0</b>	<b>\$251,423</b>	<b>\$190,374</b>

 If Al dies before you, your money is locked up under your pension plan. The ALTERNATIVE may permit you to have \$83,830 more retirement income regardless of what happens later.

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# Which of the Alternatives Is Best For You?

**Comparison of Premium (Cost) / Cash Surrender Value  
 Your Cost Through Age 85@\***



The IRC requires that the excess of all amounts paid to you in cash (whether by partial surrender or loans over cost basis) will be considered to be taxable income if the contract terminates for any reason other than death (IRC Sec.101). Your contract is designed to be in force until your death. If it is surrendered or lapses for non-payment of premiums, income taxes may well become payable.

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The graph compares four alternatives you and Al will have during retirement. Each alternative will give him lifetime income in the event you predecease him after retirement, but at different costs. In addition, the alternatives have a net cash value that builds up while the pension does not. Illustrated are cost and net cash value build-ups of each alternative at your age 85.

# AL'S INCOME PAGE

## AT RUTH'S DEATH

### FLEXIBILITY COMPARISON

	PENSION PLAN	LIFE INSURANCE ALTERNATIVES
➡ IS A LUMP SUM DISTRIBUTION AVAILABLE?	NO	YES (Income Tax Free)
➡ ARE INTEREST ONLY PAYMENTS AVAILABLE? (To Preserve Principal)	NO	YES (Fully Taxable)

### INCOME COMPARISON

ESTIMATED LIFETIME MONTHLY BENEFITS?	YES (Fully Taxable)	YES (Partially Taxable <sup>1</sup> )
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➡ <sup>1</sup> Income attributable to the death benefit is excluded from tax during a determinable number of years.

### SURVIVOR INCOME COMPARISON

AL'S AGE**	TAX BRACKET	Pension Plan		Pension Option Annuitizing the Life Insurance Benefit*	
		Monthly Gross Income <sup>1</sup>	Monthly Spendable Income <sup>2</sup>	Monthly Spendable Income <sup>3</sup>	Monthly Gross Income <sup>4</sup>
67	25%	\$4,080	\$3,347	\$3,347	\$3,548
72	25%	\$4,690	\$3,804	\$3,925	\$4,134
77	25%	\$5,300	\$4,262	\$4,764	\$4,950
82	25%	\$5,910	\$4,719	\$6,018	\$6,147

\*\*THE PENSION SCENARIOS REPRESENT THE MONTHLY INCOME AVAILABLE TO AL ASSUMING RUTH DIES WHEN AL IS THE NOTED AGE.

<sup>1</sup>Pension Monthly Gross Income: Equal to joint and survivor income option from pension plan (before-tax.)

<sup>2</sup>Pension Monthly Spendable Income: Reflects income after Federal Income Taxes. Assuming other income is present which equals the personal exemption and standard deduction amounts.

<sup>3</sup>Pension Option Annuitizing the Life Insurance Benefit; Monthly Spendable Income: Reflects income after Federal Income Taxes. Figures are based on current New York Life, Life Only Lifestyles® Life Income Annuity settlement option rates (as of 12/01/2006). Actual experience could vary.

<sup>4</sup>Pension Option Annuitizing the Life Insurance Benefit; Monthly Gross Income: Reflects income prior to Federal Income Taxes. Figures are based on current New York Life, Life Only Lifestyles® Life Income Annuity settlement option rates (as of 12/01/2006). Actual experience could vary.

\*Based on annuitizing the Universal Life Insurance policy's death benefit to a single premium immediate annuity. The annuity provides a guaranteed steady stream of income payments for the rest of the annuitant's life. The policyowner is responsible for any taxes payable on the income payments. A one-time policy fee of \$325 or \$250 (depending on which income annuity is available in your state) is deducted from the premium at issue of the annuity. If applicable, a state premium tax may also be deducted. Annuity payments above the policy's cost basis (i.e., gross premium) will be fully taxable.

