Life Insurance Company of the Southwest
Addison, Texas

PLEASE READ CAREFULLY

This illustration does not constitute an endorsement by Life Insurance Company of the Southwest or its agents of the underlying strategy, nor a guaranty by LSW or its agents of the attendant tax consequences. Neither LSW nor its agents are authorized to provide tax, legal or accounting advice, and prospective purchasers are advised to consult independent tax, legal or accounting advisors concerning their own particular circumstances.

All illustrated insurance values and benefits shown are not guaranteed unless specifically labeled guaranteed in the accompanying illustration. Non-guaranteed values reflect current mortality and current policy charges and are not a prediction of future charges. These assumptions are subject to change by the company. Actual results may be more or less favorable than illustrated.

Loans and withdrawals will reduce the cash value and death benefit of the policy and may result in a taxable event. Withdrawals up to the basis paid into the contract and loans thereafter will not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender. Surrender charges ramifications could result upon contract lapse or surrender. Surrender charges may reduce the policy's cash value in early years. Guarantees are dependent upon the claims-paying ability of the issuing company. Life insurance death benefits are received federally income tax-free in accordance with Internal Revenue Code §101(a)(1). There are some exceptions to this rule.

This information is not intended as tax or legal advice. Please consult with your Attorney or Accountant prior to acting upon any of the information contained in this correspondence.

This illustration is not valid unless accompanied by a full LSW Illustration for each product represented. Please refer to the attached illustrations for guaranteed values and other important information.

Various Financial Alternatives vs. FlexLife II

Presented By: National Life | Insured: Valued Client

Preface

A decision to acquire additional life insurance can represent one of several significant phases in your overall financial planning.

In its simplest form, life insurance is a financial product that pays a sum of money to a named beneficiary at the death of an insured individual. While protection is the primary purpose to own life insurance, permanent life insurance provides the additional benefit of allowing you to accumulate excess premium as cash value within the policy.

To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding the cash value accumulation potential of life insurance compared to these alternatives:

Any Taxable Investment;
Certificate of Deposit;
Annuity.

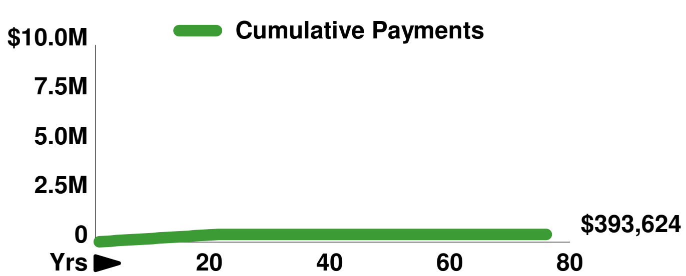
The study offers information from which you and your advisers can draw informed conclusions about the suitability of each financial product.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

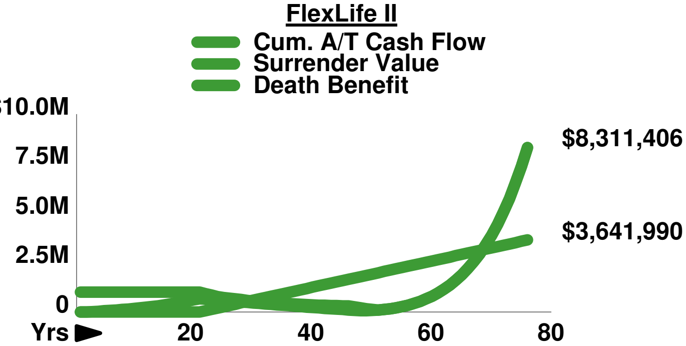
1. Income tax free death benefits for beneficiaries;
2. Accumulating cash values;
3. Tax deferred accumulation of cash values;
4. Competitive current interest rate;
5. Lifelong income options;
6. Tax free access to cash values through policy loans;
7. Probate free death benefits for beneficiaries;
8. Privacy of all transactions;
9. Advance of death benefits in certain adverse health circumstances -- as defined in the policy contract.

In the event the policy is surrendered or lapses, all money that has been received via policy loan above the cost basis of the policy becomes taxable income. Policy loans also reduce the policy's values and benefits.

Payments

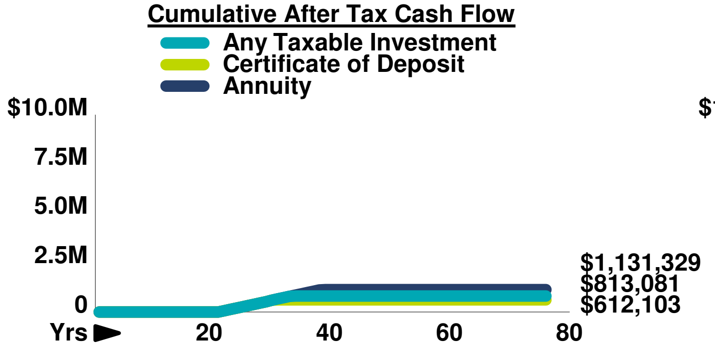


FlexLife II

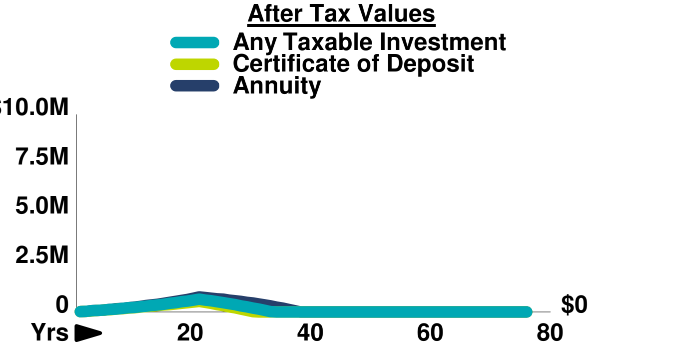


Various Financial Alternatives

Cumulative After Tax Cash Flow



After Tax Values



This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

Various Financial Alternatives vs. FlexLife II

Presented By: National Life | Insured: Valued Client

Comparison of Values

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

			After Tax Values of Identical Allocation to Various Financial Alternatives						FlexLife II			
Yr	Male Age	(1) Life Insurance Premium	(2a) After Tax Cash Flow from Any Taxable Investment	(2b) Any Taxable Investment	(3a) After Tax Cash Flow from Certificate of Deposit	(3b) Certificate of Deposit	(4a) After Tax Cash Flow from Annuity	(4b) Annuity	(5a) After Tax Policy Loan Proceeds	(5b) Year End Surrender Value*	(5c) Year End After Tax Surrender Value*	(5d) Death Benefit
1	45	18,744	0	19,554	0	19,284	0	19,689	0	0	0	1,000,000
2	46	18,744	0	39,952	0	39,123	0	40,388	0	5,227	5,227	1,000,000
3	47	18,744	0	61,232	0	59,534	0	62,169	0	22,191	22,191	1,000,000
4	48	18,744	0	83,431	0	80,532	0	85,108	0	40,121	40,121	1,000,000
5	49	18,744	0	106,589	0	102,135	0	109,284	0	59,123	59,123	1,000,000
6	50	18,744	0	130,747	0	124,360	0	134,786	0	79,988	79,988	1,000,000
7	51	18,744	0	155,949	0	147,226	0	161,706	0	102,083	102,083	1,000,000
8	52	18,744	0	182,240	0	170,750	0	190,142	0	125,476	125,476	1,000,000
9	53	18,744	0	209,666	0	194,951	0	220,202	0	150,246	150,246	1,000,000
10	54	18,744	0	238,278	0	219,850	0	251,998	0	176,462	176,462	1,000,000
11	55	18,744	0	268,125	0	245,465	0	285,653	0	210,451	209,256	1,000,000
12	56	18,744	0	299,262	0	271,818	0	321,296	0	243,555	238,339	1,000,000
13	57	18,744	0	331,744	0	298,931	0	359,066	0	278,999	269,107	1,000,000
14	58	18,744	0	365,629	0	326,824	0	399,114	0	316,973	301,697	1,000,000
15	59	18,744	0	400,978	0	355,520	0	441,597	0	357,684	336,257	1,000,000
16	60	18,744	0	437,854	0	385,043	0	486,686	0	401,364	372,955	1,000,000
17	61	18,744	0	476,323	0	415,416	0	534,565	0	448,264	411,972	1,000,000
18	62	18,744	0	516,454	0	446,664	0	585,428	0	498,653	453,500	1,000,000
19	63	18,744	0	558,318	0	478,811	0	639,483	0	552,821	497,749	1,000,000
20	64	18,744	0	601,991	0	511,885	0	696,955	0	611,081	544,945	1,000,000
21	65	18,744	0	647,551	0	545,911	0	758,084	0	673,779	595,336	1,000,000
22	66	0	66,218	606,447	66,218	493,508	66,218	732,581	66,218	651,967	561,090	929,717
23	67	0	66,218	563,566	66,218	439,596	66,218	705,294	66,218	629,535	525,471	855,118
24	68	0	66,218	518,834	66,218	384,131	66,218	676,097	66,218	606,574	488,497	775,939
25	69	0	66,218	472,169	66,218	327,069	66,218	644,855	66,218	583,195	450,201	725,802
26	70	0	66,218	423,488	66,218	268,364	66,218	611,427	66,218	559,093	410,311	702,552
27	71	0	66,218	372,704	66,218	207,968	66,218	575,659	66,218	534,331	368,819	667,751
28	72	0	66,218	319,726	66,218	145,832	66,218	537,387	66,218	508,971	325,713	630,130
29	73	0	66,218	264,460	66,218	81,907	66,218	496,436	66,218	483,104	280,999	589,505
30	74	0	66,218	206,806	66,218	16,141	66,218	452,619	66,218	456,856	234,707	545,700
		393,624	595,962		595,962		595,962		595,962			

See the accompanying reports for year-by-year details:
Annuity Details

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Note: Annuity values do not reflect surrender charges or market rate adjustments, if any.

Annuity is assessed:
Income tax each year. Column (4b) values are after tax.

Please refer to the full illustration for guaranteed values and other important information.

Comparison of Values

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

			After Tax Values of Identical Allocation to Various Financial Alternatives						FlexLife II			
Yr	Male Age	(1) Life Insurance Premium	(2a) After Tax Cash Flow from Any Taxable Investment	(2b) Any Taxable Investment	(3a) After Tax Cash Flow from Certificate of Deposit	(3b) Certificate of Deposit	(4a) After Tax Cash Flow from Annuity	(4b) Annuity	(5a) After Tax Policy Loan Proceeds	(5b) Year End Surrender Value*	(5c) Year End After Tax Surrender Value*	(5d) Death Benefit
31	75	0	66,218	146,661	16,141	0	66,218	405,875	66,218	433,808	189,349	502,124
32	76	0	66,218	83,918	0	0	66,218	356,776	66,218	410,660	142,481	484,195
33	77	0	66,218	18,465	0	0	66,218	305,202	66,218	387,472	94,074	466,617
34	78	0	18,465	0	0	0	66,218	251,029	66,218	364,309	44,100	449,480
35	79	0	0	0	0	0	66,218	194,126	66,218	341,238	-7,473	432,880
36	80	0	0	0	0	0	66,218	134,355	66,218	318,327	-60,679	416,917
37	81	0	0	0	0	0	66,218	71,571	66,218	295,627	-115,568	401,671
38	82	0	0	0	0	0	66,218	5,623	66,218	273,196	-172,191	387,237
39	83	0	0	0	0	0	5,623	0	66,218	251,088	-230,606	373,702
40	84	0	0	0	0	0	0	0	66,218	229,348	-290,880	361,146
41	85	0	0	0	0	0	0	0	66,218	207,925	-353,156	349,554
42	86	0	0	0	0	0	0	0	66,218	186,774	-417,580	338,918
43	87	0	0	0	0	0	0	0	66,218	165,811	-484,328	329,189
44	88	0	0	0	0	0	0	0	66,218	144,863	-553,648	320,230
45	89	0	0	0	0	0	0	0	66,218	123,688	-625,843	311,833
46	90	0	0	0	0	0	0	0	66,218	102,050	-701,219	303,801
47	91	0	0	0	0	0	0	0	66,218	84,406	-776,710	257,571
48	92	0	0	0	0	0	0	0	66,218	72,656	-851,095	212,104
49	93	0	0	0	0	0	0	0	66,218	69,248	-922,771	169,170
50	94	0	0	0	0	0	0	0	66,218	77,331	-989,635	131,101
51	95	0	0	0	0	0	0	0	66,218	98,701	-1,050,566	98,701
52	96	0	0	0	0	0	0	0	66,218	128,129	-1,109,511	128,129
53	97	0	0	0	0	0	0	0	66,218	166,634	-1,165,927	166,634
54	98	0	0	0	0	0	0	0	66,218	215,337	-1,219,208	215,337
55	99	0	0	0	0	0	0	0	66,218	275,472	-1,268,675	275,472
56	100	0	0	0	0	0	0	0	66,218	348,397	-1,313,572	348,397
57	101	0	0	0	0	0	0	0	66,218	435,600	-1,353,058	435,600
58	102	0	0	0	0	0	0	0	66,218	538,722	-1,386,197	538,722
59	103	0	0	0	0	0	0	0	66,218	659,557	-1,411,951	659,557
60	104	0	0	0	0	0	0	0	66,218	800,076	-1,429,171	800,076
		393,624	813,081		612,103		1,131,329		2,582,502			

See the accompanying reports for year-by-year details:
Annuity Details

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Annuity is assessed:
Income tax each year. Column (4b) values are after tax.

Please refer to the full illustration for guaranteed values and other important information.

Comparison of Values

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

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61	105	0	0	0	0	0	0	0	66,218	962,440	-1,436,582	962,440
62	106	0	0	0	0	0	0	0	66,218	1,149,015	-1,432,777	1,149,015
63	107	0	0	0	0	0	0	0	66,218	1,362,392	-1,416,200	1,362,392
64	108	0	0	0	0	0	0	0	66,218	1,605,407	-1,385,137	1,605,407
65	109	0	0	0	0	0	0	0	66,218	1,881,165	-1,337,695	1,881,165
66	110	0	0	0	0	0	0	0	66,218	2,193,057	-1,271,791	2,193,057
67	111	0	0	0	0	0	0	0	66,218	2,544,792	-1,185,133	2,544,792
68	112	0	0	0	0	0	0	0	66,218	2,940,420	-1,075,202	2,940,420
69	113	0	0	0	0	0	0	0	66,218	3,384,368	-939,227	3,384,368
70	114	0	0	0	0	0	0	0	66,218	3,881,465	-774,167	3,881,465
71	115	0	0	0	0	0	0	0	66,218	4,436,983	-576,687	4,436,983
72	116	0	0	0	0	0	0	0	66,218	5,056,674	-343,127	5,056,674
73	117	0	0	0	0	0	0	0	66,218	5,746,811	-69,477	5,746,811
74	118	0	0	0	0	0	0	0	66,218	6,514,232	248,655	6,514,232
75	119	0	0	0	0	0	0	0	66,218	7,366,390	616,078	7,366,390
76	120	0	0	0	0	0	0	0	66,218	8,311,406	1,038,051	8,311,406
		393,624	813,081		612,103		1,131,329		3,641,990			

See the accompanying reports for year-by-year details:
Annuity Details

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Note: Annuity values do not reflect surrender charges or market rate adjustments, if any.

Annuity is assessed:
Income tax each year. Column (4b) values are after tax.

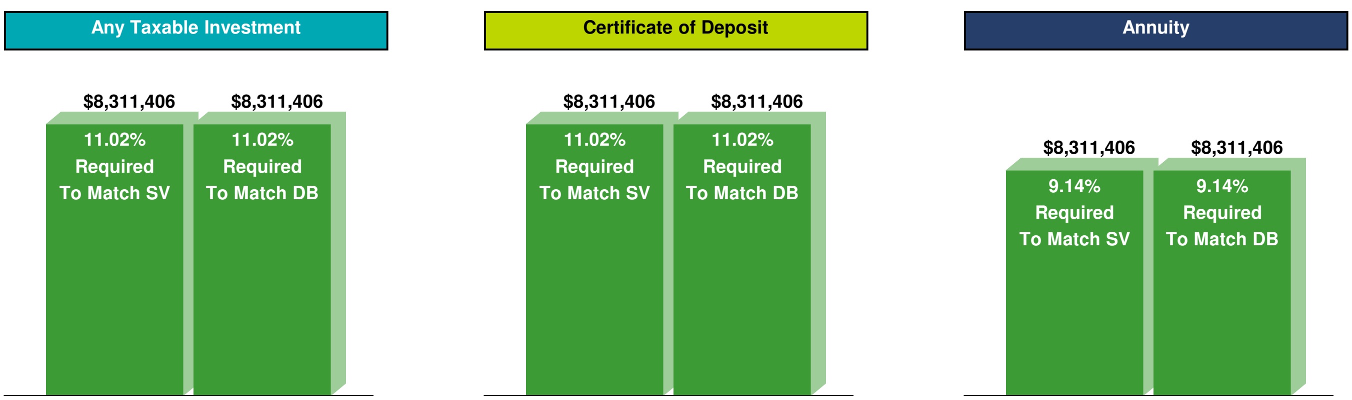
Please refer to the full illustration for guaranteed values and other important information.

Matching Values at Age 120 (Year 76)

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

Gross Interest Rate needed by Various Investments over 76 Years to Match FlexLife II Policy Values

Investment	Interest Rate	FlexLife II
Any Taxable Investment	11.02%	Surrender Value $8,311,406
Any Taxable Investment	11.02%	Death Benefit $8,311,406
Certificate of Deposit	11.02%	Surrender Value $8,311,406
Certificate of Deposit	11.02%	Death Benefit $8,311,406
Annuity	9.14%	Surrender Value $8,311,406
Annuity	9.14%	Death Benefit $8,311,406



Income Tax Considerations

1. Any Taxable Investment: Interest is taxed as earned.
2. Certificate of Deposit: Interest is taxed as earned.
3. Annuity: Interest is tax deferred.
   (Values assume tax is assessed in year shown only)

4. FlexLife II:
   a. Death Benefit including cash value component is income tax free.
   b. Loans are income tax free as long as the policy is kept in force.
   c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
   d. Cash values shown assume most favorable combination of b and/or c.

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Please refer to the full illustration for guaranteed values and other important information.

Net Rate of Return Comparison

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

		Net Rate of Return of After Tax Values			Net Rate of Return of FlexLife II Values		
	Male	(1) Any Taxable	(2) Certificate	(3)	(4) Year End Surrender	(5) Year End After Tax Surrender	(6) Death
1	45	4.32	2.88	5.04	n/a	n/a	5235.04
2	46	4.32	2.88	5.07	-77.28	-77.28	582.12
3	47	4.32	2.88	5.10	-39.76	-39.76	237.84
4	48	4.32	2.88	5.13	-23.50	-23.50	137.66
5	49	4.32	2.88	5.17	-14.98	-14.98	92.87
6	50	4.32	2.88	5.20	-9.67	-9.67	68.18
7	51	4.32	2.88	5.23	-6.28	-6.28	52.78
8	52	4.32	2.88	5.26	-3.97	-3.97	42.37
9	53	4.32	2.88	5.29	-2.33	-2.33	34.91
10	54	4.32	2.88	5.32	-1.10	-1.10	29.34
11	55	4.32	2.88	5.35	0.34	0.25	25.04
12	56	4.32	2.88	5.37	1.22	0.89	21.64
13	57	4.32	2.88	5.40	1.92	1.41	18.88
14	58	4.32	2.88	5.43	2.48	1.84	16.62
15	59	4.32	2.88	5.46	2.95	2.21	14.72
16	60	4.32	2.88	5.49	3.35	2.52	13.12
17	61	4.32	2.88	5.51	3.68	2.79	11.75
18	62	4.32	2.88	5.54	3.97	3.03	10.57
19	63	4.32	2.88	5.57	4.23	3.25	9.54
20	64	4.32	2.88	5.59	4.45	3.44	8.63
21	65	4.32	2.88	5.62	4.65	3.62	7.84
22	66	4.32	2.88	5.64	4.82	3.78	7.29
23	67	4.32	2.88	5.65	4.97	3.91	6.80
24	68	4.32	2.88	5.65	5.10	4.02	6.37
25	69	4.32	2.88	5.66	5.22	4.12	6.19
26	70	4.32	2.88	5.66	5.32	4.21	6.20
27	71	4.32	2.88	5.66	5.41	4.29	6.16
28	72	4.32	2.88	5.65	5.50	4.36	6.12
29	73	4.32	2.88	5.64	5.58	4.43	6.08
30	74	4.32	2.88	5.64	5.66	4.49	6.04

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Please refer to the full illustration for guaranteed values and other important information.

Net Rate of Return Comparison

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

		Net Rate of Return of After Tax Values			Net Rate of Return of FlexLife II Values		
	Male	(1) Any Taxable	(2) Certificate	(3)	(4) Year End Surrender	(5) Year End After Tax Surrender	(6) Death
31	75	4.32	n/a	5.63	5.74	4.57	6.02
32	76	4.32	N/A	5.62	5.83	4.64	6.09
33	77	4.32	N/A	5.61	5.91	4.71	6.17
34	78	n/a	N/A	5.61	5.98	4.78	6.24
35	79	N/A	N/A	5.60	6.06	4.85	6.31
36	80	N/A	N/A	5.60	6.13	4.91	6.38
37	81	N/A	N/A	5.60	6.20	5.00	6.44
38	82	N/A	N/A	5.60	6.26	5.05	6.50
39	83	N/A	N/A	n/a	6.33	5.11	6.56
40	84	N/A	N/A	N/A	6.39	5.18	6.62
41	85	N/A	N/A	N/A	6.45	5.24	6.67
42	86	N/A	N/A	N/A	6.50	5.30	6.72
43	87	N/A	N/A	N/A	6.55	5.37	6.77
44	88	N/A	N/A	N/A	6.61	5.43	6.82
45	89	N/A	N/A	N/A	6.65	5.49	6.86
46	90	N/A	N/A	N/A	6.70	5.55	6.91
47	91	N/A	N/A	N/A	6.74	5.61	6.91
48	92	N/A	N/A	N/A	6.79	5.68	6.92
49	93	N/A	N/A	N/A	6.85	5.75	6.93
50	94	N/A	N/A	N/A	6.90	5.83	6.94
51	95	N/A	N/A	N/A	6.96	5.92	6.96
52	96	N/A	N/A	N/A	7.02	6.01	7.02
53	97	N/A	N/A	N/A	7.08	6.09	7.08
54	98	N/A	N/A	N/A	7.13	6.18	7.13
55	99	N/A	N/A	N/A	7.18	6.26	7.18
56	100	N/A	N/A	N/A	7.23	6.34	7.23
57	101	N/A	N/A	N/A	7.28	6.42	7.28
58	102	N/A	N/A	N/A	7.33	6.49	7.33
59	103	N/A	N/A	N/A	7.38	6.57	7.38
60	104	N/A	N/A	N/A	7.42	6.64	7.42

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Please refer to the full illustration for guaranteed values and other important information.

Net Rate of Return Comparison

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

		Net Rate of Return of After Tax Values			Net Rate of Return of FlexLife II Values		
	Male	(1) Any Taxable	(2) Certificate	(3)	(4) Year End Surrender	(5) Year End After Tax Surrender	(6) Death
61	105	N/A	N/A	N/A	7.46	6.71	7.46
62	106	N/A	N/A	N/A	7.51	6.78	7.51
63	107	N/A	N/A	N/A	7.54	6.84	7.54
64	108	N/A	N/A	N/A	7.58	6.90	7.58
65	109	N/A	N/A	N/A	7.62	6.96	7.62
66	110	N/A	N/A	N/A	7.65	7.02	7.65
67	111	N/A	N/A	N/A	7.69	7.07	7.69
68	112	N/A	N/A	N/A	7.72	7.13	7.72
69	113	N/A	N/A	N/A	7.75	7.18	7.75
70	114	N/A	N/A	N/A	7.78	7.22	7.78
71	115	N/A	N/A	N/A	7.81	7.27	7.81
72	116	N/A	N/A	N/A	7.84	7.31	7.84
73	117	N/A	N/A	N/A	7.86	7.35	7.86
74	118	N/A	N/A	N/A	7.89	7.39	7.89
75	119	N/A	N/A	N/A	7.91	7.43	7.91
76	120	N/A	N/A	N/A	7.93	7.47	7.93

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Please refer to the full illustration for guaranteed values and other important information.

Pre-Tax Equivalent Rate of Return Comparison

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

		Pre-Tax Equivalent Rate of Return of Pre-Tax Values			Pre-Tax Equivalent Rate of Return of FlexLife II Values		
	Male	(1) Any Taxable	(2) Certificate	(3)	(4) Year End Surrender	(5) Year End After Tax Surrender	(6)
1	45	6.00	4.00	7.00	n/a	n/a	7270.89
2	46	6.00	4.00	7.04	-77.28	-77.28	808.50
3	47	6.00	4.00	7.09	-39.76	-39.76	330.33
4	48	6.00	4.00	7.13	-23.50	-23.50	191.19
5	49	6.00	4.00	7.17	-14.98	-14.98	128.99
6	50	6.00	4.00	7.22	-9.67	-9.67	94.69
7	51	6.00	4.00	7.26	-6.28	-6.28	73.31
8	52	6.00	4.00	7.30	-3.97	-3.97	58.84
9	53	6.00	4.00	7.34	-2.33	-2.33	48.49
10	54	6.00	4.00	7.38	-1.10	-1.10	40.75
11	55	6.00	4.00	7.43	0.47	0.34	34.78
12	56	6.00	4.00	7.47	1.69	1.23	30.05
13	57	6.00	4.00	7.50	2.66	1.96	26.23
14	58	6.00	4.00	7.54	3.45	2.56	23.08
15	59	6.00	4.00	7.58	4.10	3.06	20.45
16	60	6.00	4.00	7.62	4.65	3.50	18.22
17	61	6.00	4.00	7.66	5.12	3.88	16.32
18	62	6.00	4.00	7.69	5.52	4.21	14.68
19	63	6.00	4.00	7.73	5.87	4.51	13.25
20	64	6.00	4.00	7.77	6.18	4.78	11.99
21	65	6.00	4.00	7.80	6.46	5.02	10.89
22	66	6.00	4.00	7.83	6.70	5.25	10.12
23	67	6.00	4.00	7.84	6.91	5.43	9.45
24	68	6.00	4.00	7.85	7.08	5.59	8.85
25	69	6.00	4.00	7.86	7.24	5.73	8.60
26	70	6.00	4.00	7.86	7.39	5.85	8.61
27	71	6.00	4.00	7.85	7.52	5.96	8.56
28	72	6.00	4.00	7.85	7.64	6.06	8.50
29	73	6.00	4.00	7.84	7.75	6.15	8.44
30	74	6.00	4.00	7.83	7.85	6.24	8.39

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Please refer to the full illustration for guaranteed values and other important information.

Pre-Tax Equivalent Rate of Return Comparison

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

		Pre-Tax Equivalent Rate of Return of Pre-Tax Values			Pre-Tax Equivalent Rate of Return of FlexLife II Values		
	Male	(1) Any Taxable	(2) Certificate	(3)	(4) Year End Surrender	(5) Year End After Tax Surrender	(6)
31	75	6.00	n/a	7.81	7.98	6.34	8.36
32	76	6.00	N/A	7.80	8.09	6.45	8.47
33	77	6.00	N/A	7.79	8.20	6.54	8.57
34	78	n/a	N/A	7.79	8.31	6.64	8.67
35	79	N/A	N/A	7.78	8.41	6.73	8.76
36	80	N/A	N/A	7.78	8.51	6.83	8.86
37	81	N/A	N/A	7.78	8.61	6.92	8.95
38	82	N/A	N/A	7.78	8.70	7.01	9.03
39	83	N/A	N/A	n/a	8.79	7.10	9.11
40	84	N/A	N/A	N/A	8.87	7.19	9.19
41	85	N/A	N/A	N/A	8.95	7.28	9.27
42	86	N/A	N/A	N/A	9.03	7.37	9.34
43	87	N/A	N/A	N/A	9.10	7.45	9.41
44	88	N/A	N/A	N/A	9.17	7.54	9.47
45	89	N/A	N/A	N/A	9.24	7.62	9.53
46	90	N/A	N/A	N/A	9.30	7.70	9.59
47	91	N/A	N/A	N/A	9.37	7.79	9.60
48	92	N/A	N/A	N/A	9.43	7.88	9.60
49	93	N/A	N/A	N/A	9.51	7.99	9.62
50	94	N/A	N/A	N/A	9.59	8.10	9.64
51	95	N/A	N/A	N/A	9.67	8.22	9.67
52	96	N/A	N/A	N/A	9.75	8.34	9.75
53	97	N/A	N/A	N/A	9.83	8.46	9.83
54	98	N/A	N/A	N/A	9.90	8.58	9.90
55	99	N/A	N/A	N/A	9.98	8.69	9.98
56	100	N/A	N/A	N/A	10.05	8.81	10.05
57	101	N/A	N/A	N/A	10.12	8.91	10.12
58	102	N/A	N/A	N/A	10.18	9.02	10.18
59	103	N/A	N/A	N/A	10.25	9.12	10.25
60	104	N/A	N/A	N/A	10.31	9.22	10.31

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Please refer to the full illustration for guaranteed values and other important information.

Pre-Tax Equivalent Rate of Return Comparison

Any Taxable Investment Yield	Certificate of Deposit Yield	Annuity Yield	Income Tax Rate	FlexLife II Interest Rate	Initial Death Benefit
6.00%	4.00%	7.00%	28.00%	5.99%	1,000,000

		Pre-Tax Equivalent Rate of Return of Pre-Tax Values			Pre-Tax Equivalent Rate of Return of FlexLife II Values		
	Male	(1) Any Taxable	(2) Certificate	(3)	(4) Year End Surrender	(5) Year End After Tax Surrender	(6)
61	105	N/A	N/A	N/A	10.37	9.32	10.37
62	106	N/A	N/A	N/A	10.42	9.41	10.42
63	107	N/A	N/A	N/A	10.48	9.50	10.48
64	108	N/A	N/A	N/A	10.53	9.59	10.53
65	109	N/A	N/A	N/A	10.58	9.67	10.58
66	110	N/A	N/A	N/A	10.63	9.75	10.63
67	111	N/A	N/A	N/A	10.68	9.82	10.68
68	112	N/A	N/A	N/A	10.72	9.90	10.72
69	113	N/A	N/A	N/A	10.77	9.97	10.77
70	114	N/A	N/A	N/A	10.81	10.03	10.81
71	115	N/A	N/A	N/A	10.85	10.10	10.85
72	116	N/A	N/A	N/A	10.88	10.16	10.88
73	117	N/A	N/A	N/A	10.92	10.21	10.92
74	118	N/A	N/A	N/A	10.95	10.27	10.95
75	119	N/A	N/A	N/A	10.99	10.32	10.99
76	120	N/A	N/A	N/A	11.02	10.37	11.02

*This illustration assumes all values shown are not guaranteed and continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a full illustration.

Please refer to the full illustration for guaranteed values and other important information.

Taxation of Annuity Cash Flow

With deferred annuities, withdrawals (partial surrenders) are taxable until gain is exhausted. Due to this, cash flow illustrated from the deferred annuity in this presentation is the after tax result of withdrawals of a higher amount.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this issue.

Cash Flow Analysis In Year 22

Below is an analysis of tax calculations on cash flow in the first year that cash flow from the Tax Deferred Account and FlexLife II is illustrated.

Tax Deferred Account

	$91,969	gain in contract withdrawn @ 28.00% tax to net		$66,218
+	$0	additional non-taxed withdrawal to net	+	$0
	$91,969	total withdrawal which nets, after tax		$66,218

FlexLife II

There are no tax calculations required for the life insurance policy since policy loans are not taxable

Annuity surrender charges, if any, will further reduce annuity values.

Tax Calculations

The tax deferred investment illustrated in the accompanying material reflects after tax values. Since withdrawals are taxable until any gain is exhausted, account values are illustrated on an after tax basis.

A cash value life insurance policy (that is not designed as a modified endowment contract*) is taxed on a first-in-first-out basis which means that withdrawals (also known as partial surrenders) have different taxation. Withdrawals up to cost basis are income-tax free; subsequent withdrawals are taxable. However, contractual loan provision in the policy allow you to access additional cash flow from the policy cash value which is income-tax free so long as the policy stays in force. This feature avoids the problem of taxable withdrawals in excess of cost basis. Interest on such loans can be added to the outstanding loan, and with most life insurance policies, the loan balance is credited with interest earnings at (or near) the level of the loan interest charged resulting in a wash (or near wash) of the loan interest. If the policy is kept in force until death, the policy death benefit, including any internal deferred gain, is income-tax free.

Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this.

*With a life insurance policy that is characterized as a modified endowment contract ("MEC"), both withdrawals and loans are taxed on a gain first basis. In almost all circumstances, it is advisable to avoid purchasing a MEC, and the basic illustration that is provided to you from the issuing life insurance company should indicate if it is a MEC.

Legal and tax information is for general use only and may not be applicable to specific circumstances. Clients should consult their own legal, tax and accounting advisors to assist in the evaluation of any potential transaction or strategy.

Annuity

Annuity Yield	Income Tax Rate	Initial Payment
7.00%	28.00%	18,744

		An Annuity					
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 7.00%	(4) Tax Deferred Ending Balance	(5) Surrender Value of the Annuity	(6) After Tax Surrender Value of the Annuity
1	45	18,744	0	1,312	20,056	20,056	19,689
2	46	18,744	0	2,716	41,516	41,516	40,388
3	47	18,744	0	4,218	64,478	64,478	62,169
4	48	18,744	0	5,826	89,048	89,048	85,108
5	49	18,744	0	7,545	115,337	115,337	109,284
6	50	18,744	0	9,386	143,467	143,467	134,786
7	51	18,744	0	11,355	173,566	173,566	161,706
8	52	18,744	0	13,462	205,772	205,772	190,142
9	53	18,744	0	15,716	240,232	240,232	220,202
10	54	18,744	0	18,128	277,104	277,104	251,998
11	55	18,744	0	20,709	316,557	316,557	285,653
12	56	18,744	0	23,471	358,772	358,772	321,296
13	57	18,744	0	26,426	403,942	403,942	359,066
14	58	18,744	0	29,588	452,274	452,274	399,114
15	59	18,744	0	32,971	503,989	503,989	441,597
16	60	18,744	0	36,591	559,324	559,324	486,686
17	61	18,744	0	40,465	618,533	618,533	534,565
18	62	18,744	0	44,609	681,886	681,886	585,428
19	63	18,744	0	49,044	749,674	749,674	639,483
20	64	18,744	0	53,789	822,207	822,207	696,955
21	65	18,744	0	58,867	899,818	899,818	758,084
22	66	0	66,218	56,549	864,398	891,952	732,581
23	67	0	66,218	54,070	826,499	854,053	705,294
24	68	0	66,218	51,417	785,947	813,501	676,097
25	69	0	66,218	48,578	742,556	770,110	644,855
26	70	0	66,218	45,541	696,128	723,682	611,427
27	71	0	66,218	42,291	646,450	674,004	575,659
28	72	0	66,218	38,814	593,295	620,848	537,387
29	73	0	66,218	35,093	536,419	563,972	496,436
30	74	0	66,218	31,111	475,561	503,115	452,619
		393,624	595,962				

Note: Annuity values do not reflect surrender charges or market rate adjustments, if any.

Annuity is assessed:
Income tax each year. Column (6) values are after tax.

Withdrawals are taxable until gain is exhausted. Due to this, any withdrawals reflected in Column (2) have been grossed up so the after tax net is equal to the amount shown.

Annuity values are not guaranteed and may be higher or lower than illustrated.

30 Year Summary

	Annuity
After Tax Payments	393,624
After Tax Cash Flow	595,962
Living Values	475,561
Death Benefit	452,619

Annuity

Annuity Yield	Income Tax Rate	Initial Payment
7.00%	28.00%	18,744

		An Annuity					
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 7.00%	(4) Tax Deferred Ending Balance	(5) Surrender Value of the Annuity	(6) After Tax Surrender Value of the Annuity
31	75	0	66,218	27,048	413,449	437,997	405,875
32	76	0	66,218	23,776	363,433	371,537	356,776
33	77	0	66,218	20,339	310,897	318,020	305,202
34	78	0	66,218	16,729	255,713	261,807	251,029
35	79	0	66,218	12,937	197,748	202,760	194,126
36	80	0	66,218	8,954	136,862	140,737	134,355
37	81	0	66,218	4,770	72,907	75,589	71,571
38	82	0	66,218	375	5,728	7,157	5,623
39	83	0	5,623	0	0	112	0
40	84	0	0	0	0	0	0
41	85	0	0	0	0	0	0
42	86	0	0	0	0	0	0
43	87	0	0	0	0	0	0
44	88	0	0	0	0	0	0
45	89	0	0	0	0	0	0
46	90	0	0	0	0	0	0
47	91	0	0	0	0	0	0
48	92	0	0	0	0	0	0
49	93	0	0	0	0	0	0
50	94	0	0	0	0	0	0
51	95	0	0	0	0	0	0
52	96	0	0	0	0	0	0
53	97	0	0	0	0	0	0
54	98	0	0	0	0	0	0
55	99	0	0	0	0	0	0
56	100	0	0	0	0	0	0
57	101	0	0	0	0	0	0
58	102	0	0	0	0	0	0
59	103	0	0	0	0	0	0
60	104	0	0	0	0	0	0
		393,624	1,131,329				

Note: Annuity values do not reflect surrender charges or market rate adjustments, if any.

Annuity is assessed:
Income tax each year. Column (6) values are after tax.

Withdrawals are taxable until gain is exhausted. Due to this, any withdrawals reflected in Column (2) have been grossed up so the after tax net is equal to the amount shown.

Annuity values are not guaranteed and may be higher or lower than illustrated.

60 Year Summary

	Annuity
After Tax Payments	393,624
After Tax Cash Flow	1,131,329
Living Values	0
Death Benefit	0

Annuity

Annuity Yield	Income Tax Rate	Initial Payment
7.00%	28.00%	18,744

		An Annuity					
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 7.00%	(4) Tax Deferred Ending Balance	(5) Surrender Value of the Annuity	(6) After Tax Surrender Value of the Annuity
61	105	0	0	0	0	0	0
62	106	0	0	0	0	0	0
63	107	0	0	0	0	0	0
64	108	0	0	0	0	0	0
65	109	0	0	0	0	0	0
66	110	0	0	0	0	0	0
67	111	0	0	0	0	0	0
68	112	0	0	0	0	0	0
69	113	0	0	0	0	0	0
70	114	0	0	0	0	0	0
71	115	0	0	0	0	0	0
72	116	0	0	0	0	0	0
73	117	0	0	0	0	0	0
74	118	0	0	0	0	0	0
75	119	0	0	0	0	0	0
76	120	0	0	0	0	0	0
		393,624	1,131,329				

Note: Annuity values do not reflect surrender charges or market rate adjustments, if any.

Annuity is assessed:
Income tax each year. Column (6) values are after tax.

Withdrawals are taxable until gain is exhausted. Due to this, any withdrawals reflected in Column (2) have been grossed up so the after tax net is equal to the amount shown.

Annuity values are not guaranteed and may be higher or lower than illustrated.

76 Year Summary

	Annuity
After Tax Payments	393,624
After Tax Cash Flow	1,131,329
Living Values	0
Death Benefit	0

Details of the Annuity

Annuity Yield	Income Tax Rate	Initial Payment
7.00%	28.00%	18,744

		An Annuity									
Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)
1	45	0	18,744	18,744	0	0	0	0	0	20,056	0
2	46	20,056	18,744	37,488	0	0	0	0	0	41,516	0
3	47	41,516	18,744	56,232	0	0	0	0	0	64,478	0
4	48	64,478	18,744	74,976	0	0	0	0	0	89,048	0
5	49	89,048	18,744	93,720	0	0	0	0	0	115,337	0
6	50	115,337	18,744	112,464	0	0	0	0	0	143,467	0
7	51	143,467	18,744	131,208	0	0	0	0	0	173,566	0
8	52	173,566	18,744	149,952	0	0	0	0	0	205,772	0
9	53	205,772	18,744	168,696	0	0	0	0	0	240,232	0
10	54	240,232	18,744	187,440	0	0	0	0	0	277,104	0
11	55	277,104	18,744	206,184	0	0	0	0	0	316,557	0
12	56	316,557	18,744	224,928	0	0	0	0	0	358,772	0
13	57	358,772	18,744	243,672	0	0	0	0	0	403,942	0
14	58	403,942	18,744	262,416	0	0	0	0	0	452,274	0
15	59	452,274	18,744	281,160	0	0	0	0	0	503,989	0
16	60	503,989	18,744	299,904	0	0	0	0	0	559,324	0
17	61	559,324	18,744	318,648	0	0	0	0	0	618,533	0
18	62	618,533	18,744	337,392	0	0	0	0	0	681,886	0
19	63	681,886	18,744	356,136	0	0	0	0	0	749,674	0
20	64	749,674	18,744	374,880	0	0	0	0	0	822,207	0
21	65	822,207	18,744	393,624	0	0	0	0	0	899,818	0
22	66	899,818	0	393,624	91,969	91,969	91,969	66,218	0	864,398	66,218
23	67	864,398	0	393,624	91,969	91,969	91,969	66,218	0	826,499	66,218
24	68	826,499	0	393,624	91,969	91,969	91,969	66,218	0	785,947	66,218
25	69	785,947	0	393,624	91,969	91,969	91,969	66,218	0	742,556	66,218
26	70	742,556	0	393,624	91,969	91,969	91,969	66,218	0	696,128	66,218
27	71	696,128	0	393,624	91,969	91,969	91,969	66,218	0	646,450	66,218
28	72	646,450	0	393,624	91,969	91,969	91,969	66,218	0	593,295	66,218
29	73	593,295	0	393,624	91,969	91,969	91,969	66,218	0	536,419	66,218
30	74	536,419	0	393,624	91,969	91,969	91,969	66,218	0	475,561	66,218
			393,624		827,721		827,721	595,962	0		595,962

Details of the Annuity

Annuity Yield	Income Tax Rate	Initial Payment
7.00%	28.00%	18,744

An Annuity

Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)
31	75	475,561	0	393,624	89,160	81,937	81,937	58,995	7,223	413,449	66,218
32	76	413,449	0	386,401	73,792	27,048	27,048	19,475	46,743	363,433	66,218
33	77	363,433	0	339,657	72,875	23,776	23,776	17,118	49,100	310,897	66,218
34	78	310,897	0	290,558	71,913	20,339	20,339	14,644	51,574	255,713	66,218
35	79	255,713	0	238,984	70,902	16,729	16,729	12,045	54,173	197,748	66,218
36	80	197,748	0	184,811	69,840	12,937	12,937	9,315	56,903	136,862	66,218
37	81	136,862	0	127,908	68,725	8,954	8,954	6,447	59,771	72,907	66,218
38	82	72,907	0	68,137	67,554	4,770	4,770	3,435	62,783	5,728	66,218
39	83	5,728	0	5,353	5,728	375	375	270	5,353	0	5,623
40	84	0	0	0	0	0	0	0	0	0	0
41	85	0	0	0	0	0	0	0	0	0	0
42	86	0	0	0	0	0	0	0	0	0	0
43	87	0	0	0	0	0	0	0	0	0	0
44	88	0	0	0	0	0	0	0	0	0	0
45	89	0	0	0	0	0	0	0	0	0	0
46	90	0	0	0	0	0	0	0	0	0	0
47	91	0	0	0	0	0	0	0	0	0	0
48	92	0	0	0	0	0	0	0	0	0	0
49	93	0	0	0	0	0	0	0	0	0	0
50	94	0	0	0	0	0	0	0	0	0	0
51	95	0	0	0	0	0	0	0	0	0	0
52	96	0	0	0	0	0	0	0	0	0	0
53	97	0	0	0	0	0	0	0	0	0	0
54	98	0	0	0	0	0	0	0	0	0	0
55	99	0	0	0	0	0	0	0	0	0	0
56	100	0	0	0	0	0	0	0	0	0	0
57	101	0	0	0	0	0	0	0	0	0	0
58	102	0	0	0	0	0	0	0	0	0	0
59	103	0	0	0	0	0	0	0	0	0	0
60	104	0	0	0	0	0	0	0	0	0	0
			393,624		1,418,210		1,024,586	737,706	393,623		1,131,329

Details of the Annuity

Annuity Yield	Income Tax Rate	Initial Payment
7.00%	28.00%	18,744

		An Annuity									
Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)
61	105	0	0	0	0	0	0	0	0	0	0
62	106	0	0	0	0	0	0	0	0	0	0
63	107	0	0	0	0	0	0	0	0	0	0
64	108	0	0	0	0	0	0	0	0	0	0
65	109	0	0	0	0	0	0	0	0	0	0
66	110	0	0	0	0	0	0	0	0	0	0
67	111	0	0	0	0	0	0	0	0	0	0
68	112	0	0	0	0	0	0	0	0	0	0
69	113	0	0	0	0	0	0	0	0	0	0
70	114	0	0	0	0	0	0	0	0	0	0
71	115	0	0	0	0	0	0	0	0	0	0
72	116	0	0	0	0	0	0	0	0	0	0
73	117	0	0	0	0	0	0	0	0	0	0
74	118	0	0	0	0	0	0	0	0	0	0
75	119	0	0	0	0	0	0	0	0	0	0
76	120	0	0	0	0	0	0	0	0	0	0
			393,624		1,418,210		1,024,586	737,706	393,623		1,131,329

Supplemental Report

Important Note

This material is for educational purposes only. In all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.