Achieving Maximum Wealth with Maximum Security

Introduction

This presentation contains unique information that will be used to illustrate the **power** and **security** of using **Revolutionary Life (RL)** as a wealth building tool.

Are you ready for a wealth building tool with the following characteristics?

-**No downside risk** when the stock market goes negative?

One of the biggest concerns of the American public is losing money in the stock market due to negative returns. When you build wealth through **RL**, your money will NOT go backwards due to negative stock market returns.

-**Gains that track the S&P 500**

Mutual fund studies* indicate that the average mutual fund investor has earned **less than 3.7%** a year over the last 20 years even though the average mutual fund returned in excess of **8%** and the **S&P 500 returned over 10%**. When building wealth with **RL**, the growth of your money will track the best stock index (the S&P 500)** with NO risk of loss due to downturns in the stock market.

-**Tax Free Growth/Tax Free Retirement Cash Flow**

When building wealth with **RL**, your money is allowed to **grow tax-free** and can be **removed tax-free** when in retirement***.

-**Protection for your family**

While **RL** is structured with the minimum death benefit so as to maximize wealth accumulation, with every plan, you will have a death benefit that will pay INCOME-TAX free to your heirs. Therefore, **RL** is a **self-completing** retirement vehicle that will protect your family should you pass away prior to complete funding of the plan.

(*DALBAR)
(**S&P 500 returns do not include dividends and are capped (currently at 15% annually)
(***When properly structured, your money is available tax-free shortly after funding RL, however, for best results it is best to let the money grow for at least five years, TEN YEARS IS RECOMMENDED).

Comparing Revolutionary Life (RL) to Tax Deferred IRAs and Qualified Retirement Plans (401(k), Profit Sharing, and Defined Benefit Plans)

One of the age old questions is: What is the "best" way to build wealth for retirement? Most would say income tax-deferred qualified plans or IRAs are the "best" tools to build a retirement nest egg.

Think about what you know or have been told by your financial advisors, the talking heads on television shows, or other sources. You can invest $1.00 now into a "retirement plan," allow it to **grow without paying taxes** (dividend or capital gains taxes) for 10, 20, or 30 years (depending on your age), and receive the money after age 59½ without penalty to use for your retirement.

However, when you receive the money in retirement, it will **all be taxed as ordinary income at that time**. Is that a good idea?

Most people will immediately say that it is a good idea. Like many financial topics, **the answer is that it depends**. It can be good or bad depending on your individual circumstances.

Retiring in a lower income tax bracket

Do you think you will be in a higher or lower income-tax bracket when you retire? Look at the following statistics for the top marginal income tax brackets for past years:

1965	70%	1991	31%
1980	70%	1993	39.6%
1986	50%	2003	35%
1988	28%	2008	35%

The fact of the matter is that we are nearly at an all time low with our personal income tax brackets. Unfortunately, we can't predict what the future will hold, but based on the economy and the past history of tax brackets, many believe that income tax rates will be going up over the next many years. Reasonable assumptions that have been discussed with you by your advisor have been used in creating this summary.

Paying taxes on the Seed or the Harvest—

When it comes to retirement planning, most people do not think about whether it is better to pay taxes on the "seed" now on your annual income to invest, or on the money you've accumulated in your qualified plan or IRA when you retire (the "harvest" will be **100% income taxed** when taken out of a tax-deferred retirement plan after age 59.5).

Continued

This summary was created to tell you, given certain facts, if **Investing Money Tax-Deferred in Qualified Retirement Plans or IRAs is, in fact, a good idea and specifically if you can build more wealth by using Revolutionary Life**.

Traditional wealth building in Tax-Deferred Plans?

The vast majority of Americans choose to use mutual funds inside their tax-deferred IRAs or qualified plans because they believe mutual funds give them the "**best chance**" to succeed in growing their retirement nest egg.

What's the problem with building wealth through mutual funds?

-**The stock market provides NO DOWNSIDE PROTECTION**.

As most people found out from 2000-2002, when the stock market declines significantly so does your account value. The S&P 500 stock index went down nearly **40%** over that time frame. Investors again found out how protected their investments are in the stock market when it declined over **46%** in just a 12 month period from October of 2007-October of 2008. Such a decline has devastating effects on person's ability to retire.

While it is true you can earn significant gains in the stock market, as many people have found out, you can also lose significant amounts of money that you may not be able to afford to lose (or would rather not if you had a better alternative).

-**Tax-Deferred retirement plans can be TAX-HOSTILE!**

As you will see in the following pages, when you pay taxes on the "harvest" instead of the "seed" by choosing to fund tax-deferred qualified plans or IRAs, they can, in fact, be tax hostile because ALL of the money coming out of such plans is **100% taxable at your ordinary income tax bracket**.

-**Mutual funds are EXPENSIVE** (whether they go up or down).

Depending on the studies you read, the average mutual fund expense ranges between **1.2%-1.5%** a year. This fee is charged whether your account value increases or decreases.

-**It's tough to predict which funds or stocks will do well and when they will do well**.

See the following example:

Comparing Revolutionary Life (RL) to Traditional Wealth Building

Which one of the following stocks would you have purchased back in 2003?

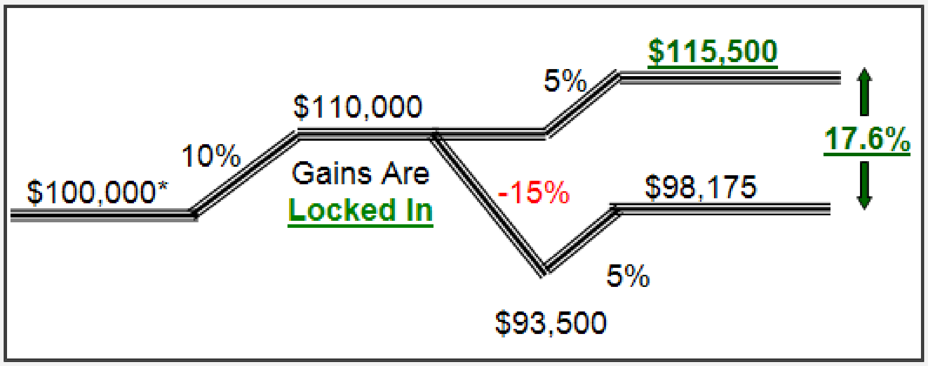
Walmart
-One of largest companies in the world
-Consistent earner
-Pays dividends

K-Mart
-Just emerging from bankruptcy
-Big marketing tie to Martha Stewart
-No anticipated dividends

Walmart		K-Mart
$56.08	**Stock Price July 11, 2003**	**$24.20**
$51.76	**Stock Price July 11, 2004**	**$76.80**

Which one would you have chosen? Most people would have opted for Walmart and lost money verses buying K-Mart and earning significant gains.

The following example is why you should use RL to build wealth



RL locks in the gains in up years and does not participate in the down years like money "at risk" in an actively traded account.

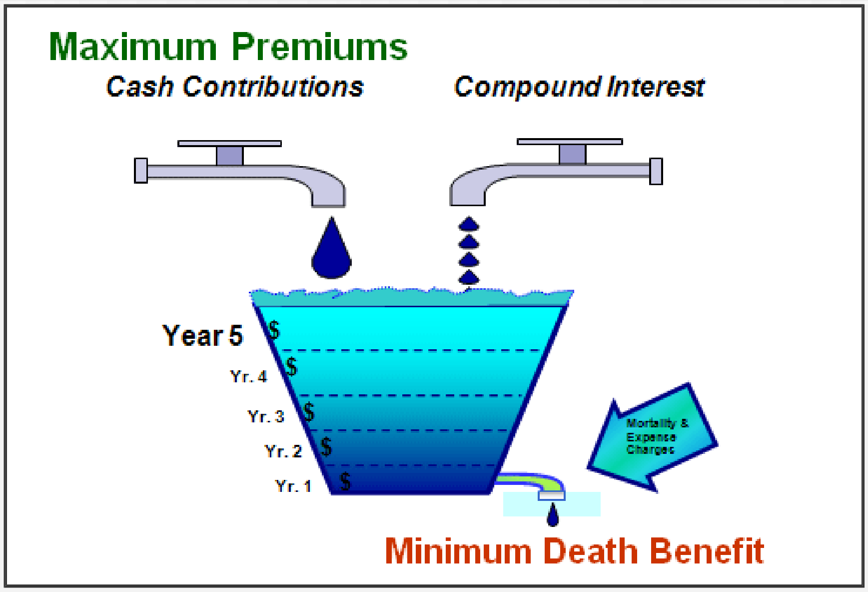
Summary comparison between growing wealth in the market vs. RL

Stock Market
-Expensive (regardless of returns)
-Tax-Hostile
-Lack consistent results

Revolutionary Life
-Money does not go backwards due to market returns
-Locks in gains (pegged to the S&P 500**)
-Tax-free growth & withdrawals
-Provides family protection

(*$100,000 equals the RL cash account value. This example is for illustrative purposes only. Your advisor will provide you with a unique illustration for your particular situation)
(**Gains do not include dividends and are capped (currently at 15% annually))

Maximum Funding with Minimum Expenses



Properly Funding RL for Maximum Wealth

-**Policy design is critical**.

-Funding should occur over a minimum of five years.

-This will help keep costs at a minimum and allow the maximum amount of wealth to grow inside the policy.

-Cash inside a RL policy **grows tax-free*** and can be **removed tax-free**** in retirement.

*(No capital gains or dividend taxes on gains)
**(No income taxes when removed in retirement with a proper design)

Your Profile Summary

Name: Example Client
Address: 100 Success St , Naples, FL 12345
Phone: 239-555-1212
E-mail: info@safecollegeplan.com

Total Total income annually pre-tax: $225,000

Based on your profile, you could fund $15,000 for 21 years into a Revolutionary Life insurance policy for wealth building.

The comparison to follow will illustrate how much wealth could be created using **RL** vs. typical wealth building in the stock market using mutual funds.

The comparison to follow will illustrate how much wealth could be created using **RL** vs. growing wealth in a Tax-Deferred qualified retirement plan or IRA (where your money invested in such plans uses mutual funds).

The following assumptions are used for this example:

Your current income-tax bracket: 35%

Your expected income-tax bracket in retirement: 35%

Assume a "gross" rate of return in both **mutual funds** and **RL** = 7.500%

Annual expenses in mutual funds:

1.500% Mutual fund internal expense

0.000% Money management fee or wrap fee (if any) in the tax-deferred retirement vehicle.

Expenses in RL

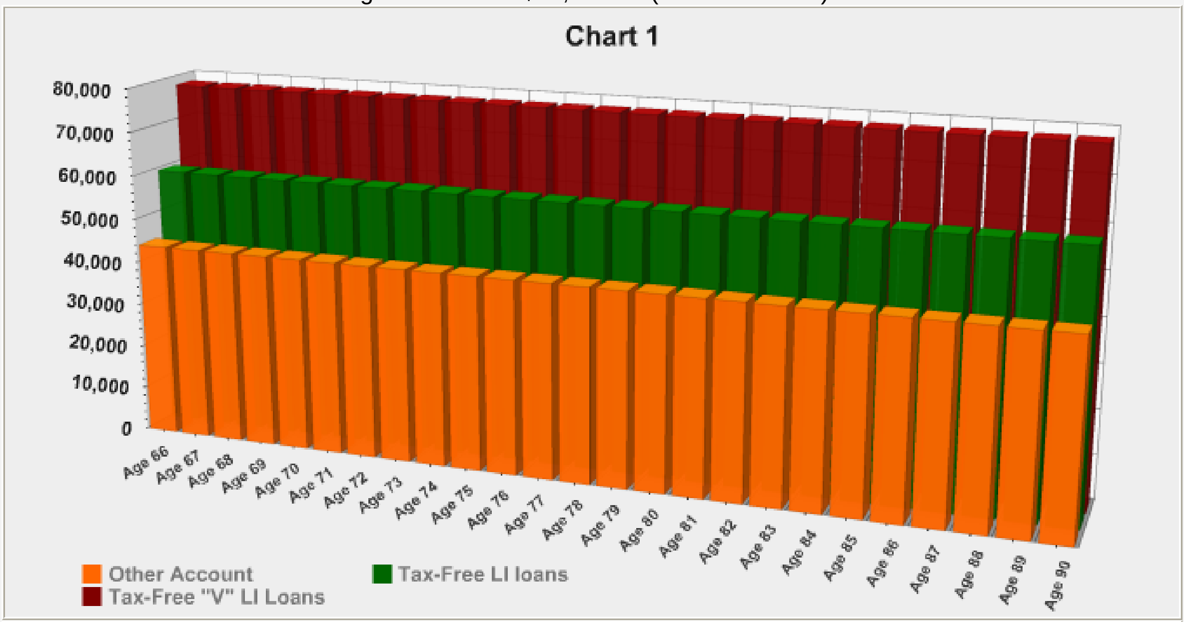
Your **RL** policy illustration has been created using the minimum death benefit allowed by law so you can remove money from it tax-free in retirement. The numbers you will see in the following illustration are net numbers after ALL expenses have been taken out of the policy.

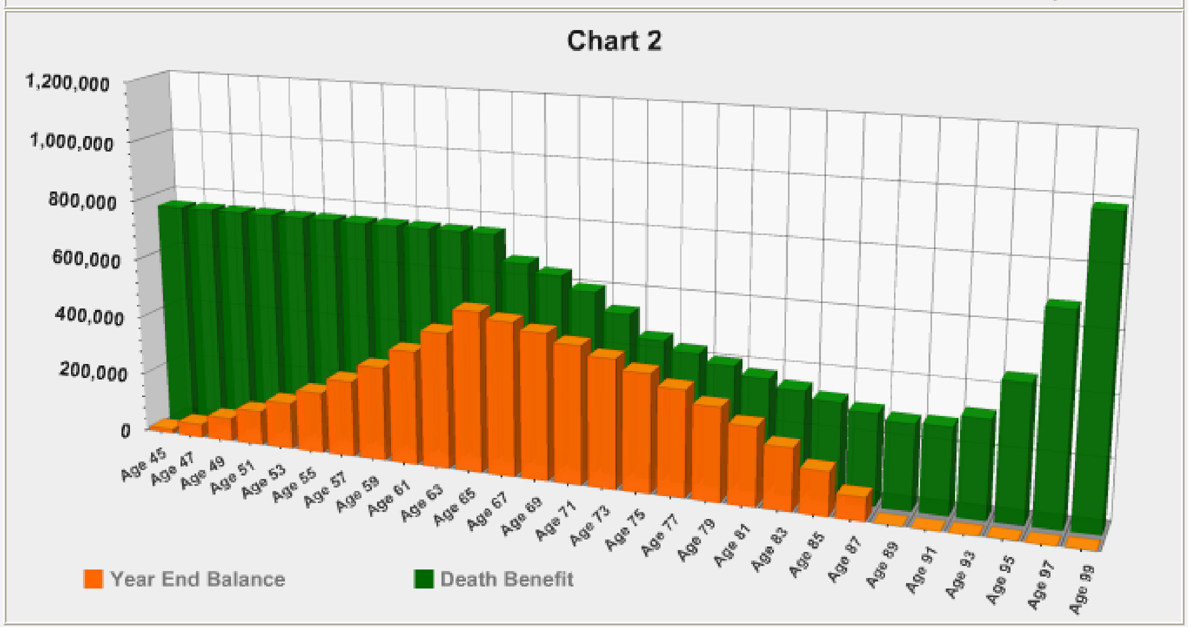
The goal with the example is to illustrate the difference in your **net after-tax retirement income** when comparing the use of Tax-Deferred qualified retirement plans or IRAs (assuming no match by your employer) to **RL**.

For the following illustration it is assumed that you will remove the maximum amount of money from both your tax-deferred account (where taxes will netted out) and from **RL** after-tax from ages 66 to 90.

Financial Outcome

After tax from your tax-deferred account every year from ages 66 to 90 = $44,102.00
Total from RL from ages 66 to 90 = $59,567.00 (Wash Loans)
Total from RL from ages 66 to 90 = $78,025.00 (Variable Loans)





Explaining the Charts

In Chart 1 you see orange, green and maroon, bars.

Orange equals the amount of money that can be removed **after taxes and expenses** from your tax-deferred retirement account leaving an account value of zero after the final withdrawal.

Green equals the amount of money that can be removed after taxes and expenses from **RL**. With **RL** the policy is designed as illustrated to leave enough cash in the policy to pay expenses until age 100.

Maroon equals the amount of money that can be removed after taxes and expenses from **RL** with a **variable loan spread** used in withdrawal period.

In Chart 2 you see only orange and green bars.

Orange equals the amount of wealth that will pass to your heirs upon your death when building wealth through mutual funds (assuming NO estate tax problem and assuming the money is passed in a lump sum to your heirs upon death).

Green equals the amount of wealth that will pass to your heirs tax-free upon your death in any given year.

With a properly designed **RL** policy, your heirs should **always receive either more or significantly more** wealth no matter when you pass away as compared to the wealth that will pass via similarly funded mutual funds.

The Double-Tax Trap

While not discussed in this presentation, if you have an estate tax-problem at your death (or the death of the second spouse if married), the taxes on the money in your tax-deferred qualified plan can **exceed 75%** depending on your income and estate tax brackets at death.

For this reason, many people who understand this double tax-trap will choose to forego funding tax-deferred qualified retirement plans that can end up being nearly twice as tax-hostile (income and estate taxes up on death) and instead fund **RL** due to the tax advantages afforded to life insurance at death (only estate taxes will be due, no income taxes).

If you currently have the double tax-trap, please make your advisor aware of it so appropriate steps can be taken to mitigate the problem.

Continued

Wash Loans vs. Variable Loans

A feature that makes building wealth through **RL** unique is the ability to use a variable loan feature when removing cash tax-free in retirement. With variable loans, you can actually make **money on the money borrowed** from your policy (which is why the maroon bars in the chart show significantly more money available to you tax free in retirement).

A complete explanation of variable loans is outside the scope of this presentation and can be read about in complete detail in The Home Equity Management Guidebook starting on page 136.

From a properly structured policy, tax-free loans are paid back at death through a reduction in the death benefit.

Summary

Determining what financial instrument to build wealth for retirement is one of the most difficult and important decisions you can make.

Based on the information provided, it is clear that funding a tax-deferred qualified plan or IRA will, in fact, be a tax-hostile plan instead of a tax-favorable plan.*

It is recommended that if you would like a more overall tax-favorable wealth building tool with the following characteristics, then you should move forward to use Revolutionary Life as one of your wealth building tools:

- **No Downside Risk** due to market forces
- **Good upside growth** potential pegged to the S&P 500 index
- **Annual locking features** on the gains
- **Tax-free growth** and **tax-free retirement cash flow**

Finally, using **RL** will provide the above features and also provide your family with a nice death benefit to complete your wealth building plan should you pass away prior to complete funding.

*This presentation assumes that your employer is NOT providing you a match for money you contribute to a 401(k) plan. If your employer is providing a match, it is likely that funding up to that match will be a good financial decision notwithstanding that the plan may be considered tax-hostile. Please discuss this with your locally trusted advisor.