

# Klark Personal Proposals

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## Broker Program

Klark  
■ Proposal  
Software  
I N C



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Phone: 800-289-5774  
Web: [www.klark.com](http://www.klark.com)

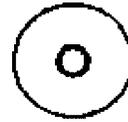
## Klark Software: Using the Main Menu

- Click on a **Category** icon to configure the main menu for the program desired.
- Notice the proposal icons (left side) reconfigure to match the category selected: **Personal, Business, Estate & Due Diligence**
- Placing the mouse pointer on any icon displays its title in the lower left hand corner.
- Holding the mouse pointer on any icon for a few seconds results in a title tag being displayed.
- Use TAB to move between input fields, SHIFT+TAB to back up.
- DEFAULT, DEFAULT loads automatically. Change any inputs and save them to suit your needs.

### Example: Personal Proposals, Cover Page

The screenshot displays the software's main menu interface. At the top, a 'Categories' bar contains four icons: a family (Personal), a factory (Business), a building (Estate), and a pie chart (Due Diligence). A red arrow labeled 'Category Icons' points to this bar. Below it, a 'Personal' category is selected, and a grid of 'Proposal Icons' is shown on the left. A red arrow labeled 'Proposal Icons' points to this grid. The 'Cover Page' is the active screen, featuring four 'Title line' input fields and three 'Optional line' input fields. A red arrow labeled 'Input Screen' points to this area. At the top right, a status bar shows 'Active case: DEFAULT, DEFAULT' with a red arrow labeled 'Open Case' pointing to it. At the bottom, a 'Cover Page' label is on the left, and four buttons are on the right: 'Help - F1', 'Configure -', 'Preview - F8', and 'Print - F9'. A red arrow labeled 'Icon Title' points to the 'Cover Page' label.

## Klark Software: Getting Started



### Installing the program

- Close all Klark programs that are open.
- Insert the CD-ROM. Installation should start automatically.
- If not, at the Windows desktop, click on "Start" then click on "Run..."
- Type "d:\install" (or the appropriate cd-rom drive letter) and click "Ok"

### Klark License Key & Configuration

- At the Windows desktop, click on "Start" then click on "Programs"
- Click on "Klark Proposal Software" and start Klark.
- *If prompted:*
  - At the License Key window, enter the information provided and click "Ok"
  - Enter "State License number" or "Company label" if applicable to your state
  - Adjust "Preview type" as desired
  - Click "Ok"

### Setting up your printer

- At the Klark main menu, click on "File" then click on "Print ..."
- Designate a color printer and click "Ok"
- If print times seem slow, give us a call. We'll verify your printer is configured correctly.

### Case Management

- DEFAULT, DEFAULT loads automatically. Modify its data to suit your needs. For example, you may want to adjust the "Optional lines" on the "Cover Page." Just enter the information and save the DEFAULT, DEFAULT case.
- At the Klark main menu, click on "File"
- Click on "Open case ..." (you'll notice four sample cases already on your system)
- Highlight the case you wish to view and click on "Open"
- Sample inputs will be loaded for each proposal
- Highlight a proposal and press F8 to preview

Klark  
■ Proposal  
Software  
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# Cover Page - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

**Personal** Cover Page

|                     |   |
|---------------------|---|
| Title line one      | <input type="text" value="Personal Planning Concepts"/>     |
| Title line two      | <input type="text" value="for"/>                            |
| Title line three    | <input type="text" value="John Smith"/>                     |
| Title line four     | <input type="text"/>  |
| Optional line one   | <input type="text" value="574 Prairie Center Drive, #261"/> |
| Optional line two   | <input type="text" value="Eden Prairie, MN 55344"/>         |
| Optional line three | <input type="text" value="(800) 289-5774"/>                 |

Cover Page | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

Personal Planning Concepts  
for  
John Smith

Prepared by  
YOUR NAME HERE  
574 Prairie Center Drive, #261  
Eden Prairie, MN 55344  
(800) 289-5774

# Term & Invest - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

**Personal** | **Term and Invest**

|   |   |
|---|---|
| Prospect's name                               | <input type="text" value="John Smith"/> |
| Present tax bracket                           | <input type="text" value="35.0"/>       |
| Current age                                   | <input type="text" value="35"/>         |
| Comparison or value age                       | <input type="text" value="65"/>         |
| Term policy end age                           | <input type="text" value="70"/>         |
| Investment ROR (gross)                        | <input type="text" value="8.0"/>        |
| Compounded difference at comparison age       | <input type="text" value="\$77,119"/>   |
| Permanent cash value at comparison age        | <input type="text" value="\$108,655"/>  |
| Permanent gross ROR at comparison age         | <input type="text" value="11.26"/>      |
| Permanent plan annual premium                 | <input type="text" value="\$1,884"/>    |
| Years premium paid                            | <input type="text" value="30"/>         |
| Permanent product name                        | <input type="text" value="Permanent"/>  |
| Year cash value exceeds compounded difference | <input type="text" value="14"/>         |

Term and Invest | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

LTC

# Term & Invest for John Smith

Prepared by YOUR NAME HERE



Values at age 65\*



#### Points to consider:

- After year 13, Permanent cash value\* will exceed Term & Invest equity value
- By age 65, Term & Invest must have grossed 11.26%\* annually to equal Permanent plan
- Term coverage terminates at age 70

*\* Assumes 8.0% gross ROR, 35.0% tax bracket. Values and benefits include dividends. Dividends assume no loans: loans may reduce dividends. Illustrated dividends reflect current (2010 scale) claim, expenses and investment experience and are not estimates or guarantees of future results. Dividends actually paid may be larger or smaller than those illustrated. This illustration does not reflect that money is paid and received at different times. This illustration shows a graphic presentation of the nonguaranteed values taken from the accompanying basic illustration. It must not be shown without the basic illustration which provides guarantees and other pertinent data.*

This information may not be used with Variable products.

# Effects of Waiting - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

### Effects of Waiting

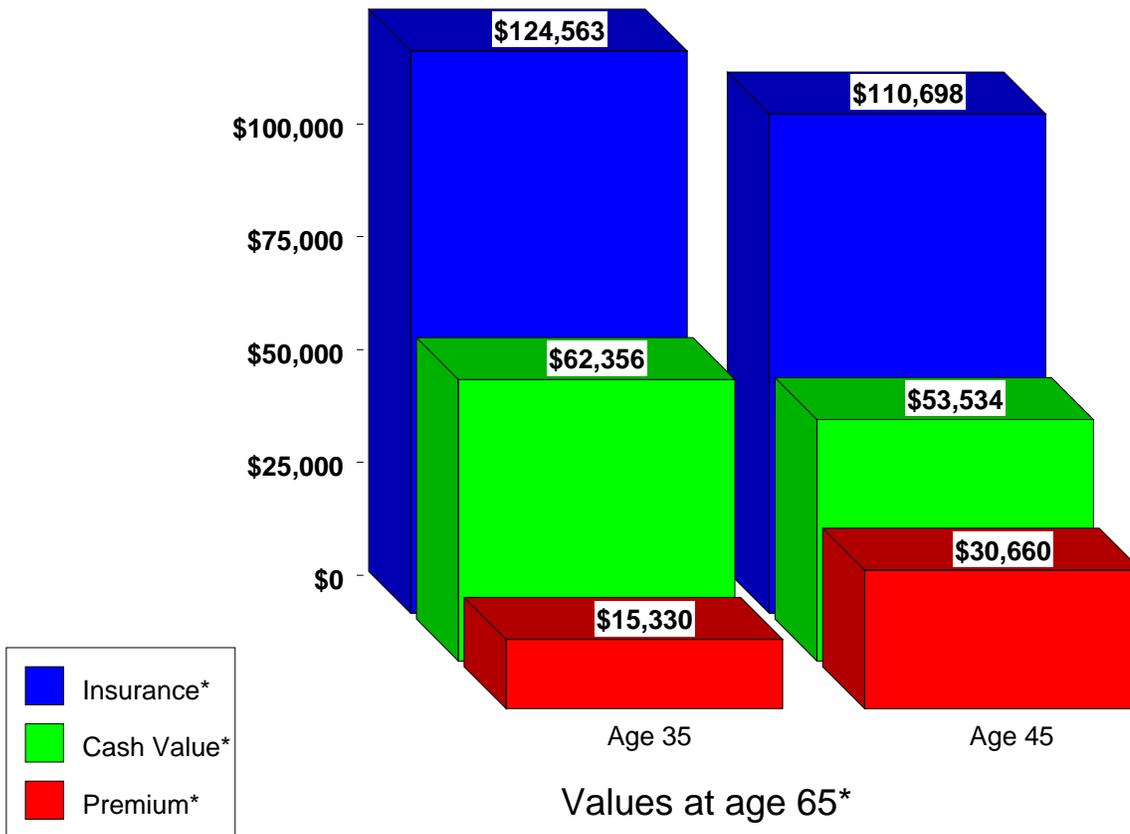
|                             |   |
|-----------------------------|---|
| Prospect's name             | <input type="text" value="John Smith"/> |
| Current age                 | <input type="text" value="35"/>         |
| Older age                   | <input type="text" value="45"/>         |
| Comparison or value age     | <input type="text" value="65"/>         |
| "Younger age" death benefit | <input type="text" value="\$124,563"/>  |
| "Younger age" cash value    | <input type="text" value="\$62,356"/>   |
| "Younger age" total premium | <input type="text" value="\$15,330"/>   |
| "Older age" death benefit   | <input type="text" value="\$110,698"/>  |
| "Older age" cash value      | <input type="text" value="\$53,534"/>   |
| "Older age" total premium   | <input type="text" value="\$30,660"/>   |

Effects of Waiting

Help - F1    Configure - F2    Preview - F8    Print - F9

# Effects of Waiting for John Smith

Prepared by YOUR NAME HERE



- Advantages of starting early:
- Total premium\* is 50% less
  - Cash value\* is 16% greater
  - Insurance\* benefit is 12% larger
  - Insured for the first 10 years

*\* Values and benefits include dividends. Dividends assume no loans: loans may reduce dividends. Illustrated dividends reflect current (2010 scale) claim, expenses and investment experience and are not estimates or guarantees of future results. Dividends actually paid may be larger or smaller than those illustrated. This illustration does not reflect that money is paid and received at different times. This illustration shows a graphic presentation of the nonguaranteed values taken from the accompanying basic illustration. It must not be shown without the basic illustration which provides guarantees and other pertinent data.*

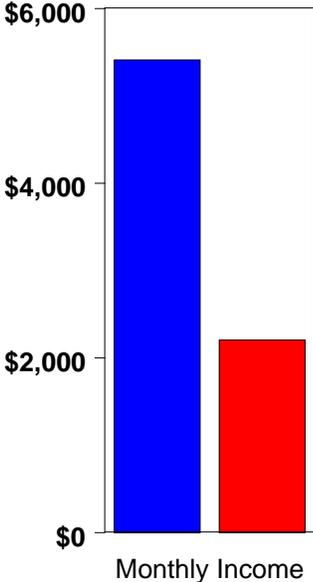
This information may not be used with Variable products.



# Disability Insurance for John Smith

Prepared by YOUR NAME HERE

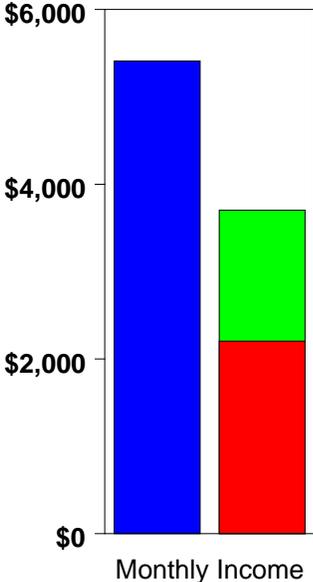
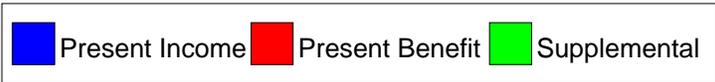
\$100,000/yr. gross @ 35% tax bracket



Current Plan

|                       |                      |
|-----------------------|----------------------|
| Net Present Income:   | \$5,410/month        |
| Net Present Benefit:  | \$2,200/month        |
| <b>Total Benefit:</b> | <b>\$2,200/month</b> |

41% of your income is insured



Proposed Plan

|                           |                      |
|---------------------------|----------------------|
| Net Present Income:       | \$5,410/month        |
| Net Present Benefit:      | \$2,200/month        |
| Net Supplemental Benefit: | \$1,500/month        |
| <b>Total Benefit:</b>     | <b>\$3,700/month</b> |

68% of your income is insured

# ABCD Comparison - Input Screen

Select the following:



Klark Standard 1.5.2
\_ □ ×

File Edit Help

**Klark  
Proposal  
Software**  
I N C

**Categories**

Active Case: Samples, Personal

Personal

LTC

ABCD Comparison

Prospect's name

Title

Values at **Age**

|               | Plan A   | Plan B   | Plan C   | Plan D                                   |
|---------------|--|--|--|--|
| Product name  | <input style="width: 80%;" type="text" value="Plan A"/>    | <input style="width: 80%;" type="text" value="Plan B"/>    | <input style="width: 80%;" type="text" value="Plan C"/>    | <input style="width: 80%;" type="text"/> |
| Death benefit | <input style="width: 80%;" type="text" value="\$200,000"/> | <input style="width: 80%;" type="text" value="\$371,707"/> | <input style="width: 80%;" type="text" value="\$267,272"/> | <input style="width: 80%;" type="text"/> |
| Cash value    | <input style="width: 80%;" type="text" value="\$0"/>       | <input style="width: 80%;" type="text" value="\$170,428"/> | <input style="width: 80%;" type="text" value="\$155,272"/> | <input style="width: 80%;" type="text"/> |
| Total outlay  | <input style="width: 80%;" type="text" value="\$53,895"/>  | <input style="width: 80%;" type="text" value="\$78,008"/>  | <input style="width: 80%;" type="text" value="\$35,930"/>  | <input style="width: 80%;" type="text"/> |

Is a non-insurance product being illustrated **No**

Present tax bracket

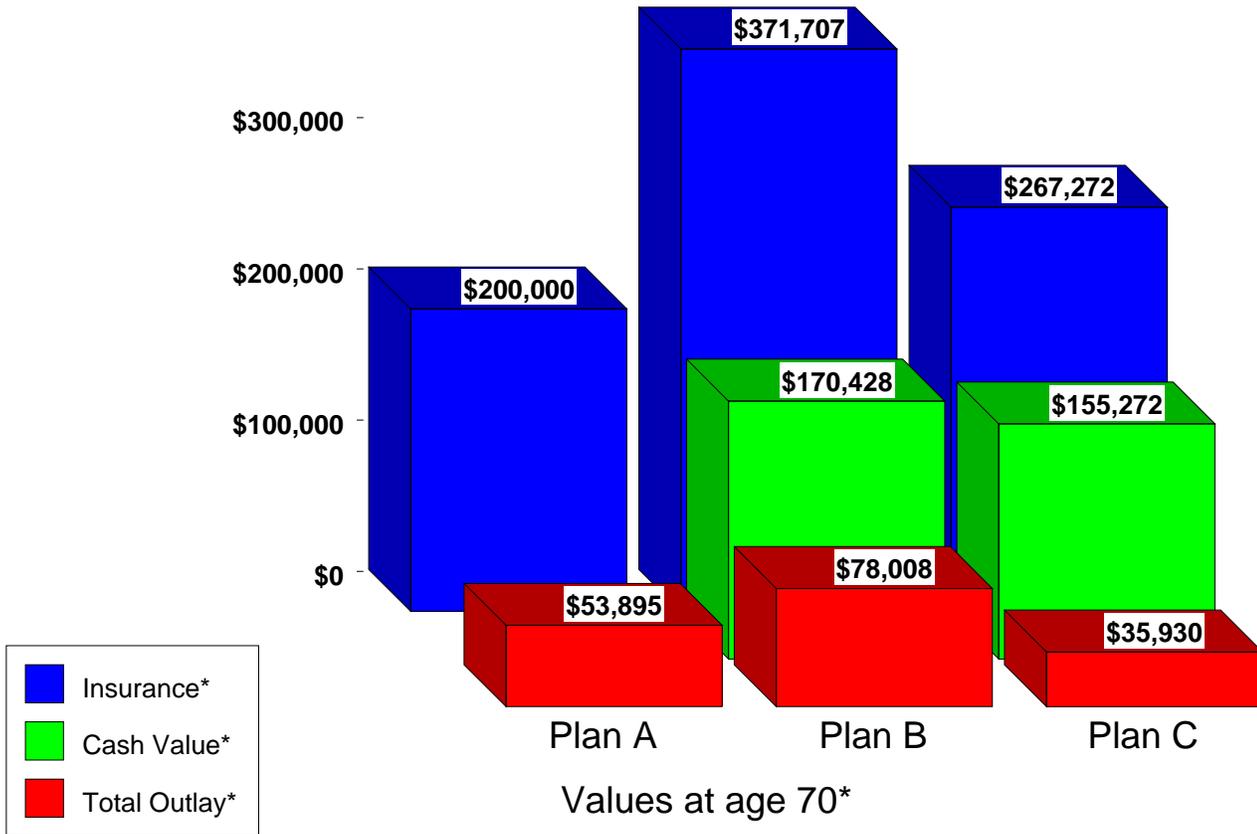
Investment ROR (gross)

ABCD Comparison

Help - F1
Configure - F2
Preview - F8
Print - F9

# Plan Comparison for John Smith

Prepared by YOUR NAME HERE



| Age 70 Totals* |          |           |           |
|----------------|----------|-----------|-----------|
|                | Plan A   | Plan B    | Plan C    |
| Cash Value*    | \$0      | \$170,428 | \$155,272 |
| Total Outlay*  | \$53,895 | \$78,008  | \$35,930  |
| Difference*    | \$53,895 | \$92,420  | \$119,342 |

\* Values and benefits include dividends. Dividends assume no loans: loans may reduce dividends. Illustrated dividends reflect current (2010 scale) claim, expenses and investment experience and are not estimates or guarantees of future results. Dividends actually paid may be larger or smaller than those illustrated. This illustration does not reflect that money is paid and received at different times. This illustration shows a graphic presentation of the nonguaranteed values taken from the accompanying basic illustration. It must not be shown without the basic illustration which provides guarantees and other pertinent data.

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# Gift of a Lifetime - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

**Personal**

**Gift of a Lifetime**

Names:

First child's name:

Second child's name:

Third child's name:

Fourth child's name:

Comparison at:

Gift of a Lifetime

Help - F1    Configure - F2    Preview - F8    Print - F9

# Gift of a Lifetime

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Why purchase a life insurance contract today for Jenny and Jason ?

1. Premiums are lower at younger ages.
2. Options may be added which would guarantee the right to buy more insurance without proof of insurability, subject to the terms and condition of the contract.\*
3. Can build a sizable amount of cash value for future needs.\*\*
4. Option may be added that waives the payment of all premiums that come due during the partial or total disability of the insured.\*
5. The sooner a contract is started the greater the advantage. Usually, you will pay less in total premiums, have higher cash values and more insurance than a policy started at a later age.
6. Provides a legacy to Jenny and Jason that will last a lifetime, probably long after you are gone.

Let's look at the actual numbers based on Jenny's and Jason's ages today versus age 21.

\* Subject to underwriting and/or additional cost.

\*\* Accessing cash value may reduce death benefit. Policy loans accrue interest.  
Dividends received in cash may be taxed.

# Provide ? - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

**Personal**

**Provide ?**

|                        |  |
|------------------------|--|
| Amount of principal    | <input type="text" value="\$1,000,000"/> |
| Present annual income  | <input type="text" value="\$100,000"/>   |
| Present tax bracket    | <input type="text" value="35.0"/>        |
| Investment ROR (gross) | <input type="text" value="8.0"/>         |
| Inflation rate         | <input type="text" value="3.0"/>         |

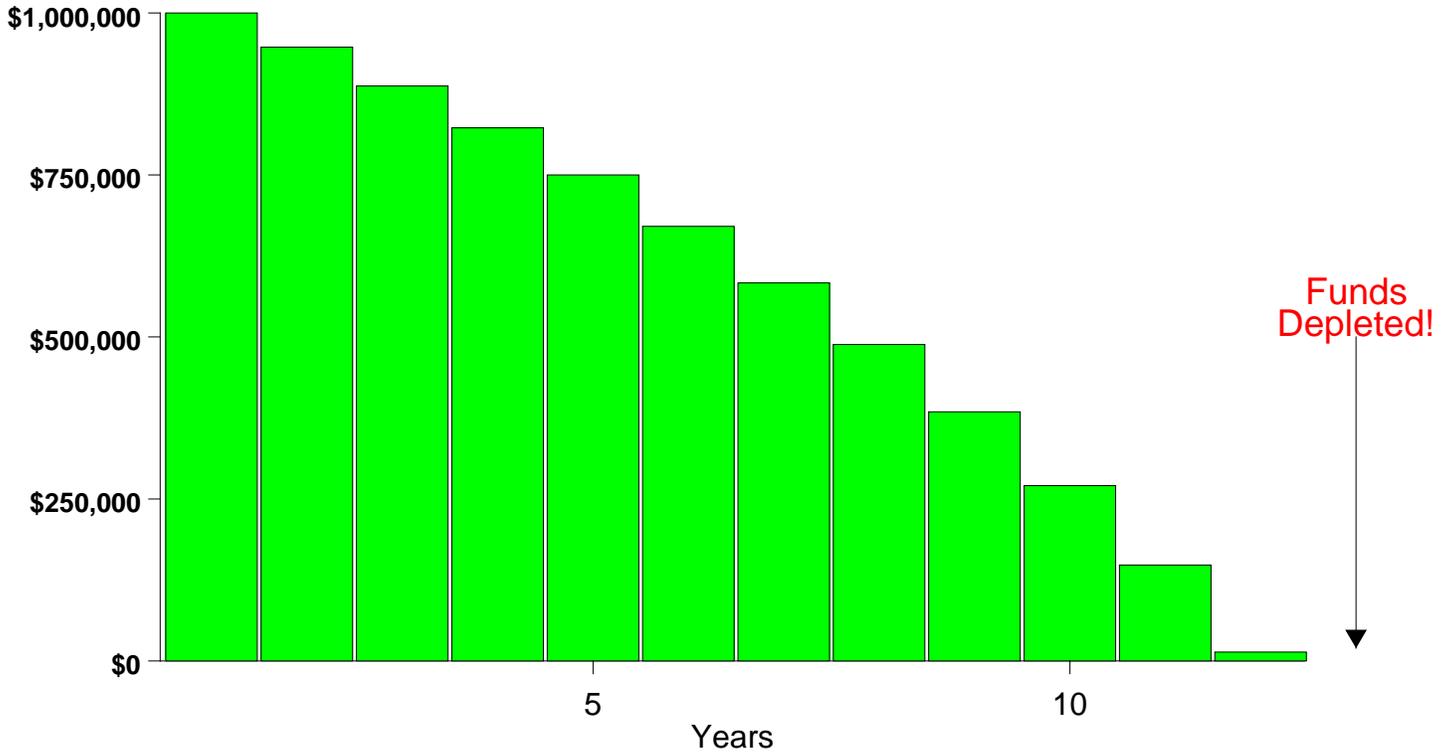
**Number of benefit years 12**

LTC

Provide ?      Help - F1      Configure - F2      Preview - F8      Print - F9

# What would \$1,000,000 provide ?

Prepared by YOUR NAME HERE



## Assumptions provided by Client

|                        |           |
|------------------------|-----------|
| Initial annual income: | \$100,000 |
| Inflation:             | 3.0%      |
| Tax bracket:           | 35.0%     |
| Gross ROR:             | 8.0%      |

# What would \$1,000,000 provide ?

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Prepared by YOUR NAME HERE

| <u>Year</u> | <u>Initial<br/>Principal</u> | <u>Annual<br/>Income*</u> | <u>Year End<br/>Principal**</u> |
|-------------|------------------------------|---------------------------|---------------------------------|
| 1           | \$1,000,000                  | \$100,000                 | \$946,800                       |
| 2           | \$946,800                    | \$103,000                 | \$887,678                       |
| 3           | \$887,678                    | \$106,090                 | \$822,230                       |
| 4           | \$822,230                    | \$109,273                 | \$750,031                       |
| 5           | \$750,031                    | \$112,551                 | \$670,629                       |
| 6           | \$670,629                    | \$115,927                 | \$583,546                       |
| 7           | \$583,546                    | \$119,405                 | \$488,277                       |
| 8           | \$488,277                    | \$122,987                 | \$384,284                       |
| 9           | \$384,284                    | \$126,677                 | \$271,003                       |
| 10          | \$271,003                    | \$130,477                 | \$147,833                       |
| 11          | \$147,833                    | \$134,392                 | \$14,140                        |
| 12          | \$14,140                     | \$138,423                 | (\$130,745)                     |

\* Client assumes a 3.0% inflation rate on the amount taken as "Annual Income" every year.

\*\* Client assumes 8.0% Gross ROR, 35.0% tax bracket = 5.2% Net.

# Human Life Value - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

### Personal Human Life Value

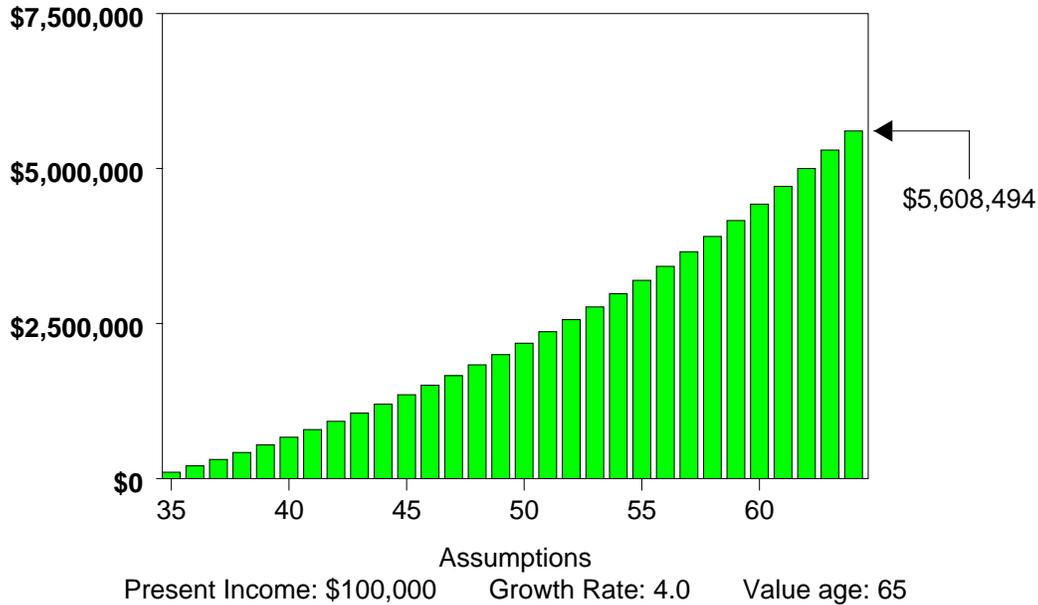
|                         |   |
|-------------------------|---|
| Prospect's name         | <input type="text" value="John Smith"/> |
| Current age             | <input type="text" value="35"/>         |
| Comparison or value age | <input type="text" value="65"/>         |
| Present annual income   | <input type="text" value="\$100,000"/>  |
| Initial insurance       | <input type="text" value="\$200,000"/>  |
| Income growth rate      | <input type="text" value="4.0"/>        |
| Present tax bracket     | <input type="text" value="35.0"/>       |
| Investment ROR (gross)  | <input type="text" value="8.0"/>        |
| Print spreadsheet       | <input type="button" value="No"/>       |

Human Life Value

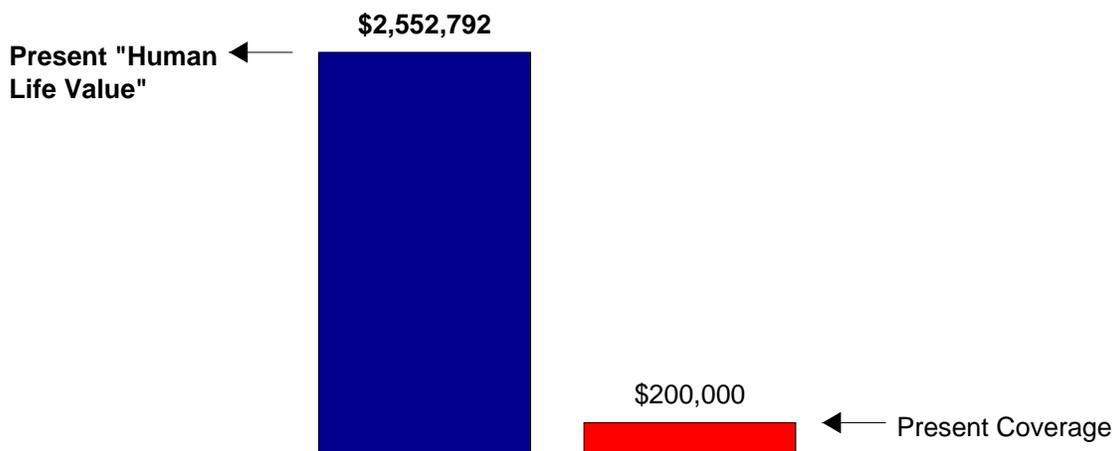
Help - F1    Configure - F2    Preview - F8    Print - F9

# "Human Life Value" for John Smith

Prepared by YOUR NAME HERE



Your cumulative earning potential over 30 years is \$5,608,494. The present amount of money needed to pay out, in income, what you would have earned is \$2,552,792. In other words, this amount of money, with the unpaid balance earning 5.2%\* net interest, would replace your income until age 65. Therefore, \$2,552,792 represents your "Human Life Value." Currently you have \$200,000 of insurance protecting 7.83% of your "Value" as illustrated below.



\* Assumes 8.0% gross ROR, 35.0% tax bracket.

# Retirement Profile - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

### Personal Retirement Profile

|   |   |                            |
|---|---|----------------------------|
| Prospect's name                             | <input type="text" value="John Smith"/> |                            |
| Current age                                 | <input type="text" value="35"/>         |                            |
| Retirement age                              | <input type="text" value="65"/>         |                            |
| Life expectancy age                         | <input type="text" value="80"/>         |                            |
| Present annual income                       | <input type="text" value="\$100,000"/>  | <b>Gross Annual Income</b> |
| Percent of income for retirement            | <input type="text" value="85.0"/>       | @ Age 65 \$324,340         |
| Present retirement assets                   | <input type="text" value="\$50,000"/>   |                            |
| Income growth rate                          | <input type="text" value="4.0"/>        | <b>Retirement Income</b>   |
| Qualified asset growth ROR                  | <input type="text" value="8.5"/>        | @ Age 65 \$275,689         |
| Qualified asset income ROR                  | <input type="text" value="8.5"/>        | @ Age 80 \$429,514         |
| Inflation at retirement                     | <input type="text" value="3.0"/>        |                            |
| Include Social Security benefit             | Yes <input type="text" value="100.0"/>  | <b>Lump Sum</b>            |
| Social Security cost-of-living index        | <input type="text" value="3.0"/>        | Today \$264,932            |
| Percent of annual income needed to be saved | <b>12.63%</b>                           |                            |
| Print spreadsheet                           | No <input type="text"/>                 |                            |

LTC

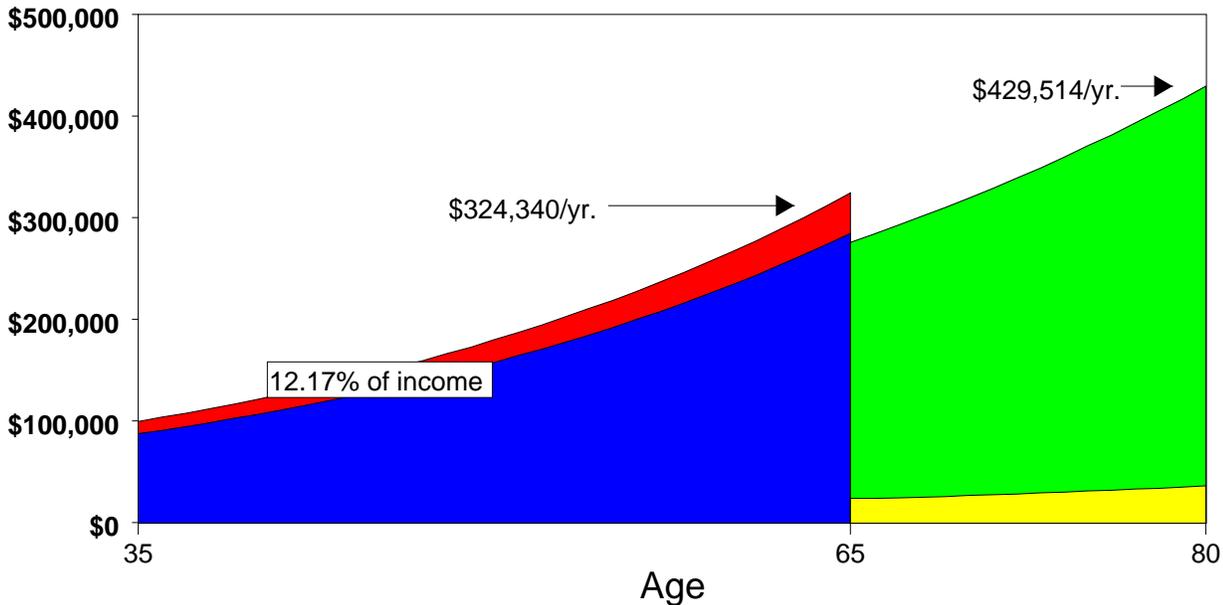
Help - F1    Configure - F2    Preview - F8    Print - F9

# Retirement Profile for John Smith

Prepared by YOUR NAME HERE

|                         |           |                          |          |
|-------------------------|-----------|--------------------------|----------|
| Present income (gross): | \$100,000 | Present assets:          | \$50,000 |
| Retirement income:      | 85.0%     | Retirement age:          | 65       |
| Income growth rate:     | 4.0%      | Life expectancy:         | 80       |
| Qualified asset RORs*:  | 8.5%/6.5% | Inflation at retirement: | 3.0%     |

Using the assumptions you provided above, 85.0% of your annual gross income would equal \$275,689 by the time you retire. To provide \$275,689 annually for 15 years, adjusted for inflation, you'd need **\$2,970,711\*** of capital. Present retirement assets will be worth \$577,913 by age 65, satisfying 19.45% of future needs. You'd have to save 12.17% of your annual income for the next 30 years to reach your retirement goals.



\* An additional \$207,021 is needed today, assuming a qualified asset accumulation ROR of 8.5% and a distribution ROR of 6.5%. Based on 2010 data, this proposal assumes John Smith, at age 65, would be eligible for an initial retirement benefit of \$2,019/month (100.0%). This proposal also assumes Social Security benefits will be increased 3.0% annually. Up to 85% of Social Security benefits may be subject to income taxes.

Qualified assets grow tax deferred.

# The "Wall" - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software INC

Categories:

Active Case: Sample, The Wall

**The "Wall"**

Personal

Current age

Sex

Comparison year

Present tax bracket

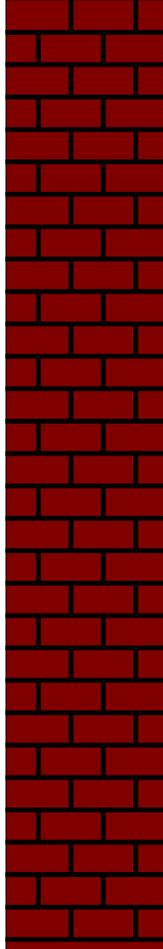
| Permanent Contracts | Plan A                                 | Plan B                                 | Plan C                                 | Endowment                              |
|---------------------|--|--|--|--|
| Product name        | <input type="text" value="Plan A"/>    | <input type="text" value="Plan B"/>    | <input type="text" value="Plan C"/>    | <input type="text" value="Plan D"/>    |
| Death benefit       | <input type="text" value="\$500,000"/> | <input type="text" value="\$500,000"/> | <input type="text" value="\$500,000"/> | <input type="text" value="\$500,000"/> |
| Cash value          | <input type="text" value="\$159,530"/> | <input type="text" value="\$360,753"/> | <input type="text" value="\$605,058"/> | <input type="text" value="\$853,846"/> |
| Monthly premium     | <input type="text" value="\$225"/>     | <input type="text" value="\$350"/>     | <input type="text" value="\$525"/>     | <input type="text" value="\$700"/>     |
| Equivalent ROR      | <input type="text" value="6.93"/>      | <input type="text" value="9.84"/>      | <input type="text" value="10.75"/>     | <input type="text" value="11.04"/>     |
| Optional line one   | <input type="text"/>                   |  |  |  |
| Optional line two   | <input type="text"/>                   |  |  |  |

LTC

Help - F1    Configure - F2    Preview - F8    Print - F9

# The "Wall" - Erected June 21, 1988

Prepared by YOUR NAME HERE

|                     | Permanent Contracts<br>(male, age 35) |           |           | "IRC Sec. 7702"<br> | Modified<br>Endowment |
|---------------------|---------------------------------------|-----------|-----------|---|-----------------------|
|                     | Plan A                                | Plan B    | Plan C    | Plan D  |                       |
| Monthly premium*    | \$225                                 | \$350     | \$525     |   | \$700                 |
| Initial insurance*  | \$500,000                             | \$500,000 | \$500,000 |   | \$500,000             |
| Cash value year 30* | \$159,530                             | \$360,753 | \$605,058 |   | \$853,846             |
| Equivalent ROR*     | 6.93%                                 | 9.84%     | 10.75%    |   | 11.04%                |

*\* Assumes 35.0% tax bracket. Values and benefits include dividends. Dividends assume no loans; loans may reduce dividends. Illustrated dividends reflect current (2010 scale) claim, expenses and investment experience and are not estimates or guarantees of future results. Dividends actually paid may be larger or smaller than those illustrated. This illustration does not reflect that money is paid and received at different times. This illustration shows a graphic presentation of the nonguaranteed values taken from the accompanying basic illustration. It must not be shown without the basic illustration which provides guarantees and other pertinent data.*

This information may not be used with Variable products.

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# College Funding - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

### College Funding

|                     |       |     |   |               |   |
|---------------------|-------|-----|---|---------------|---|
| First child's name  | Jenny | Age | 6 | College years | 4 |
| Second child's name | Jason | Age | 4 | College years | 4 |
| Third child's name  |       | Age |   | College years |   |
| Fourth child's name |       | Age |   | College years |   |

|                           |          |
|---------------------------|----------|
| Tuition asset tax bracket | 34.0     |
| Tuition asset ROR (gross) | 8.0      |
| Tuition inflation rate    | 5.0      |
| Present college assets    | \$0      |
| Annual tuition today      | \$15,000 |

**Total tuition outlay \$244,112**  
**Additional lump sum needed today \$115,454**  
**Monthly amount needed to be saved \$847**

Print spreadsheet **No** ▼

College Funding      Help - F1      Configure - F2      Preview - F8      Print - F9

# College Funding

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Prepared by YOUR NAME HERE

Most experts agree that a college education will be a prerequisite to better jobs in the future and college graduates will earn significantly more over their working years than non-graduates.

In helping you estimate the future costs of educating your children, the following assumptions were used:

|                           |            |
|---------------------------|------------|
| Tuition asset tax bracket | : 0.0%     |
| Tuition asset ROR         | : 8.0%     |
| Tuition inflation rate    | : 5.0%     |
| Present college assets    | : \$0      |
| Annual tuition 2010       | : \$15,000 |

With these figures in mind, let's look at the actual projections.

| Name  | Present Age | Year | Tuition                       |
|-------|-------------|------|-------------------------------|
| Jenny | 6           | 2022 | \$26,938                      |
|       |             | 2023 | \$28,285                      |
| Jason | 4           | 2024 | \$59,398                      |
|       |             | 2025 | \$62,368                      |
|       |             | 2026 | \$32,743                      |
|       |             | 2027 | \$34,380                      |
|       |             |      | <b>\$244,112</b> Total Outlay |

## **Solutions:**

**Lump sum.** Using the assumptions above, an additional lump sum of **\$79,830** would need to be saved today in order to fund the future education costs of your children.

**Monthly savings.** On a monthly basis you will have to save **\$699** every month for the next 17 years to cover the projected education costs by Jason's graduation.

**Combination.** A plan that accumulates funds to help pay future education costs while guaranteeing a lump sum payment in the unlikely event of the contributor's death. A permanent life insurance contract can accomplish this.

# Discounted Dollars - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

**Personal**

**Discounted Dollars**

Prospect's name:

Annual premium:

Years premium paid:

Initial insurance:

First comparison year:

Insurance:

Second comparison year:

Insurance:

Plot premiums at net cost of money:

Net cost of money:

LTC

Discounted Dollars | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

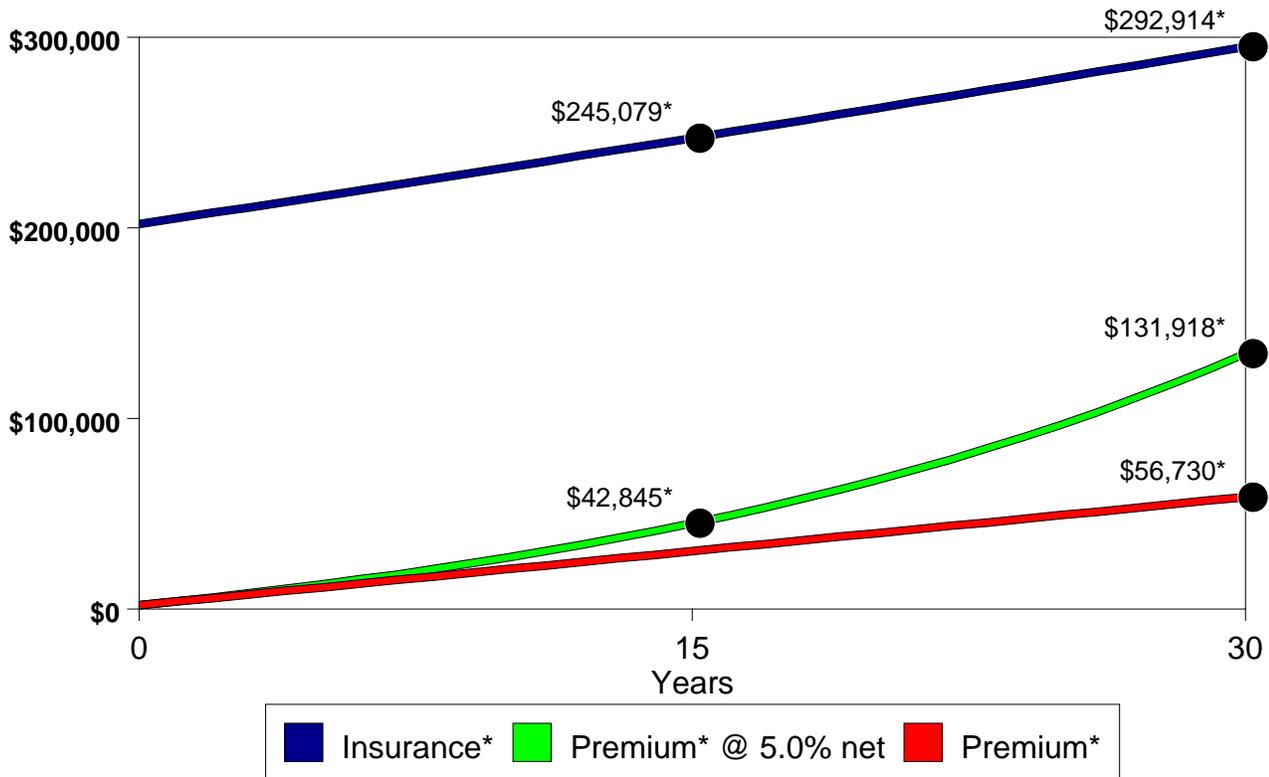
# Discounted Dollars\* for John Smith

Prepared by YOUR NAME HERE

Permanent life insurance contracts allow a relatively small amount of premium to provide a significantly larger death benefit. Profiled below is a permanent contract over a 30 year period.

Annual premium: \$1,891\*

Years premium paid: 30\*



## Total Cost Per \$1.00 of Insurance

Year 15: 17 cents\*

Year 30: 45 cents\*

\* Values and benefits include dividends. Dividends assume no loans; loans may reduce dividends. Illustrated dividends reflect current (2010 scale) claim, expenses and investment experience and are not estimates or guarantees of future results. Dividends actually paid may be larger or smaller than those illustrated. This illustration does not reflect that money is paid and received at different times. This illustration shows a graphic presentation of the nonguaranteed values taken from the accompanying basic illustration. It must not be shown without the basic illustration which provides guarantees and other pertinent data.

This information may not be used with Variable products.

# Needs Analysis Worksheet - Input Screen

Select the following:



The screenshot displays the Klark Standard 1.5.2 software interface. The title bar reads "Klark Standard 1.5.2" and includes standard window controls. The menu bar contains "File", "Edit", and "Help". The main window area is titled "Needs Analysis Worksheet" and contains the text "\*\* No Input Required \*\*".

On the left side, there is a "Personal" sidebar with a grid of icons for various data visualization types (bar charts, pie charts, etc.) and an "LTC" button at the bottom. Above this sidebar is a "Categories" section with icons for people, a factory, a building, and a pie chart. The top left corner of the main area shows the "Klark Proposal Software INC" logo. The top right corner indicates "Active Case: Samples, Personal".

At the bottom of the window, there is a status bar with the text "Needs Analysis Worksheet" and four buttons: "Help - F1", "Configure - F2", "Preview - F8", and "Print - F9".

# Needs Analysis Worksheet

Prepared by YOUR NAME HERE

Date: \_\_\_\_\_

## Family Needs

|                                    |   |   |
|------------------------------------|---|---|
| Pay off home mortgage              | Y | N |
| Cover funeral expenses             | Y | N |
| Pay off all remaining debt         | Y | N |
| Provide an adequate family income  | Y | N |
| Fund an education plan             | Y | N |
| Create an emergency fund           | Y | N |
| Fund surviving spouse's retirement | Y | N |
| _____                              | Y | N |
| _____                              | Y | N |

|  |   |   |         |
|--|---|---|---------|
| Include Social Security survivor benefits    | Y | N | % _____ |
| Include Social Security retirement benefits  | Y | N | % _____ |
| Social security cost-of-living index % _____ |   |   |         |

|                                  |   |   |
|----------------------------------|---|---|
| Use Qualified Assets immediately | Y | N |
|----------------------------------|---|---|

Family's last name: \_\_\_\_\_

Spouse #1's name: \_\_\_\_\_ Age: \_\_\_\_\_ Gross income/yr: \$ \_\_\_\_\_

Spouse #2's name: \_\_\_\_\_ Age: \_\_\_\_\_ Gross income/yr: \$ \_\_\_\_\_

## Optional income adjustments (in today's dollars)

Spouse #1's 1st adjustment year: \_\_\_\_\_ Gross income/yr: \$ \_\_\_\_\_

Spouse #1's 2nd adjustment year: \_\_\_\_\_ Gross income/yr: \$ \_\_\_\_\_

Spouse #2's 1st adjustment year: \_\_\_\_\_ Gross income/yr: \$ \_\_\_\_\_

Spouse #2's 2nd adjustment year: \_\_\_\_\_ Gross income/yr: \$ \_\_\_\_\_

# Needs Analysis Worksheet

Prepared by YOUR NAME HERE

Income growth rate : % \_\_\_\_\_  
Present tax bracket : % \_\_\_\_\_ Retirement tax bracket : % \_\_\_\_\_  
Present inflation rate : % \_\_\_\_\_ Inflation at retirement : % \_\_\_\_\_  
Retirement age : \_\_\_\_\_ Life expectancy age : \_\_\_\_\_  
  
Accumulation ROR (gross) : % \_\_\_\_\_ Distribution ROR (gross) : % \_\_\_\_\_

Child #1's name: \_\_\_\_\_ Age: \_\_\_\_\_ College years: \_\_\_\_\_  
Child #2's name: \_\_\_\_\_ Age: \_\_\_\_\_ College years: \_\_\_\_\_  
Child #3's name: \_\_\_\_\_ Age: \_\_\_\_\_ College years: \_\_\_\_\_  
Child #4's name: \_\_\_\_\_ Age: \_\_\_\_\_ College years: \_\_\_\_\_

Tuition asset tax bracket: % \_\_\_\_\_ Tuition asset ROR (gross): % \_\_\_\_\_  
Tuition inflation rate : % \_\_\_\_\_ Present college assets: \$ \_\_\_\_\_  
Annual tuition today : \$ \_\_\_\_\_

Survivor's needs (as a percentage of total gross monthly income)  
Until youngest reaches age 18 % \_\_\_\_\_ (75% recommended minimum)  
Blackout period % \_\_\_\_\_ (60% recommended minimum)  
Retirement years % \_\_\_\_\_ (50% recommended minimum)

# Needs Analysis Worksheet

Prepared by YOUR NAME HERE

|                            |          |
|----------------------------|----------|
| <u>Nonqualified Assets</u> | Joint    |
| Cash                       | \$ _____ |
| Securities                 | \$ _____ |
| _____                      | \$ _____ |
| _____                      | \$ _____ |
| _____                      | \$ _____ |

|                         |           |           |
|-------------------------|-----------|-----------|
| <u>Qualified Assets</u> | Spouse #1 | Spouse #2 |
| _____                   | \$ _____  | \$ _____  |
| _____                   | \$ _____  | \$ _____  |

|                        |  |          |
|------------------------|--|----------|
| <u>Life Insurance*</u> | <i>* Excluding all insurance policies specific to estate planning.</i> |          |
| Group                  | \$ _____   | \$ _____ |
| _____                  | \$ _____   | \$ _____ |
| _____                  | \$ _____   | \$ _____ |
| _____                  | \$ _____   | \$ _____ |

|                               |          |          |
|-------------------------------|----------|----------|
| <u>Immediate Family Needs</u> |          |          |
| Funeral expenses              | \$ _____ | \$ _____ |
| Mortgage                      | \$ _____ | \$ _____ |
| College fund                  | \$ _____ | \$ _____ |
| Debt                          | \$ _____ | \$ _____ |
| Emergency fund                | \$ _____ | \$ _____ |
| _____                         | \$ _____ | \$ _____ |
| _____                         | \$ _____ | \$ _____ |

# Needs Analysis - Input Screen "Questions"

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software INC

Categories:

Active Case: Samples, Personal

### Life Insurance Needs Analysis

Personal

Questions Spouses Children Assets Expenses & Totals

**Family Needs**

Pay off home mortgage

Cover funeral expenses

Pay off all remaining debt

Provide an adequate family income

Fund an education plan

Create an emergency fund

Fund surviving spouse's retirement

Other (enter a title)

Other (enter a title)

Include Social Security survivor benefits

Include Social Security retirement benefits

Social Security cost-of-living index

Use Qualified Assets immediately

LTC

Life Insurance Needs Analysis Help - F1 Configure - F2 Preview - F8 Print - F9

# Needs Analysis - Input Screen "Spouses"

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software INC

Categories:

Active Case: Samples, Personal

### Life Insurance Needs Analysis

Personal

Questions Spouses Children Assets Expenses & Totals

Family's last name

Spouse #1's name  Age  Gross income/yr

Spouse #2's name  Age  Gross income/yr

**Optional income adjustments (in today's dollars)**

Spouse #1 1st adjustment year  Gross income/yr

Spouse #1 2nd adjustment year  Gross income/yr

Spouse #2 1st adjustment year  Gross income/yr

Spouse #2 2nd adjustment year  Gross income/yr

Income growth rate

Present tax bracket

Retirement tax bracket

Inflation rate

Inflation at retirement

Retirement age

Life expectancy age

Accumulation ROR (gross)

Disbursement ROR (gross)

LTC

Life Insurance Needs Analysis Help - F1 Configure - F2 Preview - F8 Print - F9

# Needs Analysis - Input Screen "Children"

Select the following:



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Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

### Life Insurance Needs Analysis

Personal

Questions Spouses **Children** Assets Expenses & Totals

|                     |       |     |   |               |   |
|---------------------|-------|-----|---|---------------|---|
| First child's name  | Jenny | Age | 6 | College years | 4 |
| Second child's name | Jason | Age | 4 | College years | 4 |
| Third child's name  |       | Age |   | College years |   |
| Fourth child's name |       | Age |   | College years |   |

|                           |          |
|---------------------------|----------|
| Tuition asset tax bracket | 34.0     |
| Tuition asset ROR (gross) | 8.0      |
| Tuition inflation rate    | 5.0      |
| Present college assets    | \$0      |
| Annual tuition today      | \$15,000 |

**Survivor's needs (as a percentage of total gross monthly income)**

|                               |      |                                   |
|-------------------------------|------|-----------------------------------|
| Until youngest reaches age 18 | 75.0 | \$6,250/month gross (\$4,062 net) |
| Blackout period               | 60.0 | \$5,000/month gross (\$3,250 net) |
| Retirement years              | 50.0 | \$4,167/month gross (\$2,709 net) |

LTC

Life Insurance Needs Analysis

Help - F1    Configure - F2    Preview - F8    Print - F9

# Needs Analysis - Input Screen "Assets"

Select the following:



Klark Standard 1.5.2
\_ □ ×

File Edit Help

**Klark Proposal Software**  
I N C

Categories

Active Case: Samples, Personal

Life Insurance Needs Analysis

Questions
Spouses
Children
Assets
Expenses & Totals

| Nonqualified Assets |           | Joint            |                 |
|---------------------|-----------|------------------|-----------------|
| Cash                | \$5,000   |                  |                 |
| Securities          | \$23,000  |                  |                 |
|                     |           |                  |                 |
|                     |           |                  |                 |
|                     |           |                  |                 |
| Qualified Assets    |           | John             | Karen           |
| 401-K               | \$51,000  | \$0              |                 |
| IRA                 | \$7,200   | \$16,000         |                 |
| Life Insurance      |           |                  |                 |
| Group               | \$140,000 | \$25,000         |                 |
| Personal            | \$60,000  | \$10,000         |                 |
|                     |           |                  |                 |
|                     |           |                  |                 |
| <b>Total</b>        |           | <b>\$228,000</b> | <b>\$63,000</b> |

LTC

Help - F1

Configure - F2

Preview - F8

Print - F9

# Needs Analysis - Input Screen "Expenses & Totals"

Select the following:



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Categories:

Active Case: Samples, Personal

Personal

Life Insurance Needs Analysis

Questions Spouses Children Assets **Expenses & Totals**

| Immediate Family Needs               | John             | Karen            |                           |
|--------------------------------------|------------------|------------------|---------------------------|
| Funeral expenses                     | \$10,000         | \$10,000         |                           |
| Mortgage                             | \$165,000        | \$0              |                           |
| College fund                         | \$115,454        | \$115,454        | <b>Lump sum \$115,454</b> |
| Debt                                 | \$1,800          | \$1,800          |                           |
| Emergency fund                       | \$5,000          | \$5,000          |                           |
| Day care                             | \$0              | \$10,000         |                           |
| <b>Total</b>                         | <b>\$297,254</b> | <b>\$142,254</b> |                           |
| <b>Capital Shortfall</b>             |                  |                  |                           |
| <b>Immediate</b>                     | <b>\$69,254</b>  | <b>\$79,254</b>  |                           |
| <b>Until youngest reaches age 18</b> | <b>\$225,092</b> |                  |                           |
| <b>Blackout period</b>               | <b>\$225,361</b> |                  |                           |
| <b>Retirement years</b>              | <b>\$126,121</b> | <b>\$139,731</b> |                           |
| <b>Total</b>                         | <b>\$645,828</b> | <b>\$218,985</b> |                           |

Print summary only  ▾

Life Insurance Needs Analysis    Help - F1    Configure - F2    Preview - F8    Print - F9

# Assumptions: Smith Family

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Prepared by YOUR NAME HERE

4/15/2010

Dear John and Karen:

The following proposal illustrates how your current planning will protect and meet your family's needs. It is important to understand that this illustration represents a current financial "snapshot." We have made assumptions on Social Security benefits, tax laws, tax brackets, inflation and rates of return which may not be accurate over long periods of time. We should review and update your situation periodically to insure this plan continues to meet your family's needs.

As previously discussed, the major points you felt were important to address in the event of the premature death of a spouse are:

1. Pay off your home mortgage.
2. Cover funeral expenses.
3. Pay off all remaining debts.
4. Provide an adequate income for your family and surviving spouse.
5. Fund an education plan for Jenny and Jason.
6. Create an emergency fund.
7. Day care.

Following this introduction is a balance sheet of your current assets. Next, there are details regarding your immediate and future family income needs as you have specified. Finally, I am including a one page, graphic summary.

Please let me know if the above points are consistent with your goals and objectives.

Sincerely,

YOUR NAME HERE

# Balance Sheet

Prepared by YOUR NAME HERE

4/15/2010

## **Present Liquid Assets**

|            |                 |
|------------|-----------------|
| Cash       | 5,000           |
| Securities | 23,000          |
|            | <u>\$28,000</u> |

## **Qualified Assets**

|       |                  |
|-------|------------------|
| 401-K | 51,000           |
| IRA   | 23,200           |
|       | <u>\$74,200*</u> |

## **Life Insurance**

|          | <u>John (dies)</u> | <u>Karen (dies)</u> |
|----------|--------------------|---------------------|
| Group    | 200,000            | 25,000              |
| Personal | 60,000             | 10,000              |
|          | <u>\$260,000</u>   | <u>\$35,000</u>     |

|              |                  |                 |
|--------------|------------------|-----------------|
| Total Assets | <b>\$288,000</b> | <b>\$63,000</b> |
|--------------|------------------|-----------------|

## **Immediate Family Needs**

|                |                  |                  |
|----------------|------------------|------------------|
| Funeral        | 10,000           | 10,000           |
| Mortgage       | 250,000          | 0                |
| College Fund** | 79,830           | 79,830           |
| Debt           | 1,800            | 1,800            |
| Emergency      | 5,000            | 5,000            |
| Day care       | 0                | 100,000          |
|                | <u>\$346,630</u> | <u>\$196,630</u> |

|                              |                   |                    |
|------------------------------|-------------------|--------------------|
| <b>Net Capital Available</b> | <b>(\$58,630)</b> | <b>(\$133,630)</b> |
|------------------------------|-------------------|--------------------|

\* Assumes no premature use of Qualified Assets.

\*\* Jenny, age 6, attends college from 2022 to 2026, Jason, age 4, from 2024 to 2028. Assumes 8.0% gross ROR, 0.0% tuition asset tax bracket, a tuition inflation rate of 5.0%, an annual tuition in 2010 of \$15,000 and present college assets of \$0.

# Family Needs: 2010 through 2024

Prepared by YOUR NAME HERE

4/15/2010

Assuming a spouse's death today, you have indicated that until Jason reaches age 18, your family's gross monthly income be no less than \$6,666, in 2010 dollars, adjusted annually for 3.0% inflation.

| <b>Projected Monthly Income - 2010</b>          | <u>Karen (lives)</u> | <u>John (lives)</u> |
|---|----------------------|---------------------|
| Family Needs                                    | <b>6,666</b>         | <b>6,666</b>        |
| Earned Income****                               | 0                    | 8,333               |
| Social Security (14 yrs.)*                      | 3,682                | 515                 |
| Total   | <b>3,682</b>         | <b>8,848</b>        |
| Monthly Shortfall                               | <b>\$2,984</b>       | <b>\$0</b>          |
| <b>Capital Shortfall - 2010 through 2024***</b> | <b>\$300,461</b>     | <b>\$0</b>          |

\* Assumes Social Security factor of 100.0% and that benefits will be increased 3.0% annually. Survivor Benefits are reduced in 2022 when Jenny reaches age 18. Up to 85% of Social Security benefits may be subject to income taxes. Present ages: John 35, Karen 33.

\*\*\* Capital needed today (2010) at 6.5% gross distribution ROR, 35.0% tax bracket, to cover Monthly Shortfall depleting principal and interest until Jason reaches age 18, adjusted for 3.0% inflation.

\*\*\*\* Assumes Karen begins earning \$30,000/yr. in 2024. Income is in 2010 dollars adjusted annually for 3.0% inflation.

# Blackout Period

Prepared by YOUR NAME HERE

4/15/2010

Survivor Benefits from Social Security end in 2024. Assuming a spouse's death today, you have indicated that the surviving spouse's gross monthly income be no less than \$5,000, in 2010 dollars, adjusted annually for 3.0% inflation. This amount will be provided until age 65.

| <b>Projected Monthly Income - 2024</b>       | <u>Karen (lives)</u> | <u>John (lives)</u> |
|--|----------------------|---------------------|
| Spouse's Needs                               | <b>7,563</b>         | <b>7,563</b>        |
| Earned Income****                            | 3,781                | 12,605              |
| Monthly Shortfall                            | <b>\$3,782</b>       | <b>\$0</b>          |
| <b>Capital Shortfall - 2024 to age 65***</b> | <b>\$225,361</b>     | <b>\$0</b>          |

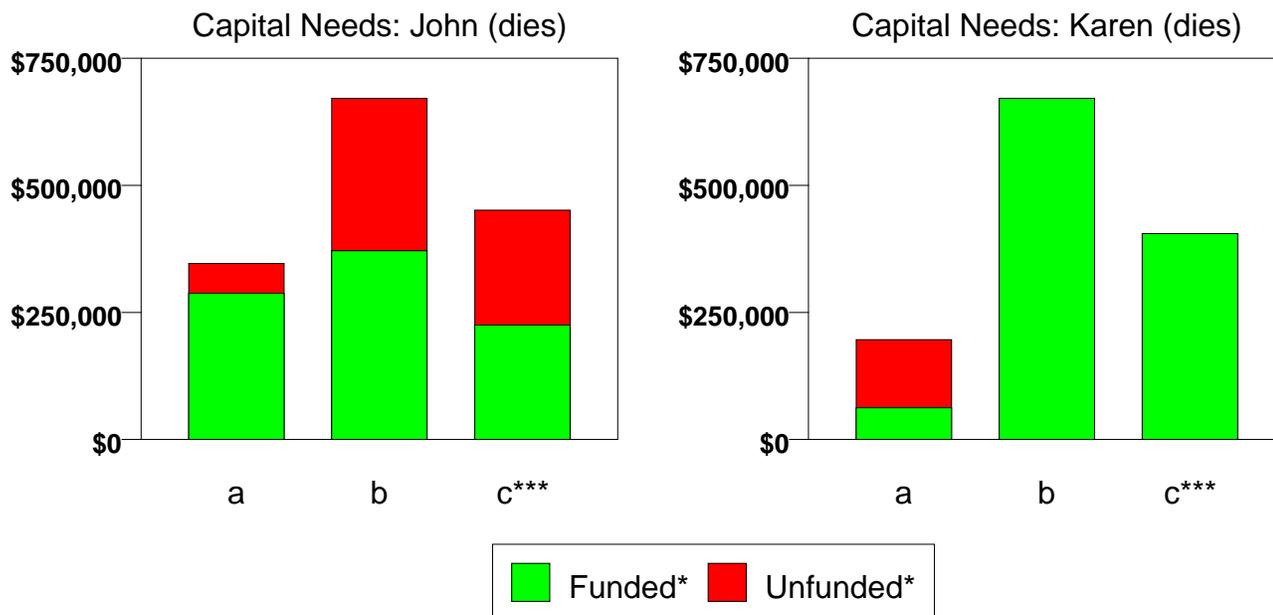
\*\*\* Capital needed today (2010) at a 8.5% gross accumulation ROR, 6.5% gross distribution ROR and a 35.0% tax bracket, to cover Monthly Shortfall depleting principal and interest until the surviving spouse reaches age 65, adjusted for 3.0% inflation. Blackout period for John starts in 2024 and ends in 2040 at age 65. Blackout period for Karen starts in 2024 and ends in 2042 at age 65.

\*\*\*\* Assumes Karen begins earning \$30,000/yr. in 2024. Income is in 2010 dollars adjusted annually for 3.0% inflation.

# Summary

Prepared by YOUR NAME HERE

4/15/2010



| <u>Capital Shortfall</u> | <u>John (dies)</u> | <u>Karen (dies)</u> |
|--------------------------|--------------------|---------------------|
| Immediate (a)            | \$58,630           | \$133,630           |
| 2010 through 2024 (b)    | \$300,461          | \$0                 |
| ***Blackout Period (c)   | \$225,361          | \$0                 |
| <b>Total**</b>           | <b>\$584,452</b>   | <b>\$133,630</b>    |

\* Funded (green) represents the portion of Capital Needs subsidized with existing assets. Unfunded (red) represents the portion of unsubsidized Capital Needs.

\*\* Total capital needed today (2010) at a 8.5% gross accumulation ROR, 6.5% gross distribution ROR and a 35.0% tax bracket, to cover all Monthly Shortfalls depleting principal and interest.

\*\*\* Blackout period for John starts in 2024 and ends in 2040 at age 65. Blackout period for Karen starts in 2024 and ends in 2042 at age 65.

# Retirement Analysis Worksheet - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

**Klark Proposal Software** I N C

Categories:    

Active Case: Samples, Personal

Personal

Retirement Analysis Worksheet

**\*\* No Input Required \*\***

LTC

Retirement Analysis Worksheet    Help - F1    Configure - F2    Preview - F8    Print - F9

# Retirement Analysis Worksheet

Prepared by YOUR NAME HERE

Name: \_\_\_\_\_ Current age: \_\_\_\_\_  
 Retirement age: \_\_\_\_\_ Life expectancy age: \_\_\_\_\_  
 Gross annual income: \$ \_\_\_\_\_ Percent of income for retirement: % \_\_\_\_\_  
 Income growth rate: % \_\_\_\_\_ Present tax bracket: % \_\_\_\_\_  
 Retirement tax bracket: % \_\_\_\_\_ Inflation at retirement: % \_\_\_\_\_  
 Include Social Security benefit: Y N % \_\_\_\_\_ Social Security cost-of-living index: % \_\_\_\_\_  
 Net cost of money: % \_\_\_\_\_

| Asset(s)<br>Qualified | Present<br>Balance | Growth<br>ROR | Income<br>ROR | Annual<br>Deposit | Years | Indexing |
|-----------------------|--------------------|---------------|---------------|-------------------|-------|----------|
| _____                 | \$ _____           | % _____       | % _____       | \$ _____          | _____ | % _____  |
| _____                 | \$ _____           | % _____       | % _____       | \$ _____          | _____ | % _____  |
| _____                 | \$ _____           | % _____       | % _____       | \$ _____          | _____ | % _____  |
| _____                 | \$ _____           | % _____       | % _____       | \$ _____          | _____ | % _____  |
| _____                 | \$ _____           | % _____       | % _____       | \$ _____          | _____ | % _____  |

Defined Benefit - Annual amount: \$ \_\_\_\_\_ Years paid: \_\_\_\_\_

## Roth IRA/Tax Exempt

|       |          |         |         |          |       |         |
|-------|----------|---------|---------|----------|-------|---------|
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |

## Tax Deferred

|       |                |         |         |          |       |         |
|-------|----------------|---------|---------|----------|-------|---------|
| _____ | \$ _____       | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | Basis: % _____ |         |         |          |       |         |
| _____ | \$ _____       | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | Basis: % _____ |         |         |          |       |         |
| _____ | \$ _____       | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | Basis: % _____ |         |         |          |       |         |

## Taxable

|       |          |         |         |          |       |         |
|-------|----------|---------|---------|----------|-------|---------|
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |
| _____ | \$ _____ | % _____ | % _____ | \$ _____ | _____ | % _____ |

- Worksheet for agent use only -

# Retirement Analysis - Input Screen "Income & Social Security"

Select the following:



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Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

### Retirement Analysis

**Income & Social Security** | Qualified & Tax Exempt | Tax Deferred & Taxable | Defined Benefit & Totals

Prospect's name:

Current age:

Retirement age:

Life expectancy age:

Present annual income:

Percent of income for retirement:

Income growth rate:

Present tax bracket:

Retirement tax bracket:

Inflation at retirement:

Include Social Security benefit:

Social Security cost-of-living index:

Net cost of money:

Retirement Analysis | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Retirement Analysis - Input Screen “Qualified & Tax Exempt”

Select the following:



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File Edit Help

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I N C

Categories

Active Case: Samples, Personal

Personal

# Retirement Analysis - Input Screen “Tax Deferred & Taxable”

Select the following:



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\_ □ ×

File Edit Help

Klark  
 Proposal  
 Software  
 I N C

Categories

Active Case: Samples, Personal

Personal
Retirement Analysis

Income & Social Security
Qualified & Tax Exempt
Tax Deferred & Taxable
Defined Benefit & Totals

| Tax Deferred | Present<br>Balance | Growth<br>ROR | Income<br>ROR | Annual<br>Deposit | Years | Indexing | Basis % |
|--------------|--------------------|---------------|---------------|-------------------|-------|----------|---------|
| Annuity      | \$25,000           | 10.0          | 7.0           | \$0               | 25    | 0.0      | 30.0    |
| ???          | \$0                | 8.0           | 6.0           | \$0               | 25    | 0.0      | 0.0     |
|              |                    |               |               |                   |       |          |         |
|              |                    |               |               |                   |       |          |         |

| Taxable | Present<br>Balance | Growth<br>ROR | Income<br>ROR | Annual<br>Deposit | Years | Indexing | Basis % |
|---------|--------------------|---------------|---------------|-------------------|-------|----------|---------|
| M-Funds | \$0                | 10.0          | 7.0           | \$0               | 25    | 0.0      |         |
|         |                    |               |               |                   |       |          |         |
|         |                    |               |               |                   |       |          |         |
|         |                    |               |               |                   |       |          |         |

Help - F1 Configure - F2 Preview - F8 Print - F9

# Retirement Analysis - Input Screen “Defined Benefits & Totals”

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Personal

Personal: LTC

Retirement Analysis

**Income & Social Security** **Qualified & Tax Exempt** **Tax Deferred & Taxable** **Defined Benefit & Totals**

Defined Benefit annual amount

Defined Benefit years paid

Defined Benefit cost-of-living index

Funding requirements satisfied: 89.67%

Gross Annual Income  
Age 65: \$324,340

Retirement Income  
Age 65: \$275,689  
Age 80: \$429,514

Help - F1    Configure - F2    Preview - F8    Print - F9

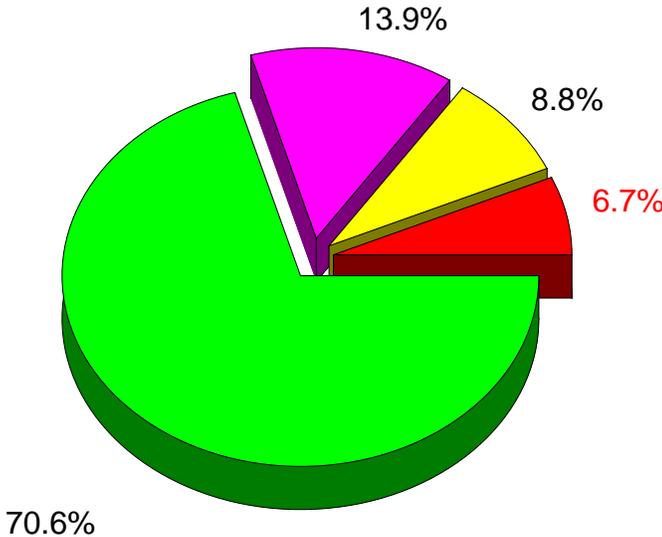
# Retirement Analysis for John Smith

Prepared by YOUR NAME HERE

|                                   |                         |       |
|-----------------------------------|-------------------------|-------|
| Present income (gross): \$100,000 | Retirement income:      | 85.0% |
| Current age: 35                   | Retirement age:         | 65    |
| Life expectancy: 80               | Income growth rate:     | 4.0%  |
| Present tax bracket: 35.0%        | Retirement tax bracket: | 28.0% |
| Inflation at retirement: 3.0%     | Cost-of-living index:   | 3.0%  |

Using the assumptions above, 85.0% of your gross annual income would equal \$275,689 by the time you retire. By age 80 it would equal \$429,514. Combined with the assumptions on page two, the chart below projects the percentage each asset will satisfy of your total retirement needs. Current funding is projected to fulfill **93.29%** of your goal.

**Percentages at Retirement**



|  |   |  |   |
|--|---|--|---|
| <span style="color: green;">■</span> Qualified | <span style="color: magenta;">■</span> Tax Deferred** | <span style="color: yellow;">■</span> Soc. Sec.* | <span style="color: red;">■</span> Shortage |
|--|---|--|---|

\* Based on 2010 data, this proposal assumes John Smith, at age 65, would be eligible for a retirement benefit of \$2,019/month (100.0%) and that Social Security benefits will be increased 3.0% annually. Up to 85% of Social Security benefits may be subject to income taxes.  
 \*\* When applicable, an asset's tax-free income has been adjusted to its gross income equivalent.

**This information may not be used with Variable Life products.**  
 Page 1 of 2

# Retirement Analysis for John Smith

Prepared by YOUR NAME HERE

## Retirement Assets: 4/15/2010

| Qualified | Present Balance | Growth ROR | Income ROR | Annual Deposit | Years | Indexing | Assets at Retirement | Required Earnings* |
|-----------|-----------------|------------|------------|----------------|-------|----------|----------------------|--------------------|
| 401-K     | \$50,000        | 10.0%      | 7.0%       | \$4,000        | 30    |          | \$1,565,568          | \$1,223/yr         |
| IRA       | \$38,000        | 10.0%      | 7.0%       |                | 1     |          | \$663,077            | \$12,673/yr        |

### Roth/Tax Exempt

|      |  |       |      |  |    |  |     |            |
|------|--|-------|------|--|----|--|-----|------------|
| Roth |  | 10.0% | 7.0% |  | 30 |  | \$0 | \$1,354/yr |
|------|--|-------|------|--|----|--|-----|------------|

### Tax Deferred\*\*

|         |          |       |      |  |    |  |           |            |
|---------|----------|-------|------|--|----|--|-----------|------------|
| Annuity | \$25,000 | 10.0% | 7.0% |  | 30 |  | \$436,235 | \$1,833/yr |
| ???     |          | 8.0%  | 6.0% |  | 30 |  | \$0       | \$2,815/yr |

### Taxable

|         |  |       |      |  |    |  |     |            |
|---------|--|-------|------|--|----|--|-----|------------|
| M-Funds |  | 10.0% | 7.0% |  | 30 |  | \$0 | \$2,983/yr |
|---------|--|-------|------|--|----|--|-----|------------|

**Total Assets\*\*\* \$113,000** **\$2,664,880**

\* Numbers followed by "/yr" represent the annual earnings required for that specific asset to reach your goal. Numbers without that qualifier represent the lump sum earnings needed today for that specific asset to reach your goal. Contributions to non-qualified assets are made with after tax dollars. To compare non-qualified to qualified plan contributions, you must multiply the non-qualified plan contribution by the reciprocal of 1.0 - the present tax bracket, in this case 1.54. The required net contributions needed to fund your goal are: 401-K: \$1,223/yr, IRA: \$12,673/yr, Roth: \$880/yr, Annuity: \$1,192/yr, ??? : \$1,830/yr, M-Funds: \$1,939/yr.

\*\* Tax Deferred asset basis: Annuity 30.0%

\*\*\* "Total Assets" do not include the present values of any Defined Benefit plan or Social Security. A 5.0% net cost of money was used for any Defined Benefit or Social Security assets.

# Long Term Care Costs - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Sample, L.T.C.

### Long Term Care Costs

|                                     |   |
|-------------------------------------|---|
| Prospect's name                     | <input type="text" value="John Smith"/> |
| Current age                         | <input type="text" value="60"/>         |
| Life expectancy age                 | <input type="text" value="80"/>         |
| Years L.T.C. needed                 | <input type="text" value="5"/>          |
| Annual L.T.C. costs                 | <input type="text" value="\$58,400"/>   |
| L.T.C. inflation rate               | <input type="text" value="5.0"/>        |
| Net cost of money                   | <input type="text" value="6.0"/>        |
| "Plan A" L.T.C. premium             | <input type="text" value="\$5,219"/>    |
| Years "Plan A" L.T.C. premiums paid | <input type="text" value="15"/>         |
| "Plan B" L.T.C. premium             | <input type="text" value="\$7,365"/>    |
| Years "Plan B" L.T.C. premiums paid | <input type="text" value="10"/>         |
| Show "Self Insured" payments        | <input type="text" value="Yes"/>        |
| Print "Long Term Care Facts"        | <input type="text" value="Yes"/>        |

Long Term Care Costs

Help - F1    Configure - F2    Preview - F8    Print - F9

# Long Term Care Facts

---

Prepared by YOUR NAME HERE

- Close to half of all Americans, over the age of 65, will require long term care at some point in their lives.
- With Americans living longer, they are increasingly experiencing chronic diseases such as Alzheimer's and Parkinson's. These ailments eventually require professional caregivers working within professional facilities to take care of them.
- Many Americans mistakenly believe that Medicare will cover the cost of long term care. Medicare typically covers nursing home costs for a brief period following a hospital stay to recuperate from a serious illness or injury.
- For those who qualify, Medicaid will provide financial help to those requiring long term care. To qualify, you must prove you've been reduced to the poverty level.
- Family members constitute the vast majority of caregivers. A significant portion of family member caregivers will either cut back on their work hours or quit work in order to provide care.
- The estimated annual cost of a stay at a full care facility in 2004 is over \$70,000. During the past 10 years, long term care costs have increased an average of 5.0% per year.
- A prolonged illness, requiring long term care, can have a profound financial impact on an estate. Proper planning can help minimize the chances of a potential "asset meltdown" due to the costs associated with providing long term care.
- The U.S. General Accounting Office estimates that more than one third of the 13,000,000 Americans currently receiving long term care are between the ages of 18 and 64.

# Long Term Care Costs: John Smith

Prepared by YOUR NAME HERE

|                       |        |                      |            |
|-----------------------|--------|----------------------|------------|
| Current age           | : 60   | Life expectancy age  | : 80       |
| Years L.T.C. needed   | : 5    | Annual L.T.C. costs* | : \$58,400 |
| L.T.C. inflation rate | : 5.0% | Net cost of money    | : 6.0%     |

| Age          | Annual L.T.C. Costs @ 5.0% | Self Insured 15 Payments** | L.T.C. Plan A 15 Payments** | L.T.C. Plan B 10 Payments** |
|--------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| 60           | \$58,400                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 61           | \$61,320                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 62           | \$64,386                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 63           | \$67,605                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 64           | \$70,986                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 65           | \$74,535                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 66           | \$78,262                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 67           | \$82,175                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 68           | \$86,283                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 69           | \$90,598                   | \$24,144                   | \$5,219                     | \$7,365                     |
| 70           | \$95,127                   | \$24,144                   | \$5,219                     | n/a                         |
| 71           | \$99,884                   | \$24,144                   | \$5,219                     | n/a                         |
| 72           | \$104,878                  | \$24,144                   | \$5,219                     | n/a                         |
| 73           | \$110,122                  | \$24,144                   | \$5,219                     | n/a                         |
| 74           | \$115,628                  | \$24,144                   | \$5,219                     | n/a                         |
| 75           | \$121,409                  | n/a                        | n/a                         | n/a                         |
| 76           | \$127,480                  | n/a                        | n/a                         | n/a                         |
| 77           | \$133,854                  | n/a                        | n/a                         | n/a                         |
| 78           | \$140,547                  | n/a                        | n/a                         | n/a                         |
| 79           | \$147,574                  | n/a                        | n/a                         | n/a                         |
| <b>Total</b> | <b>\$670,864</b>           | <b>\$362,160</b>           | <b>\$78,285</b>             | <b>\$73,650</b>             |

\* Equals daily benefit of \$160. (\$58,400 / 365 = \$160)

\*\* Present value of "Self Insured" option is \$248,566, "L.T.C. Plan A" is \$53,730 and "L.T.C. Plan B" is \$57,459. L.T.C. premiums are not guaranteed and can be raised, with the State Insurance Commissioners approval, on a class basis.

# Company Profiles - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Due Diligence

Due Diligence:

Company Profiles

Company 1: **Northwestern Mutual, WI**

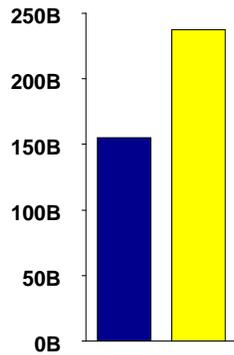
Company 2: **Prudential Insurance, NJ**

Company Profiles | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# Company Profiles\*

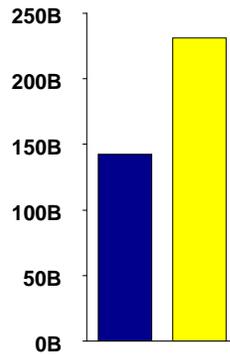
Prepared by YOUR NAME HERE

Admitted Assets



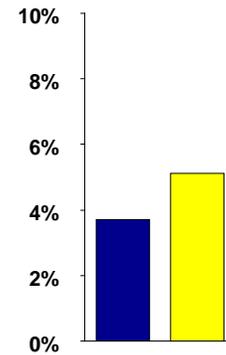
NML: \$154.8 Billion  
PRU: \$237.5 Billion

Total Liabilities



NML: \$142.4 Billion  
PRU: \$231.1 Billion

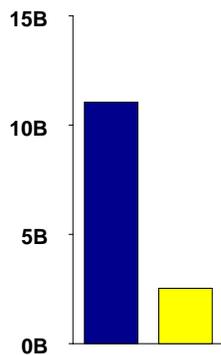
5 Yr. Avg. Ordinary Lapse Ratio



NML: 3.7%  
PRU: 5.11%

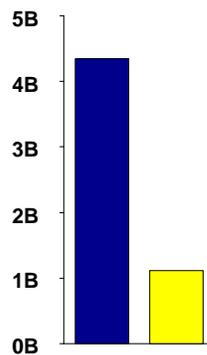
Northwestern Mutual, WI Prudential Insurance, NJ

Ordinary Life Premiums



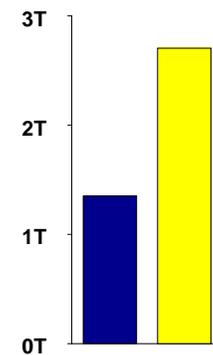
NML: \$11 Billion  
PRU: \$2.5 Billion

Life Dividends



NML: \$4.3 Billion  
PRU: \$1.1 Billion

Insurance in Force



NML: \$1.1 Trillion  
PRU: \$2.3 Trillion

1 Life Retention: NML - \$25,000,000 PRU - \$20,000,000  
Year of Incorporation: NML - 1857 PRU - 1873

\* Based on an analysis of financial data derived from "Best's Insurance Reports, Life-Health United States, 2009 Edition."

This information is not meant to suggest replacement of an existing policy.

# Industry Ratings - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software INC

Categories:

Active Case: Samples, Due Diligence

Due Diligence:

**Industry Ratings**

|           |                          |
|-----------|--------------------------|
| Company 1 | Northwestern Mutual, WI  |
| Company 2 | Prudential Insurance, NJ |
| Company 3 | New York Life Ins, NY    |
| Company 4 | State Farm Life Ins, IL  |
| Company 5 | Select a company         |
| Company 6 | Select a company         |

Display ratings numbers: No

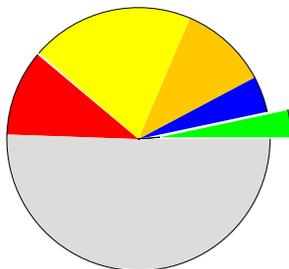
Industry Ratings Help - F1 Configure - F2 Preview - F8 Print - F9

# Industry Ratings\*

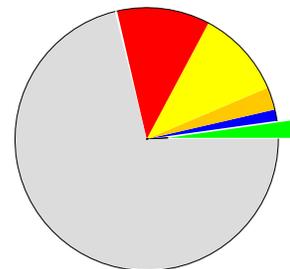
Prepared by YOUR NAME HERE

To simplify this presentation, companies that received a rating below the four highest were consolidated into the category "5th & below." This should not be interpreted to mean a company in the category "5th & below" is necessarily unacceptable.

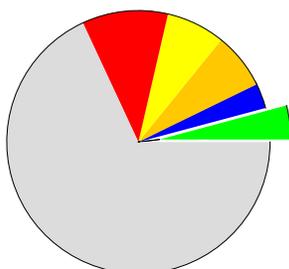
Standard & Poor's



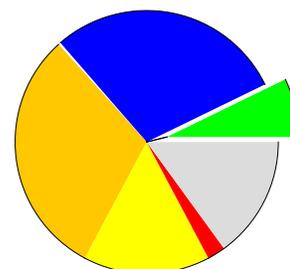
Moody's



Fitch



A.M. Best



|                          | S&P                                       | Moody's                                  | Fitch                                    | Best                                     |
|--------------------------|---|--|--|--|
| Northwestern Mutual, WI  | <span style="color: green;">■</span> AAA  | <span style="color: green;">■</span> Aaa | <span style="color: green;">■</span> AAA | <span style="color: green;">■</span> A++ |
| Prudential Insurance, NJ | <span style="color: yellow;">■</span> AA- | <span style="color: red;">■</span> A2    | <span style="color: red;">■</span> A+    | <span style="color: blue;">■</span> A+   |
| New York Life Ins, NY    | <span style="color: green;">■</span> AAA  | <span style="color: green;">■</span> Aaa | <span style="color: green;">■</span> AAA | <span style="color: green;">■</span> A++ |
| State Farm Life Ins, IL  | <span style="color: orange;">■</span> AA  | <span style="color: blue;">■</span> Aa1  | <span style="color: blue;">■</span> AA+  | <span style="color: green;">■</span> A++ |

\* Third party ratings as of April, 2010 of the largest 219 companies based on insurance in force. See text titled "Rating Categories" for details on claims paying ability. These ratings do not apply to investment performance of investment products.

\*\* Rating services require companies to subscribe and pay a fee for their service. A "Not Rated" rating means a company does not subscribe to that service.

# 5 Year Industry Ratings History - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:    

Active Case: Samples, Due Diligence

Due Diligence:          

5 Year Industry Ratings History

Company 1:

Company 2:

Help - F1    Configure - F2    Preview - F8    Print - F9

# 5 Year Industry Ratings History\*

Prepared by YOUR NAME HERE

To simplify this presentation, companies that received a rating below the four highest were consolidated into the category "5th & below." This should not be interpreted to mean a company in the category "5th & below" is necessarily unacceptable.

| RATING SCALE  |   |
|---|---|
|  Highest |  4th         |
|  2nd     |  5th & below |
|  3rd     |  Not Rated** |

| Northwestern Mutual, WI |   |   |   |   |   |
|-------------------------|---|---|---|---|---|
|                         | 2006  | 2007  | 2008  | 2009  | 2010  |
| S&P                     |  AAA   |  AAA   |  AAA   |  AAA   |  AAA   |
| Moody's                 |  Aaa   |  Aaa   |  Aaa   |  Aaa   |  Aaa   |
| Fitch***                |  AAA  |  AAA  |  AAA  |  AAA  |  AAA  |
| A.M. Best               |  A++ |  A++ |  A++ |  A++ |  A++ |

| Guardian Life Ins, NY |   |   |   |   |   |
|-----------------------|---|---|---|---|---|
|                       | 2006  | 2007  | 2008  | 2009  | 2010  |
| S&P                   |  AA  |  AA  |  AA+ |  AA+ |  AA+ |
| Moody's               |  Aa2 |  Aa2 |  Aa2 |  Aa2 |  Aa2 |
| Fitch***              |  AA  |  AA  |  AA+ |  AA+ |  AA+ |
| A.M. Best             |  A+  |  A+  |  A+  |  A++ |  A++ |

\* Third party ratings as of April, 2010 of the largest 219 companies based on insurance in force. See text titled "Rating Categories" for details on claims paying ability. These ratings do not apply to investment performance of investment products. Ratings prior to April, 2010 represent information available during the fourth quarter of that year.

\*\* Rating services require companies to subscribe and pay a fee for their service. A "Not Rated" rating means a company does not subscribe to that service.

\*\*\* Formerly Duff & Phelps.

# Straight to the Point - Input Screen

Select the following:



**Klark Standard 1.5.2** [Window Title Bar]

File Edit Help [Menu Bar]

**Klark Proposal Software** [Logo]

Categories: [Icons for people, factory, building, pie chart]

Active Case: Samples, Due Diligence

Due Diligence: [Grid of icons including bar charts, A++, 5, pie charts, rainbow pyramid, calendar, and bar charts]

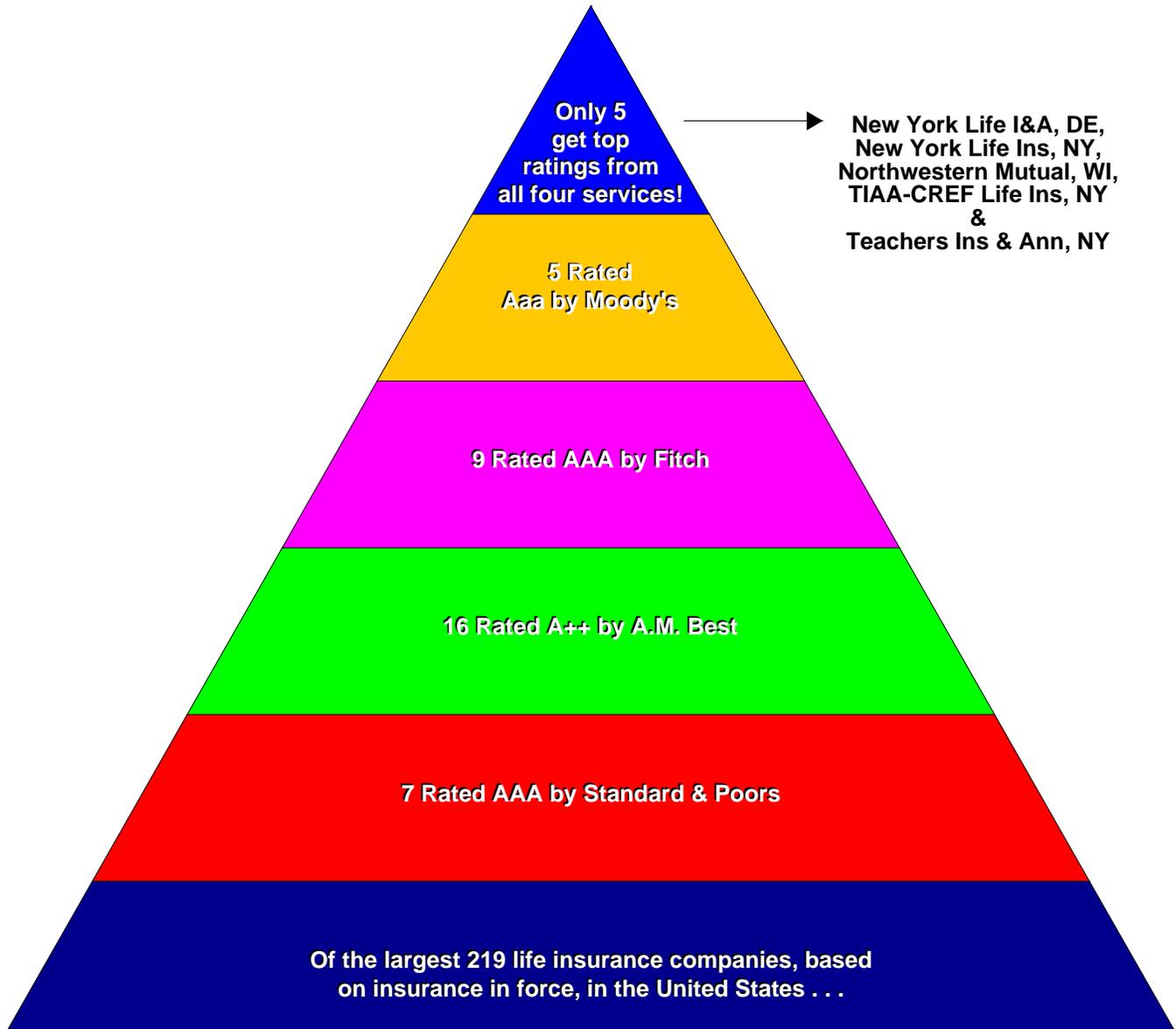
Straight to the Point

Include Weiss:

Help - F1 | Configure - F2 | Preview - F8 | Print - F9 [Footer Buttons]

# Straight to the Point\*

Prepared by YOUR NAME HERE



*\* Third party industry ratings as of April, 2010. See accompanying text titled "Rating Categories" for details.*

# 10 Year Dividend History - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:    

Active Case: Samples, Due Diligence

Due Diligence:          

10 Year Dividend History

Company 1 **Northwestern Mutual** ▼

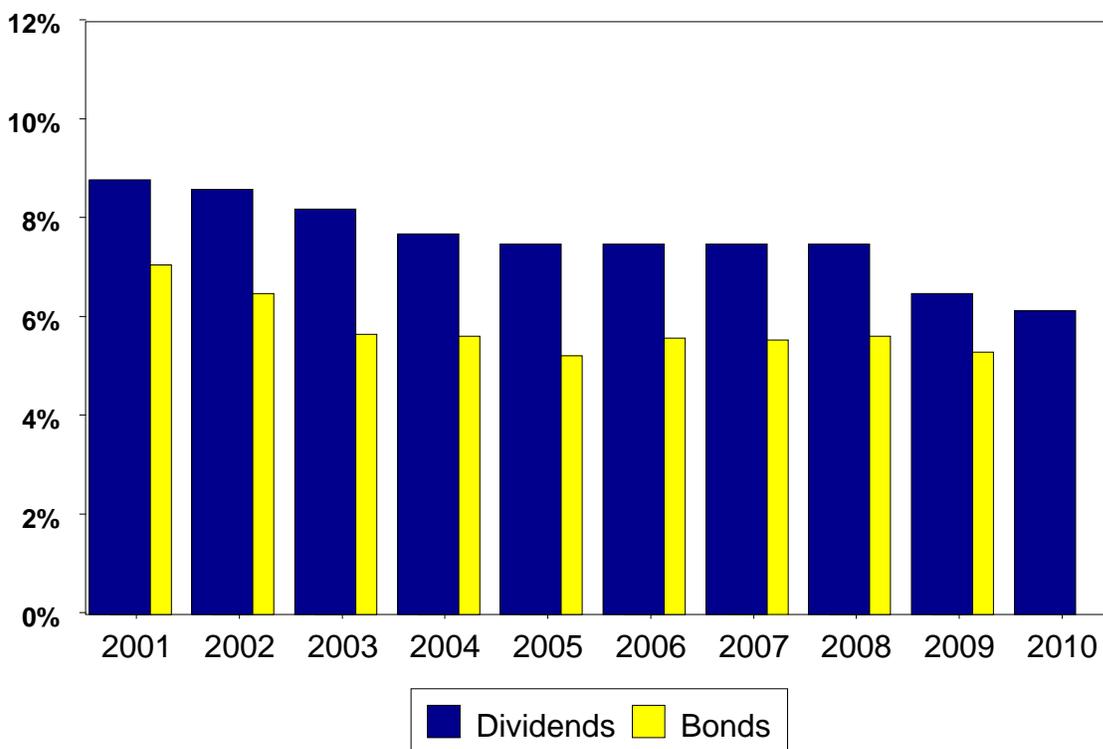
10 Year Dividend History

Help - F1    Configure - F2    Preview - F8    Print - F9

# 10 Year Dividend History - Northwestern Mutual

Prepared by YOUR NAME HERE

| Year | Dividend Interest Rate* | Corporate Bonds (Moody's Aaa) |
|------|-------------------------|-------------------------------|
| 2001 | 8.80%                   | 7.08%                         |
| 2002 | 8.60%                   | 6.49%                         |
| 2003 | 8.20%                   | 5.67%                         |
| 2004 | 7.70%                   | 5.63%                         |
| 2005 | 7.50%                   | 5.23%                         |
| 2006 | 7.50%                   | 5.59%                         |
| 2007 | 7.50%                   | 5.56%                         |
| 2008 | 7.50%                   | 5.63%                         |
| 2009 | 6.50%                   | 5.31%                         |
| 2010 | 6.15%                   | -                             |



\* Although interest is credited on the cash value of a policy using the dividend interest rate, charges are also made to cover the cost of mortality and expenses. The net result is reflected in the calculation of the dividend. Dividend interest rates are not guaranteed and are subject to change. The above dividend interest rates are for non-borrowed funds on policies with direct recognition.

This information is not meant to suggest replacement of an existing policy.

# Long Term Care Company Ratings - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Due Diligence

Due Diligence:

Long Term Care Company Ratings

- Company 1: **Northwestern LTC Ins, WI**
- Company 2: **Fortis Ins Co, WI**
- Company 3: **Metropolitan Life, NY**
- Company 4: **Mutual of Omaha, NE**
- Company 5: **Select a company**
- Company 6: **Select a company**

Display ratings numbers: **No**

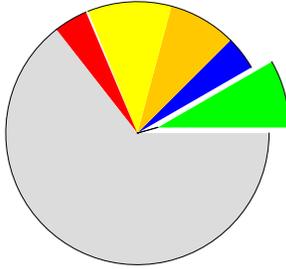
Long Term Care Company Ratings    Help - F1    Configure - F2    Preview - F8    Print - F9

# Long Term Care Company Ratings\*

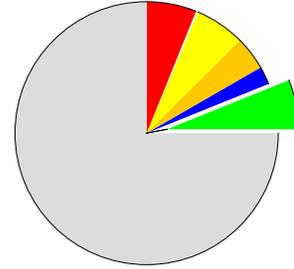
Prepared by YOUR NAME HERE

To simplify this presentation, companies that received a rating below the four highest were consolidated into the category "5th & below." This should not be interpreted to mean a company in the category "5th & below" is necessarily unacceptable.

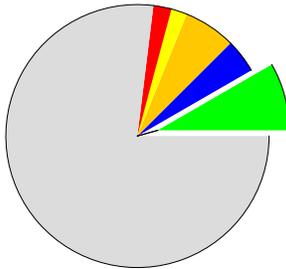
Standard & Poor's



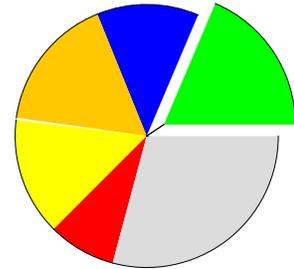
Moody's



Fitch



A.M. Best



|                          | S&P                                       | Moody's                                     | Fitch                                       | Best                                     |
|--------------------------|---|---|---|--|
| Northwestern LTC Ins, WI | <span style="color: green;">■</span> AAA  | <span style="color: green;">■</span> Aaa    | <span style="color: green;">■</span> AAA    | <span style="color: green;">■</span> A++ |
| Metropolitan Life, NY    | <span style="color: yellow;">■</span> AA- | <span style="color: yellow;">■</span> Aa3   | <span style="color: orange;">■</span> AA    | <span style="color: blue;">■</span> A+   |
| Mutual of Omaha, NE      | <span style="color: yellow;">■</span> AA- | <span style="color: yellow;">■</span> Aa3   | <span style="color: lightgray;">■</span> nr | <span style="color: blue;">■</span> A+   |
| Knights of Columbus, CT  | <span style="color: green;">■</span> AAA  | <span style="color: lightgray;">■</span> nr | <span style="color: lightgray;">■</span> nr | <span style="color: green;">■</span> A++ |

\* Third party ratings as of April, 2010 of the largest 48 companies based on contracts in force. See text titled "Rating Categories" for details on claims paying ability. These ratings do not apply to investment performance of investment products.

\*\* Rating services require companies to subscribe and pay a fee for their service. A "Not Rated" rating means a company does not subscribe to that service.

# 5 Year L.T.C. Company Ratings History - Input Screen

Select the following:



**Klark Standard 1.5.2** File Edit Help

Klark Proposal Software I N C

Categories:

Active Case: Samples, Due Diligence

Due Diligence:

5 Year L.T.C. Company Ratings History

Company 1:

Company 2:

5 Year L.T.C. Company Ratings History | Help - F1 | Configure - F2 | Preview - F8 | Print - F9

# 5 Year L.T.C. Company Ratings History\*

Prepared by YOUR NAME HERE

To simplify this presentation, companies that received a rating below the four highest were consolidated into the category "5th & below." This should not be interpreted to mean a company in the category "5th & below" is necessarily unacceptable.

| RATING SCALE  |   |
|---|---|
|  Highest |  4th         |
|  2nd     |  5th & below |
|  3rd     |  Not Rated** |

| Northwestern LTC Ins, WI |   |   |   |   |   |
|--------------------------|---|---|---|---|---|
|                          | 2006  | 2007  | 2008  | 2009  | 2010  |
| S&P                      |  AAA   |  AAA   |  AAA   |  AAA   |  AAA   |
| Moody's                  |  Aaa   |  Aaa   |  Aaa   |  Aaa   |  Aaa   |
| Fitch***                 |  AAA  |  AAA  |  AAA  |  AAA  |  AAA  |
| A.M. Best                |  A++ |  A++ |  A++ |  A++ |  A++ |

| Metropolitan Life, NY |   |   |   |   |   |
|-----------------------|---|---|---|---|---|
|                       | 2006  | 2007  | 2008  | 2009  | 2010  |
| S&P                   |  AA  |  AA  |  AA  |  AA- |  AA- |
| Moody's               |  Aa2 |  Aa2 |  Aa2 |  Aa2 |  Aa3 |
| Fitch***              |  AA  |  AA  |  AA  |  AA  |  AA  |
| A.M. Best             |  A+  |  A+  |  A+  |  A+  |  A+  |

\* Third party ratings as of April, 2010 of the largest 48 companies based on contracts in force. See text titled "Rating Categories" for details on claims paying ability. These ratings do not apply to investment performance of investment products. Ratings prior to April, 2010 represent information available during the fourth quarter of that year.

\*\* Rating services require companies to subscribe and pay a fee for their service. A "Not Rated" rating means a company does not subscribe to that service.

\*\*\* Formerly Duff & Phelps.