



## What is Kai-Zen?

Kai-Zen is a strategy that helps you maintain your current lifestyle with an index life insurance policy that provides death benefit protection and living benefits in the event of a chronic illness, premature death, or to potentially supplement your retirement savings. Protecting your ability to earn is critical to insuring that you will be able to save for retirement. Due to limitations, traditional retirement plans are typically insufficient for high income earners. If you want the potential to maintain your lifestyle in retirement, you need a proactive strategy that puts more money toward helping to protect your future without putting a drain on your current finances.

Kai-Zen is a strategy that uses leverage to help you acquire more of the insurance benefits you need to financially protect you and your family. Kai-Zen's fusion of financing and life insurance offers you more death benefit and helps supplement retirement more than you could without leverage.

**Kai-Zen**

## Features and Benefits Provided by the Life Insurance Policy



### Death Benefit Protection

A cash value life insurance policy with an accelerated death benefit rider can provide benefits in the case of:

**Death**  
(Generally paid to beneficiaries income-tax free upon the death of the insured)

**Critical Illness**  
(Open heart surgery, angioplasty or myocardial infarction, life threatening cancer, stroke, major transplant or end-stage renal failure)

**Chronic Illness**  
Inability to perform two of the six activities of daily living (dressing, toileting, transferring, continence, eating, bathing) or a diagnosis of severe cognitive impairment

**Terminal Illness**  
(A life expectancy of 12 months or less)



### Cash Value Accumulation

**Upside Potential**  
(Interest rate is linked, in part, to growth in one or more market indexes)

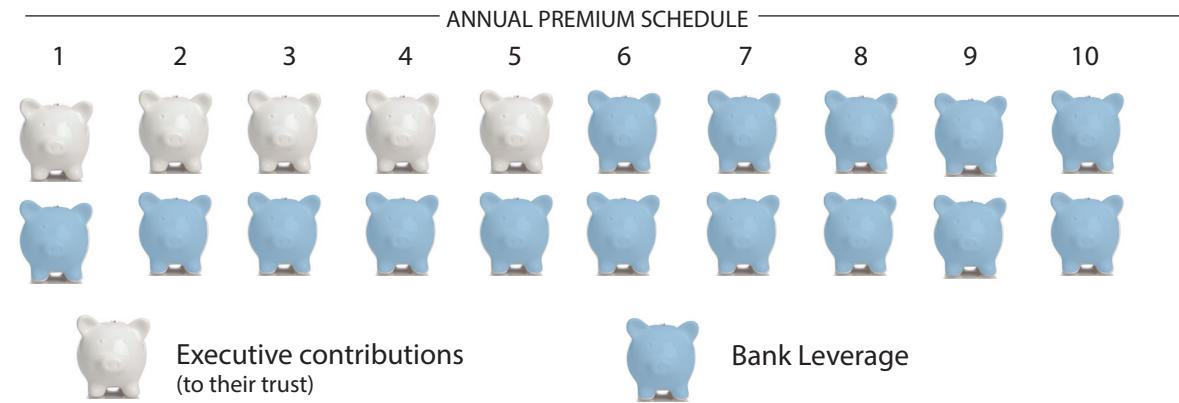
**Protection from Market Loss**  
(0% floor on index participation account and guaranteed 2% interest on the fixed account)

**Tax Deferral**  
(Policy cash value grows tax deferred)

**Access to Cash Value**  
(Taxes aren't owed on withdrawals of the investment in the policy or from policy loans unless the policy lapses)

Accelerated Death Benefit rider may not be available in all states or may vary in some states. Tax law permits a policy owner to withdraw life insurance policy cash values up to the policy owner's basis or investment in the contract without income tax consequences. Withdrawals and loans will reduce the available death benefit. Withdrawals beyond basis may be taxable income. Excess and unpaid loans will reduce policy value and may cause the policy to lapse. If a policy lapses, unpaid loans are treated as distributions for tax purposes. For more information about the tax results of life insurance, consult your attorney or tax advisor. Guarantees are based on the issuing company's claims paying ability.

The most unique and compelling aspect of the Kai-Zen strategy is that the executive's contributions are leveraged 3:1.



## How the Kai-Zen Strategy Works

A life insurance policy is jointly funded by the executive and bank financing. The bank financing provides approximately 60-75% of the total premiums to the policy.

Now executives can realize benefits far beyond what their annual contributions alone could afford them.

### The Use of Leverage

This concept is not much different than using a bank mortgage to leverage assets to purchase a home. Money is borrowed to buy more house (or with Kai-Zen, more benefits) than one could purchase with assets on hand. The amount funded into the policy has the potential for market growth without the risk of market losses due to declines in an index and uses the policy's cash value as the sole collateral for the loan.

### Years 1-5

During the first 5 years, the participant contributes their portion and the lender finances the additional premiums into the insurance policy.

### Years 6-10

After year 5, the participant's obligation is projected to be complete and the lender makes the remaining premium payments.

### Years 11-15

During this time, the policy has the potential to accumulate more value and the lender's note is projected to be satisfied approximately by the end of the 15th year.

### Years 16 and beyond

Potential policy cash value accumulation is projected for distributions for lifestyle needs such as supplemental retirement income.

### Example: Standard Male, Age 45, Non-Smoker Before and After Kai-Zen



Example is hypothetical and for illustrative purposes only. Actual results may be more or less favorable. The initial premium going into the policy does NOT include the \$1500.00 of trust fees and expenses that will be added each year to the client trust. Those additional payments are being escrowed into the trust account to cover the 15 years of service until loan repayment. The Kai-Zen Strategy is dependent on the client making contributions for the first 5 years and if that is not maintained as illustrated the consequences could result in policy lapse and surrender charges could apply. The client will not have access to the policy, the cash values, the death benefits or the living benefits until the loan is repaid and the assignment is released. The lender has the right to discontinue funding new premiums, exit the market, or to demand loan repayment based on the terms and conditions signed by the Master Trust. See the Master Trust documents for additional information. Refer to life insurance carrier's product brochure and illustration for complete insurance policy details.

**GO BACK**