

A Protection Planning Strategy:

Which Life Insurance is Right for You?

Below is a financial planning strategy that could be used with your clients. This summary page is intended to briefly describe the strategy, how it might help your clients, and how you can implement the strategy here at LPL.

What is this strategy:

An integral component to any comprehensive financial plan is a life insurance analysis. Many of today's financial planning software tools have the ability to perform the analysis at various stages throughout an individual's projected lifespan. The purpose of an analysis at differing stages can help in determining which type of life insurance is right for your client.

In the world of life insurance, there are essentially four basic categories of policies:

1. Term Life Insurance
2. Whole Life Insurance
3. Universal Life Insurance
4. Variable Universal Life Insurance

As it can be expected, each category of insurance has features that will complement a client's overall financial objective.

How will this strategy affect my clients, and who could it potentially benefit:

Selecting the appropriate insurance policy type to recommend to a client is an art rather than a science. The selection process entails more than a human life value calculation or simply covering any outstanding debts of the client. For example, a young family with four children might consider the cost of education in an insurance analysis. However, once the four children complete their college, the absolute need of insurance can be greatly diminished. In this scenario, a term policy might be appropriate. In the case of an individual with a preexisting medical condition, proving insurability may be difficult or impossible. If this individual is employed, maximizing group coverage through an employer might be the most cost effective alternative.

How can I implement this strategy:

Financial planning software tools such as WealthVision are powerful in determining the levels of coverage needed by a client throughout their lifetime. These tools not only enable the advisor to calculate the insurance need, they assist in creating an illustration that can be presented to the client to explain the level of recommended coverage.

LPL Financial Insurance Associates is a home office group that is staffed with experienced case design specialists. These specialists can assist you in determining the most suitable type of policy, and furthermore, assist you in selecting the carrier with the most cost effective premium structure.

Who can I contact at LPL for more information and implementation:

To discuss the selection of the most appropriate type of life insurance with your clients, please contact LPL's Home Office Financial Planning Group at extension 6600.

Which Life Insurance is Right for You?

Term Insurance

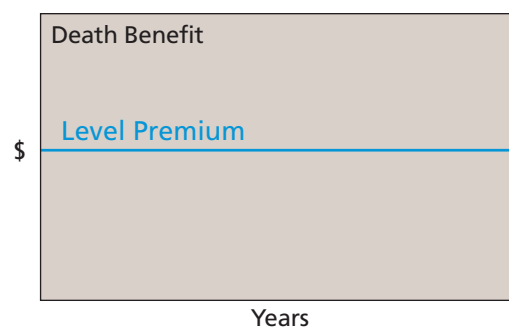
Term life insurance is a form of temporary insurance that provides a lump-sum payout upon death for a stated period of time. Since term insurance can be purchased in large amounts and for a relatively small out-of-pocket expense, it is most suitable for income replacement and short-range goals (i.e., to pay off a mortgage or loan, to fund a child's education, etc.).

Death Benefit = Fixed

Premium = Choice of level or increasing

Cash Value = No

Goal: Pure Protection



Whole Life

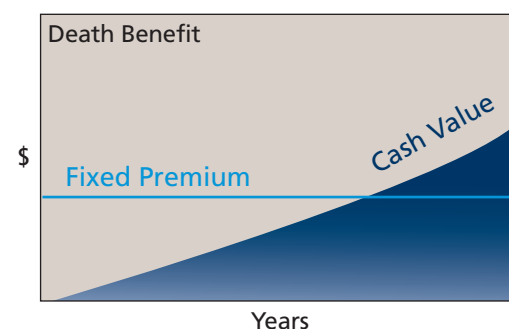
Whole Life is a form of permanent insurance that covers a client for as long as he or she lives and continues to make the required premium payment. Whole Life can be a good fit for achieving long-range goals, as the premiums remain the same for the life of the policy. In addition, cash values may provide money to help with temporary needs or emergencies that may arise.

Death Benefit = Fixed or Increasing

Premium = Fixed

Cash Value = Yes

Goal: Protection and Cash Value



Universal Life

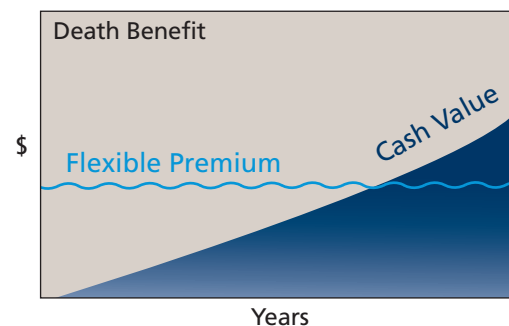
Universal Life is a permanent, flexible-premium, adjustable death benefit life insurance policy that builds cash value. The flexibility of this policy allows you to change the amount of insurance, as your needs for it change. Some of these changes may require an additional medical exam. Universal Life makes sense for those individuals who have a long-term need for life insurance and desire premium flexibility.

Death Benefit = Fixed or Flexible

Premium = Flexible

Cash Value = Yes, based on declared interest rate

Goal: Protection and Cash Value



Variable Universal Life

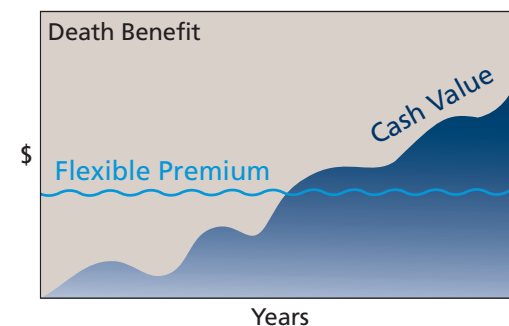
Variable Universal Life is a permanent, flexible-premium type of insurance that builds cash value. This cash value is allocated to various investment subaccounts at the discretion of the policy owner. Variable Universal Life can be a good fit for people who have a long-term need for insurance and desire the upside potential that the underlying variable investment options may provide.

Death Benefit = Fixed or Flexible

Premium = Flexible

Cash Value = Grow or decline, based on performance of market-based investment options¹

Goal: Protection and Cash Value



Life Insurance At-A-Glance

Type of Insurance	Description	Control Over Investments	Access To Cash Value	Premium	Death Benefit Flexibility	Goal
Term	<ul style="list-style-type: none"> - Low cost - Income Replacement - Pure Protection 	No	N/A	Level or increasing for a specified period of time	No	Need for protection for a specified period of time
Whole Life	<ul style="list-style-type: none"> - Fixed premium coverage for life - Guaranteed minimum cash value - Dividends provide potential for additional cash 	No	<ul style="list-style-type: none"> - Access to guaranteed cash value via loan - Access dividend values by withdrawal or loan² 	Accumulated cash value can be used to pay part or all of required annual premium ³	Dividends can be used to purchase additional death benefit protection ³	Permanent need for life insurance coverage and desire for a minimum guaranteed cash value accumulation
Universal Life	<ul style="list-style-type: none"> - Interest credited at current rate - Cash value may provide a no-lapse guarantee - Flexibility 	No	- Access to cash value via loan, withdrawal or partial surrender	<ul style="list-style-type: none"> - Flexible - Minimum must cover insurance costs, maximum not to exceed IRS guidelines 	Option to increase or decrease ⁴	Long-term need for life insurance, with a desire for premium flexibility
Variable Universal Life	<ul style="list-style-type: none"> - Cash value not guaranteed and will fluctuate with the underlying investments - Flexibility 	<ul style="list-style-type: none"> - Client selects subaccount investments among stocks, bonds, money markets, etc. - Can reallocate investments without penalty² 	- Access to cash value via loan, withdrawal or partial surrender	<ul style="list-style-type: none"> - Flexible - Minimum must cover insurance costs, maximum not to exceed IRS guidelines 	Option to increase or decrease ⁴	<ul style="list-style-type: none"> - Long-term need for life insurance, with a desire for premium flexibility and upside potential - Must weather potential downside risks

¹ The cash value of a variable universal life contract is not guaranteed and may be worth more or less than the total premiums paid if surrendered or withdrawn.

² Loans accrue interest, loans and withdrawals will reduce the policy's death benefit.

³ Not guaranteed.

⁴ Face amount decreases may result in a pro-rata surrender charge.

Variable insurance guarantees are based on claims paying ability of the issuer. Withdrawals made may be subject to fees when distributed, and treated as ordinary income. Outstanding policy loans at death, and withdrawals, will reduce the policy death benefits and cash values. The investment returns and principal value of the available subaccount portfolios will fluctuate so that the value of an investor's unit, when redeemed, may be worth more or less than their original value.

This brochure highlights key features and benefits of the products. For more details on rates and policy charges, please see the illustrations provided by your licensed insurance agent.

There are fees and charges associated with variable universal life insurance that may not be applicable to whole life or universal life policies. Surrender charges may be applicable to whole, universal and variable universal life policies.

Variable universal life products are sold by prospectus; please consider the charges, risks, expenses and investment objectives of variable universal life products carefully before investing. For a prospectus containing this and other information, please contact your LPL Financial advisor. Read it carefully before you invest.