



Premium Financing

Start Selling!

ING Indexed Universal Life-CV (ING IUL-CV) Issued by Security Life of Denver Insurance Company

Client Profile

Situation: Edward Marshall, a 60 year old business owner with a net worth of \$10 million, is seeking life insurance coverage to provide death benefit for an estate liquidity need. He needs \$5 million in insurance, but does not want to immediately liquidate his business assets to pay the premiums. He is comfortable using policy cash values and other acceptable collateral to secure the loan.

Possible Solution: A traditional premium financing arrangement using ING Indexed Universal Life-CV with waiver of surrender charge rider.

ING IUL-CV with waiver of surrender charge rider may make the entire policy net account value available for collateral – thus potentially reducing the amount of outside collateral required!*

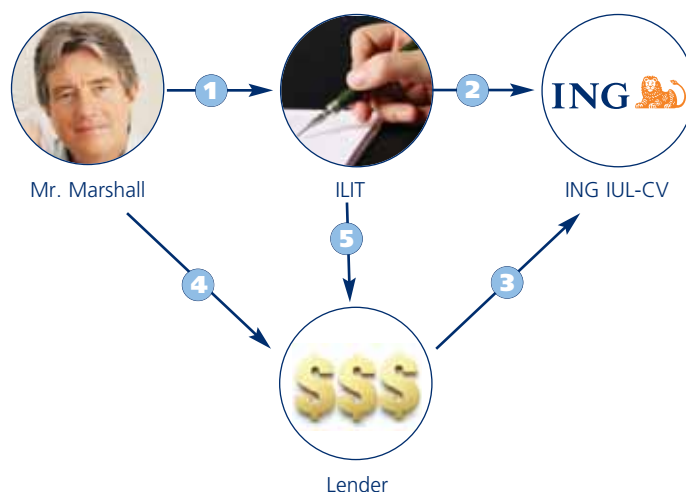
Underwriting Class: Preferred No Tobacco

Annual Premium: \$283,504 (paid first 10 years of policy)**

Initial Death Benefit: \$5,283,504 plus future ATR increases

How Does It Work?

1. Mr. Marshall's attorney drafts an irrevocable life insurance trust (ILIT).
2. The ILIT is owner and beneficiary of the ING Indexed Universal Life-CV insurance policy. The ILIT enters into a premium financing agreement with the lender, and collaterally assigns the policy to the premium financing lender.
3. The lender pays the premium on the ING IUL-CV policy for ten years.
4. Mr. Marshall pays the lender annual interest. These payments could result in gift tax to Mr. Marshall. (It's possible that Mr. Marshall could also be subject to gift tax to the extent of the value of the pledged collateral that he provides. The timing of any such gift tax is unclear.)
5. Premium loan is repaid out of policy values in year 16.***



* May not be available in all states.

** The policy would lapse in year 13 based on a 100% election to the Indexed Strategy, the 1.00% guaranteed index credit rate and guaranteed charges.

***Based on a 100% election to the Indexed Strategy, hypothetical index credit rate of 7.94% and current charges. If the 1.00% guaranteed index credit rate and guaranteed charges were used, the policy value would be insufficient to repay the loan.

Potential Benefits:

- Mr. Marshall is able to provide \$5 million of death benefit coverage (after loan repayment) needed for estate planning without having to immediately liquidate business assets.
- Because Mr. Marshall is financing his premiums he has minimized his gift tax outlays and allowed his assets in his business to grow undisturbed.
- ING IUL-CV with waiver of surrender charge rider may make the entire policy net account value available for collateral. Thus, the amount of outside collateral required is potentially reduced.

Potential Risks:

- Over time, the total cost of premium financing may exceed the costs to pay premiums out-of-pocket.
- The interest rate on the loan may go up during the life of the loan, which could increase the risk of default. Likewise, additional collateral may be required during the life of the loan, depending upon policy performance and/or the borrowing of additional premiums. This could also increase the risk of default.
- A failure to pay loan interest and/or post collateral required by the lender will result in default on the loan. If a default occurs, the lender may foreclose on the policy and any collateral posted. If those assets are insufficient to repay the loan, Mr. Marshall's personal assets will be at risk.

Illustrate your premium finance cases easily with ING Presents... using the Premium Financing Tab.

Step 1: Select the "Premium Financing" tab

The screenshot shows the 'Premium Financing' tab selected in the software interface. The 'Premium Financing Type' dropdown menu is set to 'Traditional'. Other fields include Loan Interest Rate (5.000%), Loan Interest Payment Details (Out of Pocket 100.00%, Interest Accrued 0.00%, From Policy 0.00%, TOTAL 100%), Lender Collateral (Collateral Value of Policy Value 100%, Collateral Percent Requirement 100%), Lender Loan Repayment (Recovery Policy Values & Outside Source, Year to Begin 16, Number of Years 1), and Total Death Benefit (Insured's Death Benefit Need Specify Amount, Specified Amount 5,000,000).

Step 2: Select "Traditional" from the Drop Down Box

To learn more about Premium Finance sales, contact your ING Life Companies' Representative or ING Life Sales Support at 1-866-ING-SELL (866-464-7355).

Log in to ING for Professionals at www.inglifeinsurance.com

As someone who needs life insurance, your clients may be considering financing premium payments because they believe the borrowing costs will be less than what they might earn on assets that they would otherwise use to pay premiums. Crediting rates on the ING Indexed Universal Life -CV policy will fluctuate and could be substantially lower than the costs of borrowing. Therefore, any projected arbitrage between policy performance and the loan interest rate should not form the basis for entering into a premium finance arrangement.

Neither ING nor its affiliated companies or its representatives give tax or legal advice. Your clients should consult with their legal advisors regarding their individual situation. These materials are not intended to be used to avoid tax penalties, and were prepared to support the promotion or marketing of the matter addressed in this document. The taxpayer should seek advice from an independent tax advisor.

ING Indexed Universal Life-CV, policy form series #1178, with both a fixed and an equity indexed strategy, may vary by state and may not be available in all states and is issued by Security Life of Denver Insurance Company (Denver, CO), a member of the ING family of companies. All guarantees are based on the financial strength and claims-paying ability of Security Life of Denver Insurance Company who is solely responsible for the obligations under its own policies.

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