CONCENTRATED STOCK DIVERSIFICATION STRATEGY

Overview

Having too much of one company's stock in a portfolio can increase exposure to company specific risk and stock price volatility. As the overall stock market rises and falls, the price of an individual's stock also fluctuates. Highly concentrated stock positions can be very beneficial when the markets rise, but can be damaging to the retirement portfolio when the market falls. One way to hedge against such extreme results is to diversify a portion of the concentrated stock into a non-correlated asset. Diversification does not guarantee a gain or protect against losses, but it can potentially lower portfolio risk.

Moving a portion of the current stock portfolio into life insurance provides a non-correlated death benefit for beneficiaries, increases predictability of the amount transferred, and reduces overall exposure to the price volatility of the concentrated stock.

Additionally, the tax-free death benefit can provide a competitive net IRR when compared with correlated assets.

CASE STUDY

Proposed Insured:	Mr. Client (married), Age 59
Net Worth:	$4,000,000
Current Stock Value:	$1,000,000 with 3,333 total shares for company XYZ Valued at $300 per share with a cost basis per share of $250
Situation:	

As he approaches age 60, his financial advisor recommends repositioning his concentrated stock position to a life insurance policy allowing for diversification to a non-correlated death benefit. He decides to liquidate half of his shares (1,667 shares), leaving him with a liquidation value of $500,000. He decides to take the after tax sales proceeds of $472,167 and purchases a life insurance policy.

Mr. Client has several options as to the type of policy he wishes to purchase, depending on his overall retirement and wealth transfer objectives. If he desires to access the cash value, he would have the following options:

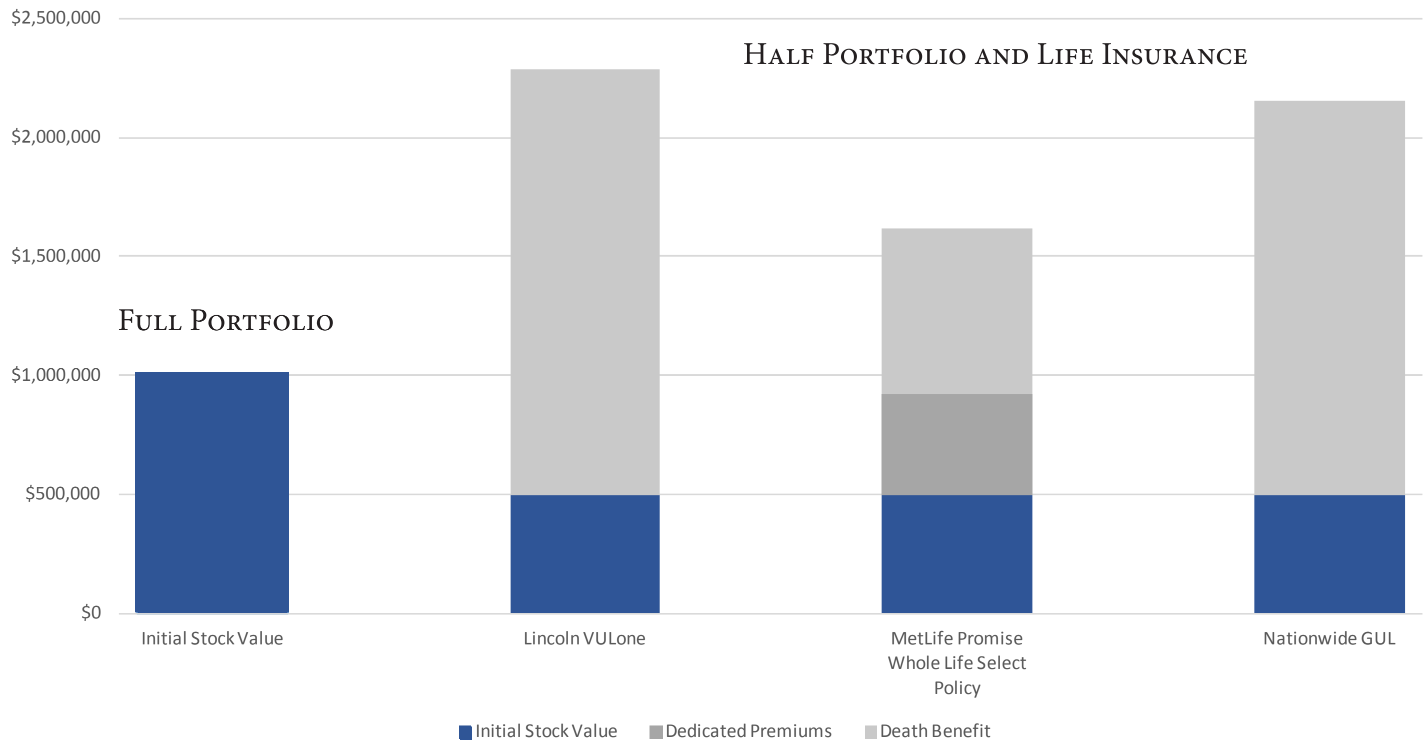
1. Purchase a Lincoln Financial VULone variable life insurance policy with a single premium of $472,167 providing for a guaranteed death benefit of $1,788,868 and potential non-guaranteed cash value of $1,171,820 at age 80.

2. Purchase a MetLife Promise Whole Life Select 10 spreading out the net sales proceeds over 10 years for 10 annual premiums of $47, 217. This provides a guaranteed death benefit of $693,424, a non-guaranteed death benefit of $1,165,946 and guaranteed cash value of $ 524,922 at age 80.

If Mr. Client is less concerned with access to cash value for retirement and primarily concerned with a guaranteed death benefit and long-term care benefits:

3. Purchase a Nationwide YourLife No Lapse GUL policy with a single premium of $472,167 providing a guaranteed death benefit of $1,656,420 and a long-term care benefit of $300,000. The long-term care benefit provides a $6,000 maximum monthly benefit that will last up to 50 months.

COMPARISON CHART



POLICY VALUES AT AGE 80

	Lincoln VULone	Metlife WholeLife	Nationwide GUL with LTC Rider
Guaranteed Cash Value	$ 0	**$ 524,922**	$ 0
Projected Cash Value	**$ 1,171,820***	$ 881,712**	$ 0
Guaranteed Death Benefit at age 80	**$ 1,788,868**	$693,424	**$ 1,656,420**
Projected Death Benefit at age 80	N/A	$ 1,165,231**	N/A
IRR on Death Benefit at age 80	6.89%	5.91%	6.48%
LTC Benefit	$ 0	$0	**$ 300,000**

*Shown values are based on a 8.0% gross crediting rate, 7.33% net crediting rate
**Shown values are based on a 5.0% crediting rate