

Life Policy Calculations
User Guide

SmartOffice®



Copyright © 1998-2006, E-Z Data, Inc.

All Rights Reserved

No part of this documentation may be copied, reproduced, or translated in any form without the prior written consent of E-Z Data, Inc.

All product names are trademarks of their respective manufacturers or organizations.



Proven in Practice™

918 E. Green Street

Pasadena, CA 91106

Web: <http://www.ez-data.com>

Telephone: (626) 585-3505

Fax: (626) 440-9097

U.S. toll-free fax: (800) 779-3123

Table of Contents

Basic Information Tab Calculations	1
Benefit Tab Calculations	5
Criteria	5
Term Life	5
Whole Life	5
Universal Life	6
Variable Universal Life	7
Variable Annuity.....	8

Basic Information Tab Calculations

Premium Information Section

The Premium Information section displays details regarding premium costs and payments. The Annlzd Prem (Annualized Premium) equals the Modal Premium multiplied by the number of payments the specified mode makes in a year. If the Prem Mode or Modal Premium is changed, the Annualized Premium will recalculate.

Premium Information			
Modal Premium	250,000.00	Prem Mode	Single Pay
Pay Method	Direct Bill	Annlzd Prem	250,000.00
Target Amount		Excess Prem	
Comm Modal	250,000.00	Comm Annlzd	250,000.00
Lump Sum		1035	100,000.00
Flat Extra Prem		Do Not Calculate	<input type="checkbox"/>
FYC		Renewal Comm	

Modal Premium

Either manually entered or populated from the data within the Modal Premium dialog box.

Premium Mode

Premium Mode	=	Modal Premium	X	Payments made in a year
10 Pay	=	Premium	X	10
8 Pay	=	Premium	X	8
Annually	=	Premium	X	1
Bi-Weekly	=	Premium	X	26
Daily	=	Premium	X	365
Every 10 Months	=	Premium	X	12/10
Every 11 Months	=	Premium	X	12/11
Every 2 Months	=	Premium	X	6
Every 4 Months	=	Premium	X	3
Every 5 Months	=	Premium	X	12/5
Every 7 Months	=	Premium	X	12/7
Every 8 Months	=	Premium	X	12/8
Every 9 Months	=	Premium	X	12/9
Every 3 Weeks	=	Premium	X	52/3
Four Weekly	=	Premium	X	52/4
Monthly	=	Premium	X	12
Monthly for 9 Months	=	Premium	X	9

Quarterly	=	Premium	X	4
Semi-Annually	=	Premium	X	2
Semi-Monthly	=	Premium	X	24
Single Pay	=	Premium	X	1
Weekly	=	Premium	X	52

Pay Method

Automatic Premium Loan	EFT	Paid in Advanced
Bank Draft	Gov Allotment	Payroll Deduction
Check	Irregular Billing	Premium Deposit Fund
Collection Institution	List Bill	Regular Billing
Combined Billing	Other	Special Accounts
Credit Card	PAC	Suspended Billing
Bank Draft		

Annualized Premium

Modal Premium X Premium Mode = Annlzd Prem

Target Premium

Manually entered

Excess Premium

Manually entered

Commissionable Modal

Base Commissionable Premium = Comm Modal Premium

Commissionable Annualized

Commissionable Annualized Premium will automatically be populated unless the **Do not Calculate** button is selected.

Base Commissionable Premium

+ Modal Policy Fee X Premium Mode = Comm. Annlzd

+ Flat Extra Premium

If the Policy is a UL or VUL then the Target Premium will be included into the calculation of the Commissionable Annualized Premium

- If the Target Premium is Less than the Commissionable Annualized Premium then replace the Commissionable Annualized Premium with the Target amount.
- If the Target Premium is Null, Zero, or Greater than the Commissionable Annualized Premium, keep the Commissionable Annualized Premium.

Flat Extra Premium

Manually populated, this premium will also be reflected in the Flat Extra Premium field within the Premium Breakdown dialog box.

Do Not Calculate

When selected, the Commissionable Annualized Premium field will be not be populated with the above calculation. This enables the user to manually enter a different premium.

FYC

The First Year Commission field is manually populated for those users who do not have the Commission Tracking module.

Renewal

The Renewal Commission field is manually populated for those users who do not have the Commission Tracking module.

Modal Premium Hyperlink

To view or modify premium breakdown information, click the **Modal Premium** hyperlink to open the Premium Breakdown dialog box.

Modal Values			
Base Comm Premium	250,000.00	Modal Premium	250,000.00
Annual Policy Fee	0.00	Modal Policy Fee	0.00
Annual Non Comm Fee	0.00	Modal Non Comm Fee	0.00
Flat Extra Prem		Modal Factor	0.0
Waive Policy Fee	<input type="checkbox"/>		

On initial entry of a policy when the **Premium**, **Premium Mode**, and **Payment Method** values are entered and the information is saved, the following calculations occur:

Premium Breakdown

Base Commissionable Premium

Premium	-	Modal Non-Comm. Fee	-	Flat Extra Premium	-	Modal Policy Fee	=	Base Comm. Premium
Policy		Policy		Policy		Policy		Policy

Modal Premium

Modal Premium is populated from the Premium section where the **Modal Premium** hyperlink was selected.

Annual Policy Fee

Annual Policy Fee is populated from the Product Module in the Product Fee Summary spreadsheet on the Product Detail tab.

Modal Policy Fee

Commissionable Fee	X	Modal Factor	=	Modal Policy Fee
Product		Product		Policy

Annual Non Comm Fee

The Annual Non Comm Fee is populated from the Product Module in the Product Fee Summary spreadsheet on the Product Detail tab.

Modal Non Comm. Policy Fee

Non Commissionable Fee	X	Modal Factor	=	Modal Non Comm. Fee
Product		Product		Policy

Flat Extra Premium

The Flat Extra Premium is populated from the Premium Information section where the **Modal Premium** hyperlink was selected.

Modal Factor

The Modal Factor is populated from the Product Module in the Modal Fee Information section.

Waive Policy Fee

If the Waive Policy Fee option is selected, the **Modal Policy Fee** and **Modal Non-Commissionable Fee** will equal 0.

Modification Calculation

When modifying the policy, the following calculations occur and overwrite the current values:

- **Base Commissionable Premium:**
Premium - Non-Comm. Fee - Flat Extra Premium - Policy Fee = Base Comm. Premium
- **Comm Annlzd** is recalculated.

If the **Prem Mode** (Premium Mode) or **Pay Method** (Payment Method) fields are modified:

- The **Modal Policy Fee** and **Modal Non-Commissionable Fee** are recalculated using the modal factor of the new mode/method.
 - If the **Waive Policy Fee** option is selected, the **Modal Policy Fee** and **Modal Non-Commissionable Fee** will equal 0.
 - If there is not a modal factor listed for that mode/method combination, the **Modal Policy Fee** and **Modal Non-Commissionable Fee** values will equal 0.
- **Base Commissionable Premium** is recalculated.
- **Annlzd Premium** is recalculated.
- **Comm Annlzd** (Commissionable Annualized) is recalculated.
- **Comm Modal** (Commissionable Modal Premium) is recalculated.

If the **Face Amount** is modified:

- The **Modal Policy Fee** and **Modal Non-Commissionable Fee** are recalculated using the modal factor of the new mode/method.
 - If the **Waive Policy Fee** option is selected, the **Policy Fee** and **Non-Commissionable Fee** will equal 0.
 - If there is not a modal factor listed for that mode/method combination, the **Policy Fee** and **Non-Commissionable Fee** values will equal 0.
- **Base Commissionable Premium** is recalculated.
- **Comm Annlzd** (Commissionable Annualized) is recalculated.

If the **Base Commissionable Premium** is modified:

- **Modal Premium**
- **Annld Prem** (Annualized Premium)
- **Comm Annld** (Commissionable Annualized) will be recalculated.
- **Comm Modal Premium** will be recalculated.

If the **Calculate Policy Fee** button (located on the Policy summary) is selected, the **Policy Fee** and the **Non-Commissionable Fee** are recalculated. This is useful if the settings in the Modal Fee Information section or the Product Fee Commissionable section in the Product module have changed and you would like to update the Policy Fee and Non-Commissionable Fee accordingly.

Benefit Tab Calculations

Criteria

The Detail tab in the Product module affects the calculations on the Benefits tab in the Policy module. If the **Calculate Benefit** option is selected, the program will automatically calculate the **Net Death Benefit** and **Total Death Benefit** fields for the Product's policies in the Policy module. If the **Calculate Cash** option is selected, the program will automatically calculate the **Gross Cash Value** and **Cash Surrender Value** fields for the Product's policies in the Policy module. If these options are not selected, then the calculations will not be automated and information can be manually entered into these fields. Please note that only **Life Products** have these options.

Note: If the **Validate Policy** button (located on the Benefits and Subaccounts tab) is selected, the program will total the Subaccount value and populate that amount in the Subaccount Value field in the Cash Value section of the VUL Policy. All the calculable fields will also recalculate.

Term Life

Term Life	
Basic Face Amount	300,000
Dividend Option	<input type="button" value="C"/>
Add'l Death Benefit	5,000.00
Rider Death Benefit	50,000.00
Total Death Benefit	355,000.00
Death Benefit Option	Level

Basic Face Amount + Add'l Death Benefit + Rider Death Benefit = Total Death Benefit

Whole Life

Whole Life	
Basic Face Amount	500,000
Dividend Option	Matured <input type="button" value="C"/>
Paid Up Additions	
Other Dividend DB	
Rider Death Benefit	
Net Death Benefit	500,000.00

$$\text{Basic Face Amount} + \text{Paid Up Additions} + \text{Other Dividend DB} + \text{Rider Death Benefit} - \text{Loan Amount} = \text{Net Death Benefit}$$

Cash Value	
Basic Cash Value	32,625.00
Dividend Cash Value	9,237.00
Gross Account Value	41,862.00
Loan Amount	2,500.00
Loan Int Rate/Amount	
Cash Surrender Value	39,362.00
Dividend Paid	

$$\text{Basic Cash Value} + \text{Dividend Cash Value} = \text{Gross Account Value}$$

$$\text{Gross Account Value} - \text{Loan Amount} = \text{Cash Surrender Value}$$

Universal Life

Universal Life	
Basic Face Amount	350,000
DB Option	Increasing
Add'l Death Benefit	
Rider Death Benefit	
Net Death Benefit	350,990.00
Target/MEC Premium	
GrdeSingle/MinGuarPrem	

The **Net Death Benefit** Calculation is dependent upon the **Death Benefit Option** selection.

No DB Option

$$\text{Basic Face Amount} + \text{Add'l Death Benefit} + \text{Rider Death Benefit} + \text{Gross Cash Value} - \text{Loan Amount} = \text{Net Death Benefit}$$

Increasing DB Option

$$\text{Basic Face Amount} + \text{Add'l Death Benefit} + \text{Rider Death Benefit} + \text{Gross Cash Value} - \text{Loan Amount} = \text{Net Death Benefit}$$

Level DB Option

$$\text{Basic Face Amount} + \text{Add'l Death Benefit} + \text{Rider Death Benefit} - \text{Loan Amount} = \text{Net Death Benefit}$$

Decreasing DB Option

$$\begin{array}{r} \text{Basic Face} + \text{Add'l Death} + \text{Rider Death} - \text{Loan} = \text{Net Death} \\ \text{Amount} \quad \text{Benefit} \quad \text{Benefit} \quad \text{Amount} \quad \text{Benefit} \end{array}$$

Cash Value	
Cash Value	20,000.00
Loan Amount	1,000.00
Gross Cash Value	21,000.00
Surrender Charge	1,500.00
Cash Surrender Value	18,500.00
Loan Int Rate/Amount	
Current Interest Rate	

$$\text{Cash Value} + \text{Loan Amount} = \text{Gross Cash Value}$$

$$\text{Gross Cash Value} - \text{Loan Amount} - \text{Surrender Charge} = \text{Cash Surrender Value}$$

Variable Universal Life

Clicking the **Validate Policy** button (located on the Benefits and Subaccounts tab) will total the Subaccount value and populate that amount in the Subaccount Value filed in the Cash Value section. In doing this, all the calculable fields will also recalculate. **Gross Cash Value** and **Cash Surrender Value** are recalculated only if the **Calculate Cash** option is selected on the product level. It is useful to validate the Cash Value section if data on the Subaccounts tab has changed and you would like to update the Subaccount Value, Gross Cash Value, and Cash Surrender Value accordingly.

Cash Value	
SubAccount Value	1,387.65
Loan Amount	1,000.00
Gross Cash Value	2,387.65
Surrender Charge	500.00
Cash Surrender Value	887.65
Loan Int Rate/Amount	
Current Interest Rate	

$$\text{Total Subaccount Value} = \text{Subaccount Value}$$

$$\text{Subaccount Value} + \text{Loan Amount} = \text{Gross Cash Value}$$

$$\text{Gross Cash Value} - \text{Loan Amount} - \text{Surrender Charge} = \text{Cash Surrender Value}$$

Variable Annuity

Clicking the **Validate Policy** button (located on the Benefits and Subaccounts tab) will total the Subaccount value and populate that amount in the Subaccount Value field in the Coverage section.

Coverage	
SubAccount Value	1,000.00
Periodic Amt	<input type="text"/>
Payments/Year	<input type="text"/>
Annual Inc	<input type="text"/>
Payout Amt	<input type="text"/>
Withdrawals/Yr	<input type="text"/>
Withdrawals	<input type="text"/>
Pen Phase End	<input type="text"/>

Total Subaccount Value = Subaccount Value

The Total Subaccount Value is the total value of all subaccounts on the Subaccounts tab.