

A DIFFERENT LOOK AT THE MONETARY VALUE OF A COLLEGE DEGREE



Some thirty-six years ago, when I was just getting established in the Life Insurance business we were, of course, all thoroughly indoctrinated with “needs” selling. One of those “needs” was funding for college education for the client’s children. It was all assumed that the children would go to college. If there was any question as to the value in monetary terms of doing so, we were taught to point out “how much more the average college educated child would earn over a lifetime of work compared with the average child who did not get the college degree.” I forget what the figure tossed around at that time was, but in recent days I was remembering that mental exercise and decided to revisit the assumption.

First of all, I have the distinct feeling that the *college degree* is extremely over-rated in its value. Witness the number of people you know who have a degree and, thus, feel that they are *educated* but other than the degree there is very little evidence of the fact.

In a recent issue of a publication at Auburn University, Dr. Herbert Rotfeld, a professor in the Department of Marketing and Transportation had this to say: “I entered a doctoral program because of a deep and intense curiosity, a love of learning and a pathological enjoyment of reading. Today, as an educator, I want to inspire students to learn, to teach my students so they could teach others. But since the subject of my scholarly passion is business, my students only want what they see as job certification. Many want credits but don’t want to learn.

Since learning requires involvement of the students, a basic problem of modern education is the students who don’t want to be in school. High school is something to be endured; they go to college only because a parent or school counselor told

them to go. Unfortunately, as students are told to go to school, it is never emphasized that learning itself has value.

Today, even doctoral students go to school not to learn, but to get certified, so it should not be a surprise that so many graduates at any level fail to exhibit interest or inspiration in learning.

And many faculty believe that business practitioners have more credibility than anyone on campus. It is amazing how many people got into business education not because of a love of scholarship but because they were not very successful as business professionals. Now some former practitioners can be (and are) very respected scholars. Shifting from business practice to education can be a satisfying shift of career.

But it is a business school, not a business. Too many former business practitioners do not do any new thinking once they leave the business world, talk of training students (for the jobs they themselves once held) and demand that as business educators who ‘worked’ they deserve a status they never possessed in business. These men and women never learned to think and do not expect such strange behavior from students. It is no surprise that the graduates, like faculty, often leave with a world view as expansive as that of a pet goldfish.”

Professor Rotfeld went on to quote IBM chief executive Louis V. Gerstner, Jr. at a two-day national education summit in Palisades, NY; “— business leaders do not (and should not) want business education to be vocationally oriented. It is not in the interest of business leaders to turn public schools into vocational schools. We can teach them how to read balance sheets. What is killing us is having to teach them to read and compute and communicate and to think.”

Rotfeld concludes his article by saying, “I await the time when business education will be a respected activity for a hard working scholar, instead of a training ground for future anti-intellectuals.”

tuals and home for retired executives who came to campus so they could themselves quit thinking.”

The above is a pretty strong statement about the condition of “higher education” in America, isn’t it? And people are paying ever-increasing college costs to get a degree that is becoming less valuable. Dr. George Roche, President of Hillsdale College has a lot to say about this phenomenon in his book, *The Fall of the Ivory Tower*. If you have not done so, I urgently recommend that you read this book. One of these days the consumers are going to wise up to the fact they have been conned and the “house of cards” is going to come crashing down. When the perceived value of anything has no real basis, a return to reality is inevitable.

A lot of the idea that *everybody needs a college education* has its roots in the period just after WWII with the advent of the GI Bill. Here came the huge number of “students” to get their degrees, when the major reason for this event was the fear of government powers that “all these servicemen returning to civilian life are going to wreck the economy. We have to do something with them.” Since that time Parkinson’s Law has taken effect—a luxury once enjoyed, becomes a necessity. And so, now the cry is that “everybody *deserves* a college education! Please notice that the cost of doing so has risen much faster than inflation in the rest of the economy. This is always the pattern when government gets involved in anything. Let’s contrast this phenomenon with that of the development of the Personal Computer, a field in which government has had a minimum of meddling (that is, until early December 1997 re: Microsoft Internet Explorer). Quality and performance have increased so rapidly that whatever you now have is obsolete within a year or so and the prices have gone down dramatically.

So much for the major reason for looking askance at the value of a college degree. Now let’s look at the *monetary value* of the college degree as compared with an alternative—teaching the child the value of learning banking through the use of dividend-paying whole life insurance. To do so, I am not going to put a monetary value on the degree as *was* done in our presentations some 30-

odd years ago. I am going to let you decide for yourself as to what a reasonable figure might be. Just compare that figure with the results of my recent study using a major mutual company’s illustration software to construct the case for learning banking instead.

First, I assumed that the usual cost of the college degree is \$20,000 per year for four years. From what information I can gather that seems to be the case. So I used this same figure to put into a high-premium policy, in this case \$6,500 to a base Life Paid-Up at 65 policy plus \$13,500 into a Paid-Up Additions Rider on an 18 year old male. This premium total of \$20,000 was used to pay four annual premiums of \$20,000 each. After the four years dividends were used to pay the base premium for the duration of the policy—the classical “premium offset” illustration—and so there was no further outlay.

Next, I assumed the Insured retired at age 70 (I no longer let people get away with the assumption of age 65 for retirement. *It is just not going to work in the future*) and surrendered dividend credits from that point on. Based on the current dividend scale of this company the cash values at age 70 were illustrated to be \$2,457,303. Withdrawing dividend credits alone of \$145,000 per year for retirement purposes could be sustained indefinitely. And assuming the Insured lived until age 85 means that he had withdrawn an income total of \$2,175,000. If he died at that time the projected death benefit is \$3,279,018. In all honesty, I don’t believe that the college degree would produce comparable *financial* results. This scenario assumed that the Insured simply let the insurance company manage the cash values throughout the entire illustration.

If the Insured was taught to finance his automobile purchases through the policy (\$21,450 financing package every four years, beginning at the first of the 5th year) and *paid back to the policy* that which he would have had to pay a finance company (6,500 per year for four years), then the results improve significantly. In this case, \$2,698,593 in cash value, and the income from dividends could be increased to \$150,000 per year (total income of

\$2,250,000 by age 85) plus a death benefit of \$3,848,202 if death occurred at that time. In this example there were *no policy loans* at all. The \$21,450 “automobile financing” packages were all *withdrawals* of dividend credits. The “repayments” were actually premiums to the base policy.

By the way, if the Insured was female, the above results improve even more—in this case \$2,959,517 cash value at age 70, dividend income of \$150,000 per year (\$2,250,000 in income by age 85) plus a death benefit of \$5,233,432 if death occurred at age 85. The death benefit continues to increase if death occurs later.

So, in evaluating just the *financial benefits* of the college degree at a cost of \$80,000 vs. putting that same \$80,000 into high-premium whole life insurance, I don’t believe the degree is as valuable. As a matter of fact, the probability of the college-educated person ever learning the benefits of “banking” through the use of whole life insurance is not very good. He will be exposed to some professor teaching him that “whole life insurance is a very poor place to put money.” It will take a lot of effort to get this notion out of his head, because “unlearning” is more difficult than learning. I think that Professor Rotfeld might explain it, “He has been *trained* instead of having learned to *think*. Please remember that I am not against *higher education*. To the contrary, I believe it should be a life-long activity. But observation leads me to conclude that we have a lot of people in America with *degrees*—but not many of them are educated.

Following the illustration on John Q. Student is an illustration on Susie Q. Student. Susie doesn’t go to Vanderbilt (or some other college of equal stature) and then to medical school. Read with diligence the memorandum on Susie on page 79.

JOHN Q. STUDENT

POL YR	AGE AT START YR	ANNUAL DIVIDEND	NET PREMIUM	CUM NET PREMIUM	GUARANTEED CASH VALUE	CASH VALUE OF ALL ADDS	NET CASH VALUE	NET DEATH BENEFIT
1	18	\$0.00	\$20,000.00	\$20,000.00	\$0.00	\$13,203.00	\$13,203.00	\$865,120.00
2	19	\$0.00	\$20,000.00	\$40,000.00	\$4,560.00	\$28,347.00	\$32,908.00	\$949,534.00
3	20	\$1,554.00	\$20,000.00	\$60,000.00	\$9,284.00	\$44,914.00	\$54,198.00	\$1,041,469.00
4	21	\$2,523.00	\$20,000.00	\$80,000.00	\$14,195.00	\$63,010.00	\$77,205.00	\$1,136,779.00
5	22	\$3,546.00	-\$14,950.00	\$65,050.00	\$19,331.00	\$45,758.00	\$65,089.00	\$1,028,821.00
6	23	\$2,937.00	\$6,500.00	\$71,550.00	\$24,701.00	\$50,528.00	\$75,229.00	\$1,046,010.00
7	24	\$3,362.00	\$6,500.00	\$78,050.00	\$30,335.00	\$55,924.00	\$86,258.00	\$1,065,100.00
8	25	\$3,811.00	\$6,500.00	\$84,550.00	\$36,234.00	\$62,021.00	\$98,255.00	\$1,086,082.00
9	26	\$4,315.00	-\$14,950.00	\$69,600.00	\$42,413.00	\$45,711.00	\$88,124.00	\$994,667.00
10	27	\$3,826.00	\$6,500.00	\$76,100.00	\$48,872.00	\$51,580.00	\$100,452.00	\$1,014,440.00
11	28	\$4,371.00	\$6,500.00	\$82,600.00	\$55,604.00	\$58,261.00	\$113,855.00	\$1,036,310.00
12	29	\$4,976.00	\$6,500.00	\$89,100.00	\$62,608.00	\$65,840.00	\$128,448.00	\$1,050,410.00
13	30	\$5,638.00	-\$14,950.00	\$74,150.00	\$69,892.00	\$51,289.00	\$121,181.00	\$956,291.00
14	31	\$5,411.00	\$6,500.00	\$80,650.00	\$77,440.00	\$59,240.00	\$136,681.00	\$1,010,833.00
15	32	\$6,227.00	\$6,500.00	\$87,150.00	\$85,269.00	\$66,350.00	\$153,620.00	\$1,038,159.00
16	33	\$7,114.00	\$6,500.00	\$93,650.00	\$93,378.00	\$76,730.00	\$172,108.00	\$1,058,355.00
17	34	\$8,076.00	-\$14,950.00	\$78,700.00	\$101,752.00	\$67,273.00	\$169,025.00	\$1,013,435.00
18	35	\$8,052.00	\$6,500.00	\$85,200.00	\$110,414.00	\$78,649.00	\$189,063.00	\$1,045,462.00
19	36	\$9,112.00	\$6,500.00	\$91,700.00	\$119,355.00	\$91,533.00	\$210,888.00	\$1,080,462.00
20	37	\$10,248.00	\$6,500.00	\$98,200.00	\$128,554.00	\$105,030.00	\$234,633.00	\$1,118,589.00
21	38	\$11,491.00	-\$14,950.00	\$83,250.00	\$137,706.00	\$99,163.00	\$236,889.00	\$1,032,750.00
22	39	\$11,745.00	\$6,500.00	\$89,750.00	\$147,107.00	\$115,560.00	\$262,655.00	\$1,123,650.00
23	40	\$13,105.00	\$6,500.00	\$96,250.00	\$156,764.00	\$133,919.00	\$291,683.00	\$1,167,845.00
24	41	\$14,576.00	\$6,500.00	\$102,750.00	\$165,653.00	\$154,424.00	\$231,083.00	\$1,215,432.00
25	42	\$16,160.00	-\$14,950.00	\$87,800.00	\$176,827.00	\$154,024.00	\$330,851.00	\$1,198,704.00
26	43	\$16,774.00	\$6,500.00	\$94,300.00	\$187,247.00	\$177,464.00	\$364,711.00	\$1,250,092.00
27	44	\$18,523.00	\$6,500.00	\$100,800.00	\$197,932.00	\$203,487.00	\$401,419.00	\$1,305,084.00
28	45	\$20,406.00	\$6,500.00	\$107,300.00	\$208,881.00	\$232,278.00	\$441,159.00	\$1,363,808.00
29	46	\$22,420.00	-\$14,950.00	\$92,350.00	\$220,103.00	\$240,860.00	\$460,963.00	\$1,366,514.00
30	47	\$23,478.00	\$6,500.00	\$98,850.00	\$231,605.00	\$274,001.00	\$505,607.00	\$1,430,054.00
31	48	\$25,724.00	\$6,500.00	\$105,350.00	\$243,395.00	\$310,420.00	\$553,815.00	\$1,497,589.00
32	49	\$28,045.00	\$6,500.00	\$111,850.00	\$255,473.00	\$350,342.00	\$605,815.00	\$1,569,035.00
33	50	\$30,535.00	-\$14,950.00	\$96,900.00	\$267,855.00	\$370,897.00	\$638,752.00	\$1,591,501.00
34	51	\$32,140.00	\$6,500.00	\$103,433.00	\$280,501.00	\$416,927.00	\$697,428.00	\$1,668,663.00
35	52	\$35,033.00	\$6,500.00	\$109,900.00	\$293,427.00	\$467,257.00	\$760,684.00	\$1,750,327.00
36	53	\$38,130.00	\$6,500.00	\$116,400.00	\$306,632.00	\$522,288.00	\$828,891.00	\$1,836,726.00
37	54	\$41,556.00	-\$14,950.00	\$101,450.00	\$320,011.00	\$559,238.00	\$879,249.00	\$1,881,997.00
38	55	\$44,196.00	\$6,500.00	\$107,950.00	\$333,669.00	\$622,908.00	\$956,576.00	\$1,975,627.00
39	56	\$48,068.00	\$6,500.00	\$114,450.00	\$347,576.00	\$692,227.00	\$1,039,803.00	\$2,075,753.00
40	57	\$52,231.00	\$6,500.00	\$120,950.00	\$361,755.00	\$767,588.00	\$1,129,342.00	\$2,181,647.00
41	58	\$56,667.00	-\$14,950.00	\$106,000.00	\$376,222.00	\$826,324.00	\$1,202,546.00	\$2,251,168.00
42	59	\$60,346.00	\$6,500.00	\$112,500.00	\$390,977.00	\$913,265.00	\$1,304,241.00	\$2,367,211.00
43	60	\$65,298.00	\$6,500.00	\$119,000.00	\$406,043.00	\$1,007,397.00	\$1,413,440.00	\$2,489,573.00
44	61	\$70,601.00	\$6,500.00	\$125,500.00	\$421,413.00	\$1,109,181.00	\$1,530,593.00	\$2,618,549.00
45	62	\$76,295.00	-\$14,950.00	\$110,550.00	\$437,071.00	\$1,196,028.00	\$1,633,099.00	\$2,716,268.00
46	63	\$81,339.00	\$6,500.00	\$117,050.00	\$453,124.00	\$1,313,158.00	\$1,766,182.00	\$2,857,688.00
47	64	\$88,142.00	\$6,500.00	\$123,550.00	\$469,273.00	\$1,439,443.00	\$1,908,716.00	\$3,007,311.00
48	65	\$95,278.00	\$0.00	\$123,550.00	\$480,075.00	\$1,571,223.00	\$2,051,298.00	\$3,165,315.00
49	66	\$98,647.00	-\$21,450.00	\$102,100.00	\$490,845.00	\$1,689,950.00	\$2,180,796.00	\$3,290,454.00
50	67	\$105,408.00	\$0.00	\$102,100.00	\$501,585.00	\$1,840,651.00	\$2,342,236.00	\$3,457,574.00
51	68	\$113,726.00	\$0.00	\$102,100.00	\$512,309.00	\$2,002,208.00	\$2,514,516.00	\$3,634,022.00
52	69	\$122,204.00	\$0.00	\$102,100.00	\$523,009.00	\$2,175,584.00	\$2,698,593.00	\$3,819,654.00
53	70	\$131,557.00	-\$150,000.00	-\$47,900.00	\$533,655.00	\$2,200,046.00	\$2,733,701.00	\$3,792,211.00
54	71	\$133,230.00	-\$150,000.00	-\$197,900.00	\$544,200.00	\$2,226,093.00	\$2,770,293.00	\$3,767,756.00
55	72	\$135,539.00	-\$150,000.00	-\$347,900.00	\$554,574.00	\$2,253,878.00	\$2,808,452.00	\$3,747,076.00
56	73	\$138,211.00	-\$150,000.00	-\$497,900.00	\$564,698.00	\$2,283,553.00	\$2,848,251.00	\$3,730,532.00
57	74	\$141,265.00	-\$150,000.00	-\$647,900.00	\$574,543.00	\$2,315,250.00	\$2,889,793.00	\$3,718,495.00
58	75	\$144,503.00	-\$150,000.00	-\$797,900.00	\$584,068.00	\$2,348,903.00	\$2,932,971.00	\$3,711,049.00
59	76	\$147,754.00	-\$150,000.00	-\$947,900.00	\$593,298.00	\$2,384,568.00	\$2,977,866.00	\$3,708,057.00
60	77	\$150,918.00	-\$150,000.00	-\$1,097,900.00	\$602,263.00	\$2,422,179.00	\$3,024,442.00	\$3,709,260.00

POL YR	AGE AT START YR	ANNUAL DIVIDEND	NET PREMIUM	CUM NET PREMIUM	GUARANTEED CASH VALUE	CASH VALUE OF ALL ADDS	NET CASH VALUE	NET DEATH BENEFIT
61	78	\$153,845.00	-\$150,000.00	-\$1,247,900.00	\$611,033.00	\$2,461,833.00	\$3,072,866.00	\$3,714,229.00
62	79	\$156,565.00	-\$150,000.00	-\$1,397,900.00	\$619,625.00	\$2,503,519.00	\$3,123,144.00	\$3,722,590.00
63	80	\$159,180.00	-\$150,000.00	-\$1,547,900.00	\$628,037.00	\$2,547,417.00	\$3,175,454.00	\$3,734,120.00
64	81	\$161,945.00	-\$150,000.00	-\$1,697,900.00	\$636,240.00	\$2,593,748.00	\$3,229,987.00	\$3,748,921.00
65	82	\$165,020.00	-\$150,000.00	-\$1,847,900.00	\$644,154.00	\$2,642,687.00	\$3,286,841.00	\$3,767,292.00
66	83	\$168,541.00	-\$150,000.00	-\$1,997,900.00	\$651,711.00	\$2,694,506.00	\$3,346,216.00	\$3,789,692.00
67	84	\$172,577.00	-\$150,000.00	-\$2,147,900.00	\$658,878.00	\$2,749,202.00	\$3,408,080.00	\$3,816,651.00
68	85	\$176,712.00	-\$150,000.00	-\$2,297,900.00	\$665,649.00	\$2,806,711.00	\$3,472,359.00	\$3,848,202.00
69	86	\$180,800.00	-\$150,000.00	-\$2,447,900.00	\$672,077.00	\$2,867,086.00	\$3,539,163.00	\$3,884,210.00
70	87	\$184,720.00	-\$150,000.00	-\$2,597,900.00	\$678,233.00	\$2,930,426.00	\$3,608,659.00	\$3,924,413.00
71	88	\$188,454.00	-\$150,000.00	-\$2,747,900.00	\$684,209.00	\$2,996,830.00	\$3,681,040.00	\$3,968,536.00
72	89	\$191,903.00	-\$150,000.00	-\$2,897,900.00	\$690,108.00	\$3,066,608.00	\$3,756,716.00	\$1,016,196.00
73	90	\$195,234.00	-\$150,000.00	-\$3,047,900.00	\$696,069.00	\$3,140,354.00	\$3,836,423.00	\$1,067,205.00
74	91	\$198,552.00	-\$150,000.00	-\$3,197,900.00	\$702,241.00	\$32,218,755.00	\$3,920,996.00	\$4,121,488.00
75	92	\$201,889.00	-\$150,000.00	-\$3,347,900.00	\$408,817.00	\$3,302,854.00	\$4,011,471.00	\$4,178,991.00

MALE AGE 18, PREFERRED

\$778,218 Life Paid-up at Age 65	\$6,500.00
Paid-Up Additions Rider	\$13,500.00
Total Premium	\$20,000.00

\$20,000 represents premiums going to life insurance policy instead of going to the cost of getting a degree.

-\$14,950 represents an automobile purchase of \$21,450 less a payment of \$6,500 to premium instead of to a finance company or bank.

\$6,500 represents a premium payment instead of a car payment to a bank.

-\$150,000 represents annual income from dividends at retirement time.

\$2,698,593 is the illustrated cash value at age 70.

Assume death at age 85 – the insured has recouped all outlay (\$102,100)

Plus \$2,297,900 in dividend income and still delivered \$3,848,202 to the beneficiary. It gets better if death occurs later.

SUSIE Q. STUDENT

POL YR	AGE AT START YR	ANNUAL DIVIDEND	NET PREMIUM	CUM NET PREMIUM	GUARANTEED CASH VALUE	CASH VALUE OF ALL ADDS	NET CASH VALUE	NET DEATH BENEFIT
1	18	\$0.00	\$35,000.00	\$35,000.00	\$0.00	\$23,180.00	\$23,180.00	\$1,819,891.00
2	19	\$0.00	\$35,000.00	\$70,000.00	\$8,792.00	\$49,544.00	\$58,336.00	\$1,999,212.00
3	20	\$2,417.00	\$35,000.00	\$105,000.00	\$17,911.00	\$78,466.00	\$96,377.00	\$2,190,611.00
4	21	\$4,110.00	\$35,000.00	\$140,000.00	\$27,357.00	\$110,204.00	\$137,561.00	\$2,388,629.00
5	22	\$5,955.00	\$35,000.00	\$175,000.00	\$37,148.00	\$145,010.00	\$182,158.00	\$2,593,722.00
6	23	\$7,970.00	\$35,000.00	\$210,000.00	\$47,315.00	\$183,196.00	\$230,510.00	\$2,806,440.00
7	24	\$10,167.00	\$35,000.00	\$245,000.00	\$57,842.00	\$225,068.00	\$282,910.00	\$3,027,295.00
8	25	\$12,569.00	\$35,000.00	\$280,000.00	\$68,762.00	\$270,951.00	\$339,713.00	\$3,256,840.00
9	26	\$15,144.00	-\$26,125.00	\$253,875.00	\$80,107.00	\$256,327.00	\$336,434.00	\$3,116,498.00
10	27	\$15,027.00	\$11,375.00	\$265,250.00	\$91,879.00	\$281,720.00	\$373,598.00	\$3,209,403.00
11	28	\$16,745.00	\$11,375.00	\$276,625.00	\$104,059.00	\$309,835.00	\$413,894.00	\$3,309,576.00
12	29	\$18,622.00	\$11,375.00	\$288,000.00	\$116,698.00	\$340,959.00	\$457,658.00	\$3,417,346.00
13	30	\$20,638.00	-\$26,125.00	\$261,875.00	\$129,763.00	\$334,949.00	\$464,713.00	\$3,325,290.00
14	31	\$21,206.00	\$11,375.00	\$273,250.00	\$143,319.00	\$369,920.00	\$513,239.00	\$3,440,364.00
15	32	\$23,617.00	\$11,375.00	\$284,625.00	\$157,350.00	\$408,683.00	\$566,032.00	\$3,564,325.00
16	33	\$26,217.00	\$11,375.00	\$296,000.00	\$171,888.00	\$451,592.00	\$623,480.00	\$3,697,446.00
17	34	\$29,036.00	-\$26,125.00	\$269,875.00	\$186,917.00	\$458,407.00	\$645,325.00	\$3,657,984.00
18	35	\$30,262.00	\$11,375.00	\$281,250.00	\$202,438.00	\$507,324.00	\$709,762.00	\$3,801,810.00
19	36	\$33,401.00	\$11,375.00	\$292,625.00	\$218,466.00	\$561,341.00	\$779,807.00	\$3,955,509.00
20	37	\$36,884.00	\$11,375.00	\$304,000.00	\$234,985.00	\$620,882.00	\$855,867.00	\$4,119,761.00
21	38	\$40,689.00	-\$26,125.00	\$277,875.00	\$251,340.00	\$645,774.00	\$897,115.00	\$4,135,417.00
22	39	\$42,921.00	\$11,375.00	\$289,250.00	\$268,138.00	\$714,356.00	\$982,494.00	\$4,314,533.00
23	40	\$47,226.00	\$11,375.00	\$300,625.00	\$285,361.00	\$789,693.00	\$1,075,054.00	\$4,505,396.00
24	41	\$51,905.00	\$11,375.00	\$312,000.00	\$303,010.00	\$872,256.00	\$1,175,266.00	\$4,708,565.00
25	42	\$56,940.00	-\$26,125.00	\$285,875.00	\$321,101.00	\$922,075.00	\$1,243,176.00	\$4,784,029.00
26	43	\$60,530.00	\$11,375.00	\$297,250.00	\$339,667.00	\$1,017,694.00	\$1,357,361.00	\$5,006,557.00
27	44	\$66,221.00	\$11,375.00	\$308,625.00	\$358,740.00	\$1,122,345.00	\$1,481,084.00	\$5,242,625.00
28	45	\$72,394.00	\$11,375.00	\$320,000.00	\$378,337.00	\$1,236,617.00	\$1,614,954.00	\$5,492,794.00
29	46	\$78,961.00	-\$26,125.00	\$293,875.00	\$398,491.00	\$1,320,818.00	\$1,719,308.00	\$5,633,278.00
30	47	\$84,186.00	\$11,375.00	\$305,250.00	\$419,201.00	\$1,453,702.00	\$1,872,903.00	\$5,907,171.00
31	48	\$91,771.00	\$11,375.00	\$316,625.00	\$440,501.00	\$1,598,484.00	\$2,038,985.00	\$6,196,768.00
32	49	\$99,828.00	\$11,375.00	\$328,000.00	\$462,357.00	\$1,756,014.00	\$2,218,371.00	\$6,502,451.00
33	50	\$108,440.00	-\$26,125.00	\$301,875.00	\$484,819.00	\$1,886,876.00	\$2,371,696.00	\$6,714,743.00
34	51	\$115,918.00	\$11,375.00	\$313,250.00	\$507,871.00	\$2,070,071.00	\$2,577,942.00	\$7,049,584.00
35	52	\$125,996.00	\$11,375.00	\$324,625.00	\$531,528.00	\$2,269,028.00	\$2,800,556.00	\$7,402,958.00
36	53	\$436,756.00	\$11,375.00	\$336,000.00	\$555,775.00	\$2,485,174.00	\$3,040,948.00	\$7,775,805.00
37	54	\$148,578.00	-\$26,125.00	\$309,875.00	\$580,627.00	\$2,679,348.00	\$3,259,975.00	\$8,071,371.00
38	55	\$159,388.00	\$11,375.00	\$321,250.00	\$606,135.00	\$2,930,383.00	\$3,539,515.00	\$8,481,440.00
39	56	\$172,574.00	\$11,375.00	\$332,625.00	\$632,346.00	\$3,202,331.00	\$3,834,677.00	\$8,913,025.00
40	57	\$186,668.00	\$11,375.00	\$344,000.00	\$659,327.00	\$3,496,766.00	\$4,156,092.00	\$9,366,412.00
41	58	\$201,539.00	-\$26,125.00	\$317,875.00	\$687,208.00	\$3,775,037.00	\$4,462,245.00	\$9,755,408.00
42	59	\$215,486.00	\$11,375.00	\$329,250.00	\$715,973.00	\$4,116,394.00	\$4,832,367.00	\$10,250,400.00
43	60	\$232,067.00	\$11,375.00	\$340,625.00	\$745,655.00	\$4,485,354.00	\$5,231,010.00	\$10,769,092.00
44	61	\$250,032.00	\$11,375.00	\$352,000.00	\$776,254.00	\$4,884,048.00	\$5,660,302.00	\$11,313,135.00
45	62	\$269,734.00	-\$26,125.00	\$325,875.00	\$807,656.00	\$5,271,515.00	\$6,082,171.00	\$11,806,657.00
46	63	\$289,850.00	\$11,375.00	\$337,250.00	\$839,794.00	\$5,737,379.00	\$6,577,172.00	\$12,406,125.00
47	64	\$314,833.00	\$11,375.00	\$348,625.00	\$872,619.00	\$6,237,243.00	\$7,109,862.00	\$13,039,948.00
48	65	\$341,691.00	\$0.00	\$348,625.00	\$896,244.00	\$6,767,511.00	\$7,663,755.00	\$13,700,735.00
49	66	\$361,406.00	-\$37,500.00	\$311,125.00	\$920,114.00	\$7,299,461.00	\$8,219,575.00	\$14,321,219.00
50	67	\$390,206.00	\$0.00	\$311,125.00	\$944,279.00	\$7,913,809.00	\$8,858,088.00	\$15,047,961.00
51	68	\$422,643.00	\$0.00	\$311,125.00	\$968,836.00	\$8,575,383.00	\$9,544,219.00	\$15,813,854.00
52	69	\$455,760.00	\$0.00	\$311,125.00	\$993,836.00	\$9,288,451.00	\$10,282,287.00	\$16,620,047.00
53	70	\$491,789.00	-\$550,000.00	-\$238,875.00	\$1,019,213.00	\$9,463,038.00	\$10,482,250.00	\$16,533,827.00
54	71	\$501,462.00	-\$550,000.00	-\$788,875.00	\$1,044,834.00	\$9,650,581.00	\$10,695,415.00	\$16,467,876.00
55	72	\$513,479.00	-\$550,000.00	-\$1,338,875.00	\$1,070,522.00	\$9,851,799.00	\$10,922,321.00	\$16,424,650.00
56	73	\$527,479.00	-\$550,000.00	-\$1,888,875.00	\$1,096,062.00	\$10,067,140.00	\$11,163,202.00	\$16,406,151.00
57	74	\$543,422.00	-\$550,000.00	-\$2,438,875.00	\$1,121,291.00	\$40,297,167.00	\$11,418,458.00	\$16,413,867.00
58	75	\$560,963.00	-\$550,000.00	-\$2,988,875.00	\$1,146,127.00	\$10,542,339.00	\$11,688,466.00	\$16,448,187.00
59	76	\$579,276.00	-\$550,000.00	-\$3,538,875.00	\$1,170,521.00	\$10,802,666.00	\$11,973,187.00	\$16,508,382.00
60	77	\$597,652.00	-\$550,000.00	-\$4,088,875.00	\$1,194,506.00	\$11,078,717.00	\$12,273,223.00	\$16,593,347.00
61	78	\$615,967.00	-\$550,000.00	-\$4,638,875.00	\$1,218,163.00	\$11,370,995.00	\$12,589,158.00	\$16,701,549.00
62	79	\$633,756.00	-\$550,000.00	-\$5,188,875.00	\$1,241,460.00	\$11,679,744.00	\$12,921,204.00	\$16,832,158.00
63	80	\$651,799.00	-\$550,000.00	-\$5,738,875.00	\$1,264,381.00	\$12,006,323.00	\$13,270,704.00	\$16,985,703.00
64	81	\$671,095.00	-\$550,000.00	-\$6,288,875.00	\$1,286,778.00	\$12,351,653.00	\$13,638,431.00	\$17,163,807.00
65	82	\$692,399.00	-\$550,000.00	-\$6,838,875.00	\$1,308,470.00	\$12,716,980.00	\$14,025,450.00	\$17,368,956.00

POL YR	AGE AT START YR	ANNUAL DIVIDEND	NET PREMIUM	CUM NET PREMIUM	GUARANTEED CASH VALUE	CASH VALUE OF ALL ADDS	NET CASH VALUE	NET DEATH BENEFIT
66	83	\$716,373.00	-\$550,000.00	-\$7,388,875.00	\$1,329,312.00	\$13,103,688.00	\$14,432,999.00	\$17,603,664.00
67	84	\$742,912.00	-\$550,000.00	-\$7,938,875.00	\$1,349,220.00	\$13,513,260.00	\$14,862,479.00	\$17,869,907.00
68	85	\$771,564.00	-\$550,000.00	-\$8,488,875.00	\$1,368,178.00	\$13,946,895.00	\$15,315,073.00	\$18,168,676.00
69	86	\$201,481.00	-\$550,000.00	-\$9,038,875.00	\$1,386,269.00	\$14,406,625.00	\$15,792,894.00	\$18,500,711.00
70	87	\$832,589.00	-\$550,000.00	-\$9,588,875.00	\$1,403,558.00	\$14,893,867.00	\$16,297,424.00	\$18,866,289.00
71	88	\$864,430.00	-\$550,000.00	-\$10,138,875.00	\$1,420,241.00	\$15,411,200.00	\$16,831,441.00	\$19,265,467.00
72	89	\$896,840.00	-\$550,000.00	-\$10,688,875.00	\$1,436,482.00	\$15,961,130.00	\$17,397,612.00	\$19,698,436.00
73	90	\$929,988.00	-\$550,000.00	-\$11,238,875.00	\$1,452,510.00	\$16,546,945.00	\$17,999,454.00	\$20,165,386.00
74	91	\$963,859.00	-\$550,000.00	-\$11,788,875.00	\$1,468,603.00	\$17,172,805.00	\$18,641,608.00	\$20,666,623.00
75	92	\$998,618.00	-\$550,000.00	-\$12,338,875.00	\$1,485,122.00	\$17,843,816.00	\$19,328,938.00	\$21,202,153.00

Memorandum on Susie Q. Medical Student Illustration

It is very apparent that a large proportion of medical students today is female.

Note that spending the money to teach Susie “banking” through the use of dividend-paying life insurance instead of sending her to Vanderbilt and then to medical school:

- Eliminates the need for expensive malpractice insurance that is essential in a medical practice.

- Eliminates the need to establish a retirement plan of any kind.

- Eliminates the concern for whether Social Security will survive or not (it won't!).

- If she *is determined* to be around the medical community, all she has to do at the end of the eighth year is call the life insurance company and *borrow* enough money (she has access to \$339,713 at the time) to buy eight luxury cars—take them down to the medical school and *lease* them to the professors there—because *all of them* drive that sort of car—and *most all of them are leased* from some source. Eight months later she can add another car to the fleet just from lease income. Seven months later—another. Six months later—another, etc. In a short while she can enjoy a very good income just from the leasing business—in addition to the figures you see.

FEMALE , AGE 18, PREFERRED

\$717,218 Life Paid-up at Age 65	\$11,375.00
Paid-Up Additions Rider	\$23,625.00
Total Premium	\$35,000.00

\$35,000 represents premiums going to life insurance policy instead of going to the cost of getting a degree.

-\$26,125 represents an automobile purchase of \$37,500 less a payment of \$11,375 to premium instead of to a finance company or bank.

\$11,375 represents a premium payment instead of a car payment to a bank.

-\$550,000 represents annual income from dividends at retirement time.

\$10,282,287 is the illustrated cash value at age 70.

Assume death at age 85—the insured has recouped all outlay (\$311,125) plus \$8,488,875 in dividend income and still delivered \$18,168,676 to the beneficiary. It gets better if death occurs later.