

Private Placement Life Insurance (PPLI)--MEC

Description:

PPLI is a life insurance policy designed for high net worth "qualified" investors. PPLI structured as a Modified Endowment Contract (MEC) enables the investor to select asset management strategies that are not typically offered in retail life insurance products, including hedge funds. Earnings on policy investments are not taxable to the policy owner as they accumulate within the policy, and the death benefit is received tax-free.

Taxable Investment versus PPLI

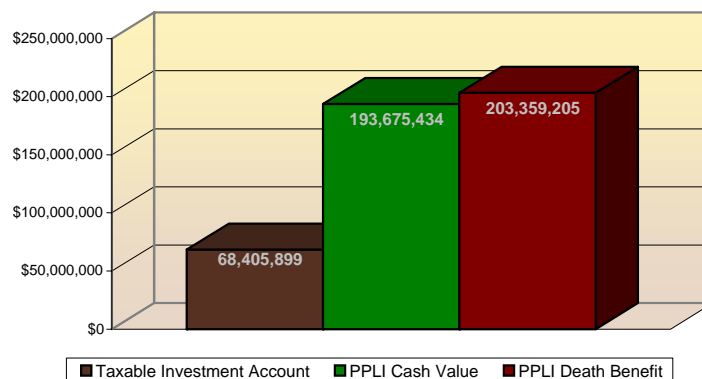
Investment of \$ 10,000,000 - MEC
Male, Age 45, Preferred Non-Smoker

Year	Age	Deposit	Gross Return			Taxable Investment			Private Placement Life Insurance		
			Annual Return	Account Value	Internal Rate of Return	Account Value	Internal Rate of Return	Tax Cost	Subaccount Value	Internal Rate of Return	Death Benefit
1	45	\$ 10,000,000	10.00%	\$ 11,000,000	10.00%	\$ 10,600,000	6.00%	4.00%	\$ 10,840,818	8.41%	\$44,111,130
2	46	-	10.00%	12,100,000	10.00%	11,236,000	6.00%	4.00%	11,834,770	8.79%	44,111,130
3	47	-	10.00%	13,310,000	10.00%	11,910,160	6.00%	4.00%	12,918,815	8.91%	44,111,130
4	48	-	10.00%	14,641,000	10.00%	12,624,770	6.00%	4.00%	14,101,742	8.97%	44,111,130
5	49	-	10.00%	16,105,100	10.00%	13,382,256	6.00%	4.00%	15,395,214	9.01%	44,111,130
10	54	-	10.00%	25,937,425	10.00%	17,908,477	6.00%	4.00%	23,891,076	9.10%	44,111,130
15	59	-	10.00%	41,772,482	10.00%	23,965,582	6.00%	4.00%	37,309,332	9.17%	49,994,505
20	64	-	10.00%	67,274,999	10.00%	32,071,355	6.00%	4.00%	58,413,594	9.23%	71,264,585
25	69	-	10.00%	108,347,059	10.00%	42,918,707	6.00%	4.00%	92,544,362	9.31%	107,351,460
30	74	-	10.00%	174,494,023	10.00%	57,434,912	6.00%	4.00%	146,672,860	9.36%	156,939,960
35	79	-	10.00%	281,024,368	10.00%	76,860,868	6.00%	4.00%	232,970,210	9.41%	244,618,721
40	84	-	10.00%	452,592,556	10.00%	102,857,179	6.00%	4.00%	368,721,048	9.44%	387,157,100
45	89	-	10.00%	728,904,837	10.00%	137,646,108	6.00%	4.00%	580,536,157	9.45%	609,562,965

Taxable Investment vs. PPLI

Year	Difference between PPLI & Taxable Investment	Difference in Net Returns
1	\$ 240,818	2.41%
2	598,770	2.79%
3	1,008,655	2.91%
4	1,476,972	2.97%
5	2,012,958	3.01%
10	5,982,599	3.10%
15	13,343,750	3.17%
20	26,342,239	3.23%
25	49,625,655	3.31%
30	89,237,948	3.36%
35	156,109,342	3.41%
40	265,863,869	3.44%
45	442,890,049	3.45%

Calculated Values at Age 77 (Life Expectancy)



Summary of Financial Results:

PPLI policies structured as a MEC typically produce returns that are superior to taxable returns from the start. The benefit is enhanced by compounding over time. The greater the return achieved by the investment manager, the greater the advantage of PPLI over a taxable investment environment.

Notes

- Assumes a 10.00% return net of investment management fees in the PPLI separate account.
- Assumes a hypothetical combined state and federal income tax rate on taxable earnings of 40%.
- The policy is designed as a Modified Endowment Contract (MEC) under current tax law.
- Under current tax law, if the policy is fully surrendered, all investment gains in excess of the policy owner's basis are taxed to the policy owner as ordinary income in the year the policy is fully surrendered. In addition, withdrawals or loans up to basis are taxed at ordinary income rates and there is a 10% penalty on withdrawals made before age 59 1/2.
- Assumes federal DAC taxes are withdrawn in the first year.
- These calculations make assumptions as to future investment returns, mortality costs, and administrative expenses that are not guaranteed. Actual results may be higher or lower. The contents of this report are provided strictly for informational purposes. It does not constitute an offer by Giordani, Schurig, Beckett & Tackett, LLP, or any other party to you or to any other person to acquire a life insurance policy.

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