

Alternative Investment Strategies with Tax Deferral Benefits

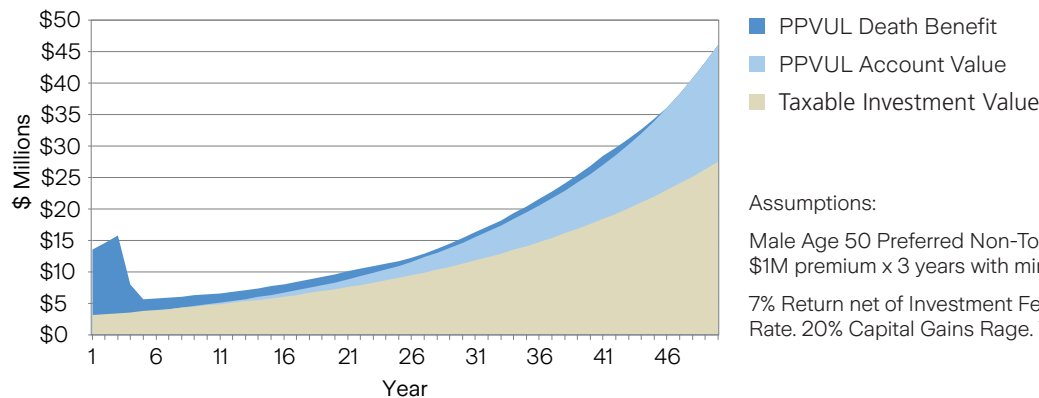
Private Placement Variable Universal Life (PPVUL)

Potential Benefits of the Zurich PPVUL

- Tax deferred growth and access of account value
- Death proceeds are income tax free to beneficiary
- Eliminate current/annual K1s on alternative investment options within PPVUL
- Re-allocate among available options within PPVUL without tax consequence
- No PPVUL early termination or surrender fees

Comparison of Tax Deferral Benefits

PPVUL Versus Taxable Investment: After-Tax Account Values (\$ Millions)



PPVUL Specifications

- Applicant must be both a Qualified Purchaser and Accredited Investor
- Minimum initial premium (investment): \$500K per year or a \$2M premium commitment
- Upfront Federal DAC Tax of 0.70%
- Upfront PPVUL Placement Fee

Total Premium	Fee
Under \$75M	2.00%
\$75M+	0.00%

- Annual PPVUL Fee:

Account Value	Fee
Under \$75M	1.15%
\$75M - \$10M	1.15%
\$10M - \$25M	0.90%
\$25M - \$50M	0.70%
\$50M+	0.60%

- Other fees vary by issue state, gender, risk class and age

Current Underlying Investment Options

Alternative Insurance Dedicated Funds (IDF)	Investment Strategy
Alkeon Insurance Growth Fund Class C	Long/Short Equity
Ares Credit Strategies Insurance Dedicated Fund Class C	Diversified Credit
GoldenTree Insurance Fund Class C	Opportunistic Credit
Golub Capital Insurance Fund Class B	Middle Market Credit
Ironwood Insurance Fund Class 1-A	Multi Manager Relative Value
Millennium Global Estate Series Class GG	Multi-Strategy
Registered Insurance Dedicated Funds	
DWS Investment Management Americas Inc ²	
DWS Capital Growth VIP	Registered Fund Family
DWS Core Equity VIP	Registered Fund Family
DWS CROCI International VIP	Registered Fund Family
DWS Global Income Builder VIP	Registered Fund Family
DWS Government Money Market VIP	Registered Fund Family
DWS Small Mid Cap Value VIP	Registered Fund Family
Dimensional Fund Advisors LP ²	
DFA VA Global Bond Portfolio	Registered Fund Family
DFA VA International Small Portfolio	Registered Fund Family
DFA VA International Value Portfolio	Registered Fund Family
DFA VA Short-Term Fixed Portfolio	Registered Fund Family
DFA VA US Targeted Value Portfolio	Registered Fund Family
DFA VA US Large Value Portfolio	Registered Fund Family
Fidelity Management & Research Company ²	
Fidelity VIP Asset Manager Portfolio	Registered Fund Family
Fidelity VIP Balanced Portfolio	Registered Fund Family
Fidelity VIP Contrafund Portfolio Fund	Registered Fund Family
Fidelity VIP Dynamic Capital Appreciation Portfolio	Registered Fund Family
Fidelity VIP Emerging Markets Portfolio	Registered Fund Family
Fidelity VIP Equity-Income Portfolio	Registered Fund Family
Fidelity VIP Floating Rate High Income Portfolio	Registered Fund Family
Fidelity VIP Freedom 2005 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2010 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2015 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2020 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2025 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2030 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2035 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2040 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2045 Portfolio	Registered Fund Family
Fidelity VIP Freedom 2050 Portfolio	Registered Fund Family
Fidelity VIP Freedom Income Portfolio	Registered Fund Family
Fidelity VIP Government Money Market Portfolio	Registered Fund Family
Fidelity VIP Growth & Income Portfolio	Registered Fund Family

Fidelity VIP Growth Opportunities Portfolio	Registered Fund Family
Fidelity VIP Growth Portfolio	Registered Fund Family
Fidelity VIP High Income Portfolio	Registered Fund Family
Fidelity VIP Index 500 Portfolio	Registered Fund Family
Fidelity VIP International Capital Appreciation Portfolio	Registered Fund Family
Fidelity VIP Investment Grade Bond Portfolio	Registered Fund Family
Fidelity VIP Mid Cap Portfolio	Registered Fund Family
Fidelity VIP Overseas Portfolio	Registered Fund Family
Fidelity VIP Real Estate Portfolio	Registered Fund Family
Fidelity VIP Strategic Income Portfolio	Registered Fund Family
Fidelity VIP Value Portfolio	Registered Fund Family
Fidelity VIP Value Strategies Portfolio	Registered Fund Family
Goldman Sachs Asset Management²	
GS VIT Core Fixed Income Fund	Registered Fund Family
GS VIT Growth Opportunities Fund	Registered Fund Family
GS VIT International Equity Insights Fund	Registered Fund Family
GS VIT Mid Cap Value Fund	Registered Fund Family
GS VIT Multi-Strategy Alternatives Portfolio	Registered Fund Family
GS VIT Small Cap Equity Insights Fund	Registered Fund Family
GS VIT Strategic Growth Fund	Registered Fund Family
GS VIT U.S. Equity Insights Fund	Registered Fund Family
JPMorgan Asset Management Group, Inc²	
JPMorgan Core Bond Portfolio	Registered Fund Family
JPMorgan Global Allocation Portfolio	Registered Fund Family
JPMorgan Income Builder Portfolio	Registered Fund Family
JPMorgan U.S. Equity Portfolio	Registered Fund Family
Vanguard Group, Inc²	
Variable Insurance Fund - Balanced Portfolio	Registered Fund Family
Variable Insurance Fund - Capital Growth Portfolio	Registered Fund Family
Variable Insurance Fund - Conservative Allocation Portfolio	Registered Fund Family
Variable Insurance Fund - Diversified Value Portfolio	Registered Fund Family
Variable Insurance Fund - Equity Income Portfolio	Registered Fund Family
Variable Insurance Fund - Equity Index Portfolio	Registered Fund Family
Variable Insurance Fund - Growth Portfolio	Registered Fund Family
Variable Insurance Fund - High Yield Bond Portfolio	Registered Fund Family
Variable Insurance Fund - International Portfolio	Registered Fund Family
Variable Insurance Fund - Mid-Cap Index Portfolio	Registered Fund Family
Variable Insurance Fund - Moderate Allocation Portfolio	Registered Fund Family
Variable Insurance Fund - Money Market Portfolio	Registered Fund Family
Variable Insurance Fund - Real Estate Index Portfolio	Registered Fund Family
Variable Insurance Fund - Short-Term Investment-Grade Portfolio	Registered Fund Family
Variable Insurance Fund - Total Bond Market Index Portfolio	Registered Fund Family
Variable Insurance Fund - Total Stock Market Index Portfolio	Registered Fund Family

¹ SALI Multi-Series Fund, L.P.

² 1 year, 3 year, and 10 year are annualized returns.

Zurich American Life Insurance Company

Administrative Office: 7045 College Boulevard, Overland Park,
Kansas 66211-1523, 877.678.7534

The terms and conditions for the flexible premium variable adjustable life insurance policy are set forth in policy form number PPVUL17-DE-01, or applicable state variation. The policy is issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company, located at its registered home address of 1299 Zurich Way, Schaumburg, IL 60196.

The contracts are subject to the laws of the state where they are issued. This material is a summary of the product features only. Please read the contract carefully for details. Certain coverages may not be available in all states and contract provisions may vary by state.

Securities are distributed by one or more registered broker-dealers.

This fact sheet, and the information and materials included herein, have been prepared solely for informational purposes, and are neither an offer to sell, nor a solicitation of an offer to purchase.

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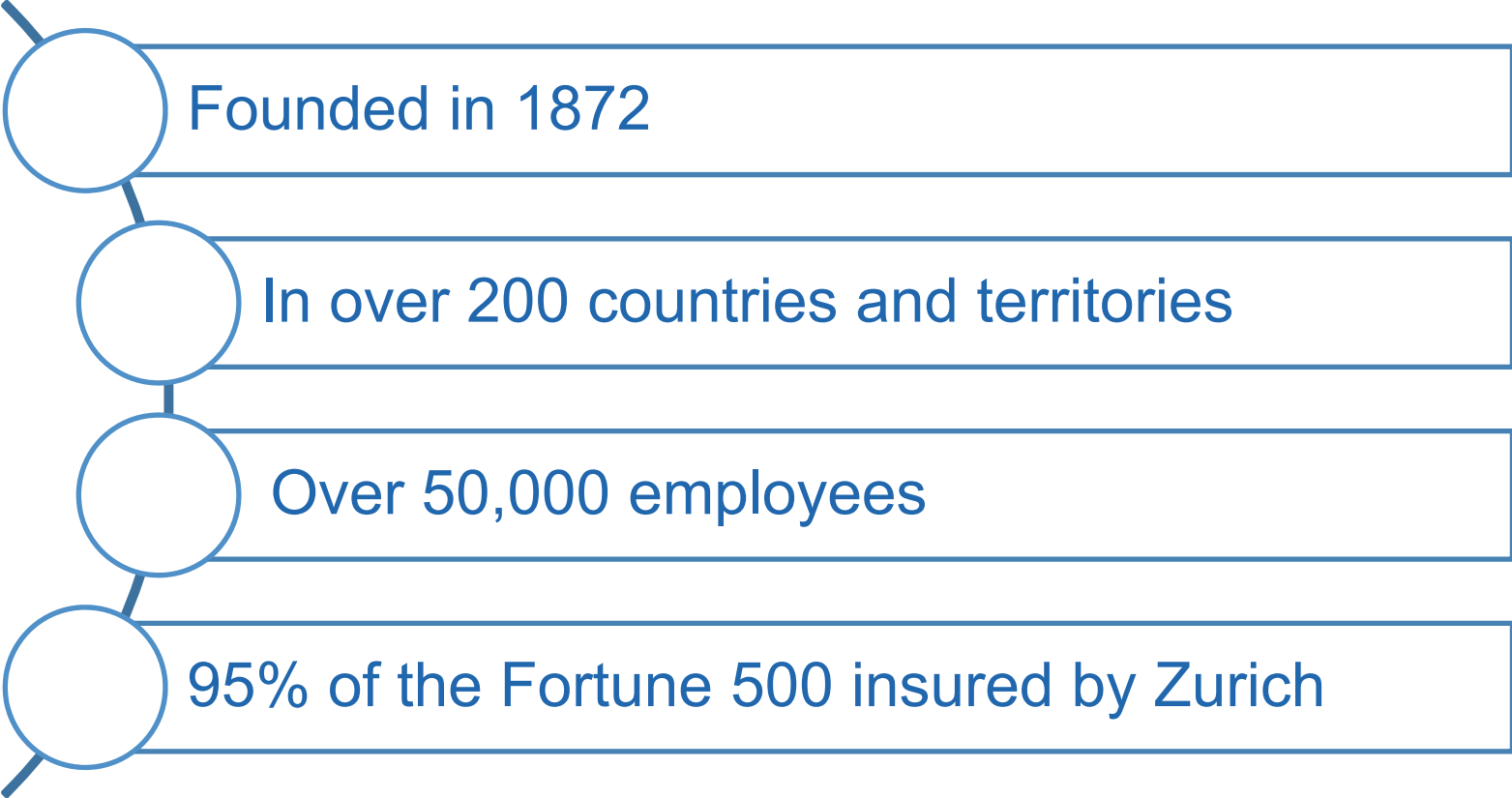


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Private Placement Variable Annuities and Life Insurance

Zurich American Life Insurance Company of New York
Zurich American Life Insurance Company





*Source: <https://www.zurich.com/reports/2021/annual-report>

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What is Private Placement?

Private Placement Variable Annuities (PPVA) and Private Placement Life Insurance (PPLI) utilize existing tax code provisions available to insurance products which, when structured properly, create the potential for the tax deferred growth of your qualified and suitable client's investment.



What are its potential benefits?

- Improve returns on tax inefficient investments
- Income tax deferral
- Eliminating Schedule K-1s
- Create charitable giving plans
- Transfer wealth through generational planning





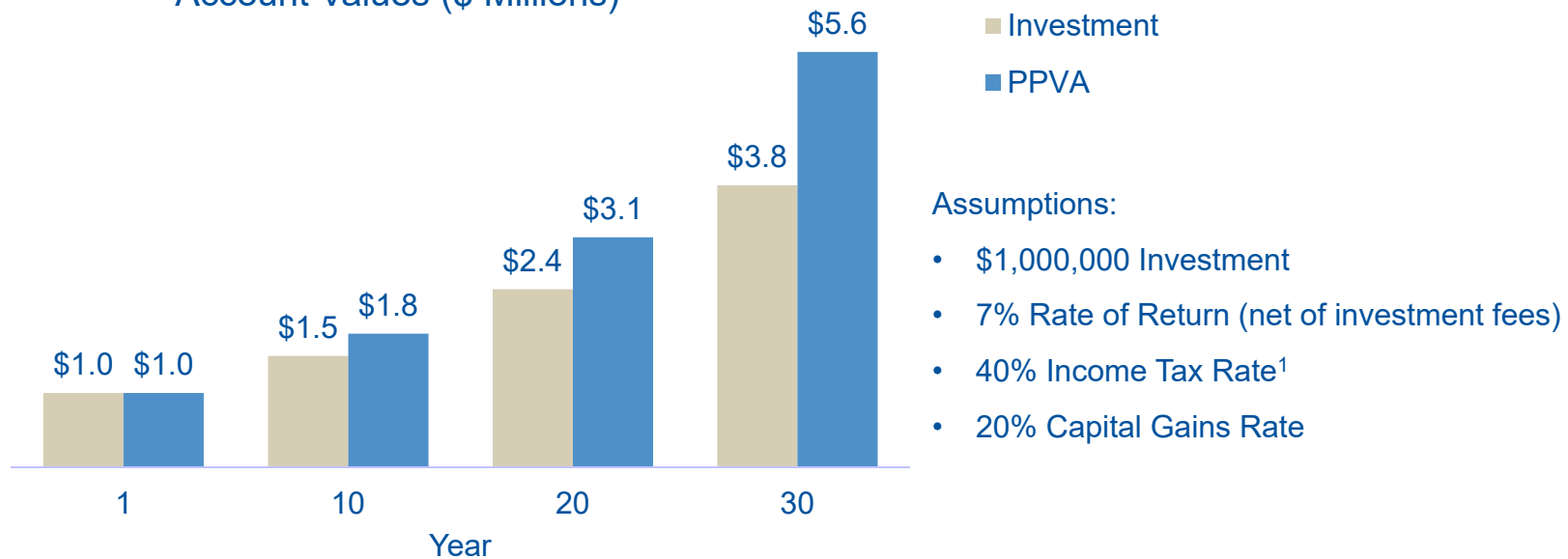
Case Studies



PPVA Case Study



PPVA versus Taxable Investment
Account Values (\$ Millions)



¹ Hypothetical Income Tax Rate. 75% Turnover assumed. PPVA Account Value is taxable as ordinary income when withdrawn from the contract. Similar results may be achieved with other tax-deferral strategies.

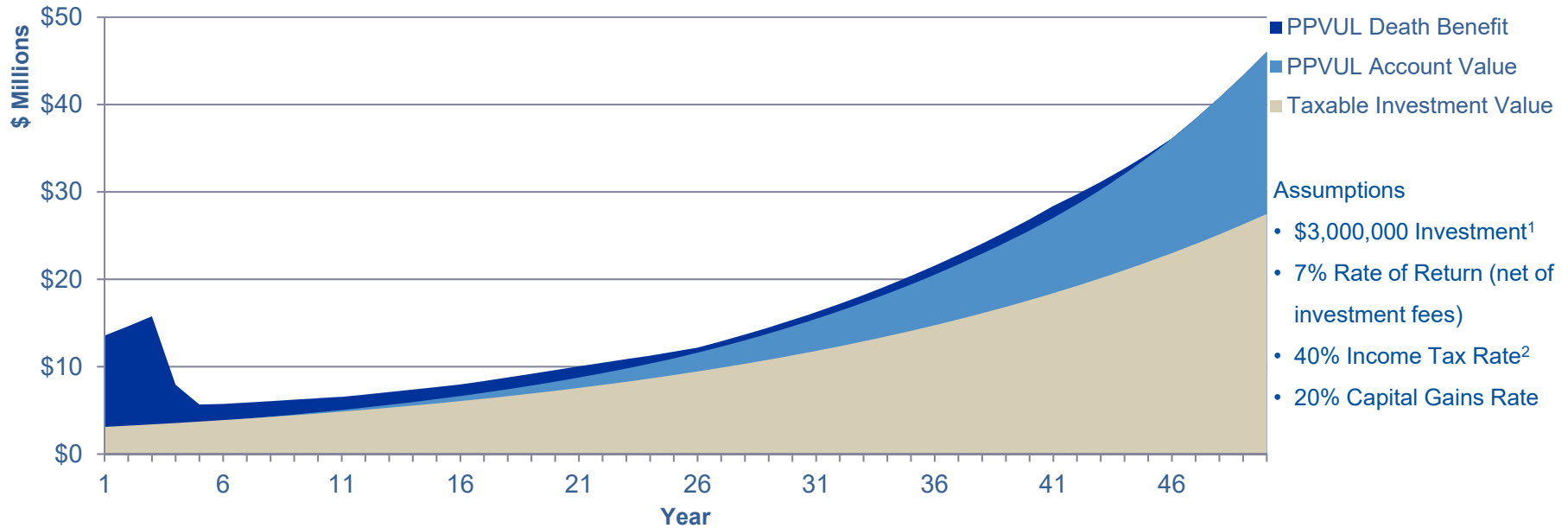
This example is for illustrative purposes only and is not intended to form the basis of any investment decisions. Actual investments may vary substantially, and market conditions may vary. The example is hypothetical and is not intended to reflect a particular portfolio or portfolio opportunities.

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PPLI Case Study



PPVUL Versus Taxable Investment: After-Tax Account Values (\$ Millions)



¹ For PPVUL, \$1M premium x 3 years with minimum non-MEC Face Amount for Male 50 Preferred Non-Tobacco.

² Hypothetical Income Tax Rate. 75% Turnover assumed.

This example is for illustrative purposes only and is not intended to form the basis of any investment decisions. Actual investments may vary substantially, and market conditions may vary. The example is hypothetical and is not intended to reflect a particular portfolio or portfolio opportunities.

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Product Specs



Underlying Investment Options: Insurance Dedicated Funds (IDFs)



Non-Registered Alternative IDFs

- Alkeon Insurance Growth Fund
- Ares Credit Strategies Insurance Dedicated Fund*
- GoldenTree Insurance Fund*
- Golub Capital Insurance Fund*
- Ironwood Insurance Fund
- Millennium Global Estate Series

Registered IDFs

- Dimensional Fund Advisors
- DWS
- Fidelity
- Goldman Sachs
- JPMorgan*
- Vanguard Group

* N/A in New York

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PPVA Specifications¹

Client Fees	< \$5M	\$5M to \$10M	\$10M to \$20M	\$20M to \$40M	\$40M to \$50M	\$50M+
Upfront Fee ²	██████	██████	█	█	█	█
Recurring Fees ³	██████	██████	██████	██████	██████	██████
Investment Management Fee	Varies by Investment Selection					

- Available in all states
- Maximum Annuitant Issue Age: 85
- Minimum Owner Age: 18
- Latest Maturity Age: Anniversary after Annuitant's Age 100
- Charge Deduction Fund: 12 months of fees allocated to Money Market Division

¹ Refer to Private Placement Memorandum and Contract for product details.

² No discounting allowable. Upfront Fee charged through PPVA Sales Load and is based on premium. State Premium Tax applicable in California, Maine, Nevada, West Virginia and Wyoming.

³ The Recurring Fees are a sum of the PPVA Account Maintenance Charge and the PPVA Asset-Based Distribution Charge and are based on Cash Value.

PPLI Specifications¹

Client Fees	<\$10M	\$10M to \$25M	\$25M to \$50M	\$50M+
Upfront Fees ²	██████████	██████████	██████████	██████████
Recurring Fees ³				
Deferred Acquisition Cost Tax				
State Premium Tax		Varies by Issue State		
Cost of Insurance Charges	Varies by Factors (Gender, Age, Underwriting Class)			
Investment Management Fee ⁴		Varies by Investment Selection		

- Available in all states except CA, MT, NY and ND
- Many PPLIs are trust owned in AK, DE, SD and WY due to favorable state premium tax rates⁵
- Charge Deduction Fund: 12 months of fees allocated to Money Market Division

¹ Refer to Private Placement Memorandum and Policy for product details.

² No discounting is allowable. Cumulative premium fee cap for ██████████. Upfront Fees are a sum of the PPLI Sales Load and Deferred Acquisition Cost Tax and are based on premiums.

³ The Recurring Fees are a sum of the PPLI Account Maintenance Charge and the PPLI Asset-Based Distribution Charge and are based on Cash Value. The Account Maintenance Charge schedule is ██████████.

⁴ Indirect fees are charged at the underlying investment option level.

⁵ FA/PWA on the ticket must be licensed in the solicitation state, resident state, and state of trust situs. All FAs/PWAs also need to have completed all 10 required MY Campus and AI required training.



Key Contacts



Key Zurich Contacts



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Important Disclosures

Zurich American Life Insurance Company of New York

Zurich American Life Insurance Company

Administrative Office: 7045 College Boulevard, Overland Park, KS 66211-1523
877-678-7534

In New York, the terms and conditions for the individual flexible premium variable annuity contract are set forth in policy form number PPVA12-01. The contract is issued by Zurich American Life Insurance Company of New York, a New York domestic life insurance company located at its registered home address of 150 Greenwich, Four World Trade Center, 54th Floor, New York, NY 10007-2366.

In all states other than New York, the terms and conditions for the flexible premium variable adjustable life insurance policy and the individual flexible premium variable annuity contract are set forth in policy form number ICC19-PPVUL17-01 and ICC16-PPVA-02A, or applicable state variation. The policy is issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company, located at its registered home address of 1299 Zurich Way, Schaumburg, IL 60196.

The policies and contracts are subject to the laws of the state where they are issued. This material is a summary of the product features only. Please read the policy or contract carefully for details. Certain coverages may not be available in all states, and policy and contract provisions may vary by state.

Securities are distributed by one or more registered broker-dealers.

This document has been prepared for informational purposes only. It is intended for individuals acting solely on behalf of institutional investors. It does not constitute an offer to sell or solicitation for the purchase or sale to you or to any other person to acquire a life insurance product. The information contained herein has been obtained from sources believed to be reliable, but we cannot guarantee its accuracy or completeness.

Nothing herein shall constitute tax, legal, or investment advice.

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Thank you



THE NEXT STEP IN ALTERNATIVES

PRIVATE PLACEMENT INSURANCE CAN ACT AS A TAX-ADVANTAGED WRAPPER FOR HEDGE FUNDS AND OTHER ALTERNATIVE INVESTMENTS. **BY MICHAEL C. CRAWFORD AND PERRY LERNER**

AS THE NATION RECOVERS FROM THE GREAT RECESSION AND stability returns to the markets, high-net-worth investors are once again returning to alternative investments—usually hedge funds.

But as they maneuver their way through a low-return market, wealthy investors are becoming ever more conscious of their tax burdens and the impact a good tax management strategy can have on their investment returns.

One tax management solution, in fact, has come to be recognized by some high-net-worth investors as a perfect complement to their hedge fund investments: private placement insurance—in the form of both life insurance and annuities.

These products essentially allow accredited investors to put alternative investments inside a tax-free insurance wrapper. The products take advantage of long-standing tax rules that allow income earned on assets inside insurance or annuity policies to accumulate free of taxes. Moreover, gains remain tax-free when distributed as life insurance proceeds—as a death benefit or the cancellation of loans made to a policy owner—and tax-deferred if distributed as annuity benefits.

These features are of great value to hedge fund investors, who understand the impact ordinary tax rates have on gains derived from short-term trading and credit-oriented investments, phantom income produced by market-to-market elections by fund managers (often to justify fees), and PFIC treatment of offshore fund investments. Hedge fund investors have learned that taxes paid on current gains are not recovered if losses are suffered in later years. Those losses can only be carried over to future years when or if gains are realized.

OLD PRODUCT, NEW STRATEGIES

Private placement insurance is not new—insurance products have offered tax-free or tax-deferred benefits for many years. Private placement life insurance is structured as variable universal life insurance. Unlike conventional insurance, however, private placement products are tailored to meet the specific investment objectives of high-net-worth investors. In particular, a policy owner can select the manager of a policy's cash value account from a group of third-party managers selected by the insurance carrier or invest in a hedge fund designed for insurance company accounts.

The number of companies offering these policies is relatively small. The big sellers include MassMutual, the American International Group, New York Life, the Phoenix Companies in Hartford and Boston, Prudential, John Hancock and Crown Global Insurance, according to a recent *New York Times* article.

The choice of managers is limited among most of the large

commercial carriers, but is virtually unlimited through carriers that are focused on private placement insurance. The number of insurance dedicated funds—hedge funds designed for insurance accounts, called IDFs—is growing rapidly.

Private placement policies can offer the same returns as managed accounts or hedge funds with one key exception: The returns inside a policy are tax-free or tax deferred, while the returns of a direct investment are currently taxable, often at ordinary income rates.

Private placement policies are only available through a private placement offering to accredited and/or qualified purchasers, who must meet the suitability standards required under the applicable securities laws. These rules are the same as the rules that apply to an investment in a hedge fund, and in each case, the beneficial owner of the policy must complete a questionnaire establishing suitability. Most carriers require minimum premium commitments of \$3 million.

Private placement policies are “variable,” which means that the policy owner allocates the assets to one or more third-party asset managers or an IDF. The proceeds of the policy will be a combination of the return on these investments and, in the case of a life insur-

Figure 1

Taxable Investment vs. PPVUL (50-Year-Old Non-MEC)

				TAXABLE
YEAR	AGE	INVESTMENT	TAXES	
1	50	\$1,000,000	\$36,400	
2	51	\$1,000,000	\$75,115	
3	52	\$1,000,000	\$116,292	
4	53	\$1,000,000	\$160,089	
5	54	—	\$170,270	
10	59	—	\$231,756	
15	64	—	\$315,444	
20	69	—	\$429,352	
25	74	—	\$584,393	
30	79	—	\$795,421	
35	84	—	\$1,082,651	
40	89	—	\$1,473,602	
45	94	—	\$2,005,727	
50	99	—	\$2,730,005	

Investment Assumptions:

Net Return	10%
Short Term Investment	80%
Long Term Investment	20%
Ordinary Income Tax	40%
Capital Gains Tax	22%

ance policy, the amount of death benefit set forth in the contract. To qualify as life insurance, a certain amount of risk must be borne by the insurance company based on the insured's age, health and sex.

Private placement policies are also "universal" policies, meaning that after the first premium payment there are no mandatory payments required as long as there are sufficient assets to pay for the cost of insurance on the policy and other current charges. Private placement policies usually require minimum premium payments on the order of several million dollars, and premium payments can stretch over several years.

Once the insurance company receives the premium and the funds are allocated to one or several managers or IDFs, the policy owner is generally permitted to change managers or select new funds at periodic intervals. Such changes or reallocations are tax-free so that the gains derived on the sale of one fund are available in full for an allocation to a new fund. Moreover, the administrative charges for the changes are minimal or nonexistent.

LOAN OPPORTUNITIES

Private placement investors can borrow from the policy if

it is structured as a non-modified endowment contract. The funds may be borrowed at market interest rates without any tax effects. The loans do not have to be repaid during the lifetime of the borrower and may be repaid tax-free out of the proceeds of the policy upon the death of the insured.

Private placement deferred variable annuities operate in the same fashion as life insurance policies during the lifetime of the owner in that gains accrue tax-free. Distributions are taxable, however, at ordinary income rates, generally over the lifetime of the annuitant starting in the first year after the deferral period. Distributions are apportioned between income and the return of capital. The period of deferral can be continued where the beneficiary of the policy is a spouse and taxes can be avoided if there is a charitable beneficiary. Gains distributed to an annuitant who has not reached the age of 59½ are subject to an additional 10% penalty tax. The advantage of an annuity is that it does not require underwriting—there is no life insurance component, which means that it can be issued quickly. Moreover, the cost of an annuity is less since there is no insurance risk.

The assets of most private placement policies are held in seg-

INVESTMENT AT 10% NET RETURN

PPVUL AT 10% NET RETURN

ACCOUNT VALUE EOY*	TAX AS A % OF ACCOUNT VALUE	EXPENSES**	ACCOUNT VALUE EOY	DEATH BENEFIT EOY	EXPENSE AS A % OF ACCOUNT VALUE	PPVUL VS. TAXABLE ADVANTAGE
\$1,063,600	3.4%	\$36,283	\$1,061,167	\$15,095,590	3.4%	-\$2,433
\$2,194,845	3.4%	\$43,117	\$2,221,368	\$15,095,590	1.9%	\$26,523
\$3,398,037	3.4%	\$48,737	\$3,491,673	\$15,095,590	1.4%	\$93,636
\$4,677,752	3.4%	\$55,061	\$4,882,351	\$15,095,590	1.1%	\$204,599
\$4,975,257	3.4%	\$59,407	\$5,318,556	\$15,095,590	0.9%	\$343,299
\$4,771,848	3.4%	\$72,512	\$8,175,915	\$15,095,590	0.9%	\$1,404,067
\$9,217,196	3.4%	\$70,027	\$12,792,754	\$15,607,160	0.5%	\$3,575,558
\$12,545,572	3.4%	\$112,489	\$20,021,757	\$23,225,238	0.6%	\$7,476,185
\$17,075,842	3.4%	\$100,534	\$31,662,985	\$33,879,394	0.3%	\$14,587,143
\$23,242,014	3.4%	\$167,729	\$50,166,822	\$52,675,163	0.3%	\$26,924,808
\$31,634,823	3.4%	\$326,928	\$79,200,556	\$83,160,584	0.4%	\$47,565,734
\$43,058,317	3.4%	\$657,122	\$124,386,624	\$130,605,955	0.5%	\$81,328,307
\$58,606,892	3.4%	\$560,756	\$195,834,079	\$197,792,419	0.3%	\$137,227,186
\$79,770,137	3.4%	\$593,942	\$312,254,942	\$312,254,271	0.2%	\$232,484,135

Transaction Assumptions:

Male, 50, Preferred, Nonsmoker

Hypothetical Net Return: 10%

Expenses Include: M&E, COI, DAC Tax, Agent Compensation, SD State Premium Tax

* Net of current taxes

Expenses include DAC, M&E and COI

***Under IRC section 7702(a), life insurance contracts can be set up as non-modified Endowment contracts ("Non-MEC"). These contracts are typically funded for four or more years and distributions before the death of the insured may be tax free.

regated accounts, which protect the owners from creditors of the insurance carrier. This also eliminates the risks associated with comingled accounts and assets. Each policy account stands alone and is not part of the carrier's general account.

The costs of private placement policies are generally small in light of the benefits. In the case of life insurance, a portion of the cost is based on the age, sex and health of the insured. In addition, each policy covers an administrative charge, typically called a mortality and expense fee. Notwithstanding these charges, the costs of a private placement policy are far lower than the costs of a conventional insurance policy. Private placement policies have minimal distribution costs, such as commissions and other policy loads. Conventional policy loads can range from 60% to 70% of the first-year premium. Also, mortality and expense charges are generally lower so that the total policy loads—exclusive of the costs of insurance risk—rarely exceed 100 basis points per year on the assets under management. (See Figure 1.)

There are two important rules regarding investments made within a private placement policy. First, the investments must be diversified. Internal Revenue Code Section 817(h) allows no more than 55% in one underlying investment, 70% in two investments, 80% in three investments, and 90% in four investments if the investments are not an IDF. An IDF is given "look through" treatment, which means the fund will not be viewed as a single, concentrated investment. When the policy invests in a managed account, each hedge fund investment by the manager will be considered an investment in a single security, so at least five hedge fund investments will be required. Second, the policy owner is prohibited from directly controlling the investments in the account. The owner may select a third-party manager or an IDF. The manager may be required to follow certain investment guidelines but may not be directed to make specific investments. Policy owners may not communicate directly with the account managers about account management, though transparent reporting may be required.

The investor control rules comes into play if a manager wishes to invest in his or her own fund through a private placement policy, or if an investor wishes to invest in closely held securities through a policy. In both cases, the investments would have to be treated as being directly owned by the policy owner and not by the insurance policy. But this would eliminate the tax benefits of investing through a private placement policy.

Private placement policies are available through a small number of insurance carriers, both domestic and foreign. There are important differences between the two. Foreign carriers are generally prohibited from marketing their products in the U.S. by state insurance laws. Consequently, U.S. citizens may only purchase policies from a foreign carrier while outside the U.S. This generally means that all aspects of the transaction—including completing the application, executing documents and receiving illustrations and the policy—must occur outside the U.S. Private

placement policies issued by a domestic carrier may be purchased in a state where the carrier is admitted to do business.

Offshore carriers generally are more flexible in allowing policy owners to select a particular manager or IDF than a domestic carrier. Domestic carriers may restrict investments to certain approved managers and funds, and the addition of funds or managers to their investment platforms may require considerable time and expense, or may even require a minimum investment size that exceeds the investment the policyholder has in mind. In many cases, states may restrict an insurance company from specific kinds of investments and liquidity restraints. Domestic carriers may also be unable to invest in offshore funds that are only available to non-U.S. investors. There are also cost differentials that may favor offshore carriers that only write private placement business. Their infrastructure costs and capital requirements are very different from multi-line carriers that are subject to many regulatory restrictions.

The important point, however, is that private placement policies written by foreign carriers receive exactly the same tax treatment as policies written by domestic carriers. If the policy complies with the rules of the Internal Revenue Code, it receives the same benefits whether issued by a domestic or foreign carrier. It should be noted that foreign life insurance carriers typically reinsure virtually all the life insurance risk with major U.S. or international insurance companies—hence, there is no significant credit risk inherent in establishing a life policy or annuity with a smaller foreign carrier that specializes in custom variable insurance and annuity products.

There are also certain non-tax advantages that can be derived through ownership of investments through an insurance/annuity vehicle. Many individuals have sought to secure greater protection for their assets through offshore, asset protection trusts. While the law varies from state to state, in most jurisdictions, assets owned in a variable life insurance or annuity contract are not subject to the claims of creditors (whether or not the policy is owned directly or through an onshore or offshore trust). The foreign jurisdictions where such insurance carriers are located likewise protect policyholders from creditor actions.

Finally, it should be noted that people who own a private placement policy issued by a foreign carrier must comply with U.S. information reporting rules applicable to the reporting of foreign bank and financial accounts (known as the FBAR rules) and with the Foreign Account Tax Compliance Act (FACTA). *Pw*

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Perry Lerner, Esq., earned his law degree at Harvard Law School and is the managing director of Crown World Services (1-888-399-5169), which provides unique life insurance policies for high-net-worth individuals.



M Financial Group™

Private Placement Life Insurance

Dennis McMahan, M Financial Group

What's the Story?

- Private Placement Life Insurance has been around for over 20 years but often existed in the dark shadows of tax planning strategies
 - “This is great... why haven't I heard of it? Why isn't this more common?”
- Hedge fund boom in late '90s propelled PPLI as a tool for sophisticated investors to implement tax planning into investment strategy
- Aftermath of 9/11, Financial Crisis, and Bernie Madoff created headwinds for the widespread utilization of PPLI by HNW
- In 2013, American Taxpayer Relief Act was passed and provided the necessary fuel to accelerate the usage and implementation of PPLI as a tax planning strategy.
- High-profile investment managers and companies have created IDFs in recent years adding to the legitimacy of the application
- Estimated sales of PPLI have grown by 50% CAGR since 2012.

What is Private Placement Life Insurance?

- Private placement life insurance (PPLI) is a variable life policy which is not registered with SEC
- PPLI includes unregistered investment subaccount options in addition to registered investment subaccounts typically available in registered variable life (VUL) policies
- Compensation to distributors is not fixed but incorporated into the design of the private placement policy offering (“institutional pricing”)

Private Placement Investment Options

- Registered variable life products (VUL) can only invest in registered subaccounts
 - Must have daily valuation
 - Must offer daily liquidity
- Private placement products can be invested in subaccounts that are unregistered
 - Can be valued on a monthly or quarterly basis
 - Can have restricted liquidity and investment terms

Private Placement Qualifications

- Client must be pre-qualified before any information is discussed regarding Private Placement products
- Policyowner must be Qualified Purchaser
 - Individual or family trust with \$5 million of qualified investments
 - Family-owned company with \$5 million of qualified investments
 - A corporation, partnership, limited liability company, trust, or tax-exempt organization where each beneficial owner is a Qualified Purchaser
 - A corporation, partnership, or trust with at least \$25 million in qualified investments
- Policyowner must also be an Accredited Investor
 - Individuals: Net worth greater than \$1 million, OR reported annual income of \$200,000 (\$300,000 if joint) for the last two years
 - Institutional Investors:** Assets in excess of \$5 million

** Includes Corporations, Financial Institutions, Employee Benefit Organizations, Trusts

What is a Qualified Investment?

- Qualified Investments:
 - Cash and cash equivalents
 - Securities as defined in section 2(a)(1) of the 1933 Act (no control issues)
 - Real estate held for investment purposes
 - Commodity interests held for investment purposes
 - Physical commodities held for investment purposes
 - Financial contracts entered into for investment purposes
 - Cash value of life insurance

Comparison of PPLI to Traditional VUL

	Traditional VUL	PPVUL
Surrender Charges	Generally, Yes	No
Distribution Costs	Commissions are usually higher, especially upfront	Commissions are usually lower but may include higher ongoing asset-based revenue
Mortality Costs	PPVUL does not usually have lower mortality charges than retail products	
Investment Options	Registered funds	Registered and unregistered ("exempt") funds

- The primary advantage of PPLI is the ability to design a life insurance policy to look less like a traditional life insurance policy that is unattractive to HNW clients

Taxation of PPLI

PPLI enjoys
the same tax
treatment as
traditional
life
insurance
policies

- **Tax deferred growth** – Accumulated investment income credited under a life insurance contract is not subject to current taxation [I.R.C. §7702(g)(1)(A)]
- **Income tax-free distributions from Non-MECs** – Withdrawals up to the policy owner's basis are income tax-free [I.R.C. §72(e)(3)] and policy loans provide income tax-free access to accumulated investment income [I.R.C. §72(e)(5)]
- **Income tax-free death benefit proceeds** – Death benefits received from a life insurance contract, including any accumulated investment income, are generally received income tax free [I.R.C. §101(a)(1)]
- **Estate tax-free proceeds** – If properly structured, the proceeds of a life insurance policy paid to an irrevocable trust may be excluded from the taxable estate of the insured
- **Tax-free reallocations** – Policy account values may be transferred among the investment options available within the policy without creating taxable events

State Premium Tax

- Some states have altered premium tax rates levied on insurance companies to attract large-premium trust-owned PPVUL policies
 - Typical state premium tax charge is 2.00% - 2.50%
 - Alaska, South Dakota, and Delaware charge a much lower rate (zero to 8 basis points) on annual premium in excess of \$100,000
- PPVUL policies are generally the only products designed to pass this reduced charge to policyowners
 - A policy with a \$1 million annual premium can realize a savings of up to \$20,000 per year in premium tax charges

Characteristics of PPLI Prospect

- Not someone with traditional life insurance needs, e.g., income replacement, estate tax liquidity, conservative risk tolerance profile
- Sizeable percentage of wealth in invested assets as opposed to illiquid assets or closely-held business interests
- A portion of investment portfolio invested in tax-inefficient asset classes
- Desire to invest in alternative or non-correlated (to equity markets) asset classes
- Seeks to maximize growth of assets for transfer to next generation



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Comparison of PPLI to Taxable Account

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Assumptions

- Male age 50, preferred nonsmoker class
- 8% rate of return, net of investment expenses
- Life insurance designed as non-Modified Endowment Contract (MEC)
- Federal ordinary income tax rate = 39.6%
- Long-term capital gains tax rate = 20%
- Affordable Care Act tax rate on investment income = 3.8%
- Not subject to state income taxes
- Estate tax rate = 40%
- Taxable investment is not held in trust and is subject to estate tax
- Life insurance is not includable in insured's estate

100% Ordinary Income

			ACCUMULATED VALUE				VALUE AT DEATH			
			TAXABLE ACCT.		LIFE INSURANCE		TAXABLE ACCT.		LIFE INSURANCE	
Year	Age	Annual Premium	Net Account Value	Net Taxable IRR	Net EOY Account Value	Net AV IRR	Taxable Account Net of Estate Tax	Net DB IRR	Death Benefit Net of Estate Tax	Net DB IRR
1	50	1,250,000	1,306,600	4.53%	1,275,185	2.01%	783,960	-37.28%	23,309,383	1764.75%
2	51	1,250,000	2,672,363	4.53%	2,601,149	2.67%	1,603,418	-26.20%	23,309,383	284.71%
3	52	1,250,000	4,099,967	4.53%	4,024,364	3.57%	2,459,980	-19.65%	23,309,383	124.73%
4	53	1,250,000	5,592,214	4.53%	5,551,529	4.23%	3,355,328	-15.33%	23,309,383	72.38%
5	54	0	5,845,429	4.53%	5,931,921	4.96%	3,507,258	-9.81%	23,309,383	50.75%
6	55	0	6,110,110	4.53%	6,337,956	5.37%	3,666,066	-6.73%	23,309,383	38.74%
7	56	0	6,386,776	4.53%	6,770,362	5.63%	3,832,066	-4.75%	23,309,383	31.21%
8	57	0	6,675,969	4.53%	7,239,846	5.83%	4,005,582	-3.36%	20,070,000	23.32%
9	58	0	6,978,257	4.53%	7,751,958	5.99%	4,186,954	-2.34%	16,310,000	16.84%
10	59	0	7,294,233	4.53%	8,314,947	6.14%	4,376,540	-1.56%	11,142,029	9.81%
11	60	0	7,624,516	4.53%	8,942,267	6.28%	4,574,709	-0.93%	11,624,947	9.23%
12	61	0	7,969,754	4.53%	9,616,875	6.40%	4,781,852	-0.42%	12,309,600	8.91%
13	62	0	8,330,624	4.53%	10,342,044	6.50%	4,998,375	0.00%	13,030,975	8.65%
14	63	0	8,707,835	4.53%	11,121,581	6.58%	5,224,701	0.35%	13,790,761	8.42%
15	64	0	9,102,126	4.53%	11,959,630	6.65%	5,461,275	0.66%	14,590,749	8.22%
16	65	0	9,514,270	4.53%	12,860,717	6.71%	5,708,562	0.92%	15,432,861	8.05%
17	66	0	9,945,076	4.53%	13,829,416	6.77%	5,967,046	1.15%	16,457,005	7.96%
18	67	0	10,395,389	4.53%	14,870,954	6.81%	6,237,233	1.35%	17,547,726	7.88%
19	68	0	10,866,092	4.53%	15,990,632	6.85%	6,519,655	1.53%	18,709,039	7.81%
20	69	0	11,358,109	4.53%	17,193,927	6.89%	6,814,865	1.69%	19,944,955	7.75%
30	79	0	17,686,115	4.53%	35,771,397	7.14%	10,611,669	2.67%	37,559,967	7.32%
40	89	0	27,539,677	4.53%	73,499,899	7.22%	16,523,806	3.15%	77,174,894	7.36%
50	99	0	42,883,010	4.53%	152,287,643	7.29%	25,729,806	3.43%	152,287,643	7.29%

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50% Ordinary Income / 50% LT Capital Gains

			ACCUMULATED VALUE				VALUE AT DEATH			
			TAXABLE ACCT.		LIFE INSURANCE		TAXABLE ACCT.		LIFE INSURANCE	
Year	Age	Annual Premium	Net Account Value	Net Taxable IRR	Net EOY Account Value	Net AV IRR	Taxable Account Net of Estate Tax	Net DB IRR	Death Benefit Net of Estate Tax	Net DB IRR
1	50	1,250,000	1,316,400	5.31%	1,275,185	2.01%	789,840	-36.81%	23,309,383	1764.75%
2	51	1,250,000	2,702,727	5.31%	2,601,149	2.67%	1,621,636	-25.61%	23,309,383	284.71%
3	52	1,250,000	4,162,696	5.31%	4,024,364	3.57%	2,497,618	-18.99%	23,309,383	124.73%
4	53	1,250,000	5,700,218	5.31%	5,551,529	4.23%	3,420,131	-14.63%	23,309,383	72.38%
5	54	0	6,003,014	5.31%	5,931,921	4.96%	3,601,808	-9.09%	23,309,383	50.75%
6	55	0	6,321,894	5.31%	6,337,956	5.37%	3,793,136	-6.00%	23,309,383	38.74%
7	56	0	6,657,713	5.31%	6,770,362	5.63%	3,994,628	-4.02%	23,309,383	31.21%
8	57	0	7,011,371	5.31%	7,239,846	5.83%	4,206,823	-2.63%	20,070,000	23.32%
9	58	0	7,383,815	5.31%	7,751,958	5.99%	4,430,289	-1.60%	16,310,000	16.84%
10	59	0	7,776,043	5.31%	8,314,947	6.14%	4,665,626	-0.81%	11,142,029	9.81%
11	60	0	8,189,107	5.31%	8,942,267	6.28%	4,913,464	-0.18%	11,624,947	9.23%
12	61	0	8,624,112	5.31%	9,616,875	6.40%	5,174,467	0.33%	12,309,600	8.91%
13	62	0	9,082,225	5.31%	10,342,044	6.50%	5,449,335	0.75%	13,030,975	8.65%
14	63	0	9,564,673	5.31%	11,121,581	6.58%	5,738,804	1.11%	13,790,761	8.42%
15	64	0	10,072,748	5.31%	11,959,630	6.65%	6,043,649	1.41%	14,590,749	8.22%
16	65	0	10,607,812	5.31%	12,860,717	6.71%	6,364,687	1.68%	15,432,861	8.05%
17	66	0	11,171,299	5.31%	13,829,416	6.77%	6,702,780	1.91%	16,457,005	7.96%
18	67	0	11,764,719	5.31%	14,870,954	6.81%	7,058,831	2.11%	17,547,726	7.88%
19	68	0	12,389,661	5.31%	15,990,632	6.85%	7,433,796	2.29%	18,709,039	7.81%
20	69	0	13,047,799	5.31%	17,193,927	6.89%	7,828,680	2.45%	19,944,955	7.75%
30	79	0	21,893,534	5.31%	35,771,397	7.14%	13,136,121	3.44%	37,559,967	7.32%
40	89	0	36,736,221	5.31%	73,499,899	7.22%	22,041,733	3.93%	77,174,894	7.36%
50	99	0	61,641,484	5.31%	152,287,643	7.29%	36,984,891	4.21%	152,287,643	7.29%

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25% Ordinary Income / 25% LT Capital Gains / 50% Unrealized Gains

			ACCUMULATED VALUE				VALUE AT DEATH			
			TAXABLE ACCT.		LIFE INSURANCE		TAXABLE ACCT.		LIFE INSURANCE	
Year	Age	Annual Premium	Net Account Value	Net Taxable IRR	Net EOY Account Value	Net AV IRR	Net of Estate Tax	Net DB IRR	Death Benefit Net of Estate Tax	Net DB IRR
1	50	1,250,000	1,333,200	6.66%	1,275,185	2.01%	799,920	-36.01%	23,309,383	1764.75%
2	51	1,250,000	2,755,138	6.66%	2,601,149	2.67%	1,653,083	-24.60%	23,309,383	284.71%
3	52	1,250,000	4,271,720	6.66%	4,024,364	3.57%	2,563,032	-17.86%	23,309,383	124.73%
4	53	1,250,000	5,889,245	6.66%	5,551,529	4.23%	3,533,547	-13.41%	23,309,383	72.38%
5	54	0	6,281,234	6.66%	5,931,921	4.96%	3,768,740	-7.87%	23,309,383	50.75%
6	55	0	6,699,313	6.66%	6,337,956	5.37%	4,019,588	-4.77%	23,309,383	38.74%
7	56	0	7,145,219	6.66%	6,770,362	5.63%	4,287,131	-2.77%	23,309,383	31.21%
8	57	0	7,620,805	6.66%	7,239,846	5.83%	4,572,483	-1.37%	20,070,000	23.32%
9	58	0	8,128,045	6.66%	7,751,958	5.99%	4,876,827	-0.33%	16,310,000	16.84%
10	59	0	8,669,048	6.66%	8,314,947	6.14%	5,201,429	0.47%	11,142,029	9.81%
11	60	0	9,246,060	6.66%	8,942,267	6.28%	5,547,636	1.10%	11,624,947	9.23%
12	61	0	9,861,478	6.66%	9,616,875	6.40%	5,916,887	1.61%	12,309,600	8.91%
13	62	0	10,517,857	6.66%	10,342,044	6.50%	6,310,714	2.04%	13,030,975	8.65%
14	63	0	11,217,926	6.66%	11,121,581	6.58%	6,730,756	2.40%	13,790,761	8.42%
15	64	0	11,964,591	6.66%	11,959,630	6.65%	7,178,755	2.71%	14,590,749	8.22%
16	65	0	12,760,954	6.66%	12,860,717	6.71%	7,656,573	2.98%	15,432,861	8.05%
17	66	0	13,610,324	6.66%	13,829,416	6.77%	8,166,194	3.21%	16,457,005	7.96%
18	67	0	14,516,227	6.66%	14,870,954	6.81%	8,709,736	3.42%	17,547,726	7.88%
19	68	0	15,482,427	6.66%	15,990,632	6.85%	9,289,456	3.60%	18,709,039	7.81%
20	69	0	16,512,937	6.66%	17,193,927	6.89%	9,907,762	3.76%	19,944,955	7.75%
30	79	0	31,454,099	6.66%	35,771,397	7.14%	18,872,459	4.77%	37,559,967	7.32%
40	89	0	59,914,255	6.66%	73,499,899	7.22%	35,948,553	5.25%	77,174,894	7.36%
50	99	0	114,125,603	6.66%	152,287,643	7.29%	68,475,362	5.54%	152,287,643	7.29%

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Unwinding the PPLI Policy

LIFE INSURANCE

Year	Age	Annual Premium	EOY Annual Withdrawal	EOY Annual Loan	Net EOY Account Value	Net AV IRR	Net EOY Death Benefit	Net DB IRR
1	50	1,250,000	0	0	1,275,185	2.01%	23,309,383	1764.75%
2	51	1,250,000	0	0	2,601,149	2.67%	23,309,383	284.71%
3	52	1,250,000	0	0	4,024,364	3.57%	23,309,383	124.73%
4	53	1,250,000	0	0	5,551,529	4.23%	23,309,383	72.38%
5	54	0	0	0	5,931,921	4.96%	23,309,383	50.75%
6	55	0	0	0	6,337,956	5.37%	23,309,383	38.74%
7	56	0	0	0	6,770,362	5.63%	23,309,383	31.21%
8	57	0	0	0	7,239,846	5.83%	20,070,000	23.32%
9	58	0	0	0	7,751,958	5.99%	16,310,000	16.84%
10	59	0	0	0	8,314,947	6.14%	11,142,029	9.81%
11	60	0	0	0	8,942,267	6.28%	11,624,947	9.23%
12	61	0	0	0	9,616,875	6.40%	12,309,600	8.91%
13	62	0	0	0	10,342,044	6.50%	13,030,975	8.65%
14	63	0	0	0	11,121,581	6.58%	13,790,761	8.42%
15	64	0	0	0	11,959,630	6.65%	14,590,749	8.22%
16	65	0	5,000,000	6,250,000	701,319	6.62%	2,141,623	7.46%
17	66	0	0	0	692,708	6.59%	2,108,802	7.36%
18	67	0	0	0	683,849	6.56%	2,072,530	7.27%
19	68	0	0	0	674,646	6.53%	2,032,464	7.18%
20	69	0	0	0	664,913	6.50%	1,988,139	7.10%
30	79	0	0	0	565,497	6.33%	1,156,653	6.48%
40	89	0	0	0	248,856	6.21%	1,094,501	6.34%
50	99	0	0	0	24,699	6.18%	24,699	6.18%

- Assumes distribution from the policy in year 16, which is a combination of a withdrawal of basis and policy loan
- The policy loan is repaid at death from the gross policy death benefit
- Assumed investment rate of return after year 15 is 0%

Tax-Inefficient Investments

- PPLI should be considered as a placeholder for the portion of the client's investment portfolio that is considered to be "tax-inefficient"
 - Generate a significant amount of taxable income as a result of:
 - High asset turnover
 - Use of short-term instruments such as options
 - High yield assets
- "Tax Drag" – Loss of income from taxation

Tax Drag by Asset Class

Asset Class	Expected Annual Return (Including Yield)	Expected Annual Yield	Expected Turnover	Expected Tax Drag
Emerging Market Equities	12.20%	1.40%	60%	3.59%
Pacific Ex-Japan Equities	11.84%	0.50%	60%	3.52%
European Equities	11.60%	1.25%	70%	3.69%
U.S. Small-Cap Equities	10.58%	0.40%	60%	3.15%
U.S. Mid-Cap Equities	10.35%	0.80%	40%	2.86%
U.S. Large-Cap Equities	10.12%	1.20%	40%	2.86%
Japanese Equities	9.43%	0.90%	60%	2.78%
Commodities	8.51%	1.70%	60%	2.70%
High-Yield Bonds	7.71%	6.50%	80%	2.91%
Directional Hedge Funds	7.90%	0.00%	80%	2.46%
Emerging Market Bonds	6.72%	3.70%	150%	2.52%
Real Estate Investment Trusts	6.75%	2.50%	20%	2.14%
Non-Directional Hedge Funds	5.60%	0.00%	80%	1.75%
International Bonds	4.32%	3.00%	150%	1.64%
Treasury Inflation Protected Securities	4.07%	3.50%	100%	1.55%
Taxable Bonds	3.43%	3.43%	75%	1.34%
Cash	1.43%	1.40%	0%	0.56%

Source: Deutsche Asset & Wealth Management; "Building Portfolios Inside PPVAs and PPLI", Trusts & Estates, June 2014

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Insurance-Dedicated Funds (IDFs)

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“Hedge” Funds in Private Placement

- Alternative “unregistered” investment funds generally have some tax-adverse features, despite what may be an attractive investment strategy
 - Actively managed unregistered investment partnerships are usually less tax efficient and report a large amount of ordinary income
 - Investment partnerships typically issue K-1s to investors for tax reporting purposes
- Investments within life insurance contracts do not incur taxable income and do not require K-1s to be distributed to policyowners

Private Placement Investment Options

- “Can I put my investments into a life insurance policy?”
- Permissible investment options for insurance contracts should meet the following requirements:
 - Only accepts assets from insurance contracts; not available to the general public [*Revenue Ruling 2003-92*]
 - Policyowner should not have any control or direction over investment decisions made by fund manager [*Revenue Ruling 2003-91*]
 - Fund has minimum level of diversification [*IRC Section 817(h)*]
 - IRS has clearly stated that insurance-dedicated funds (IDFs) are approved for life insurance policies

Considerations for Creating an IDF

- Investor Control
 - Policyowner cannot control investments in segregated account
 - Disqualifies policy for treatment as life insurance
- Diversification
 - No more than 55% of fund assets can be invested in a single fund or security; 70% in two securities; 80% in three securities; and 90% in four securities
- Liquidity
 - Funds may be needed to meet policy distributions, policy charges, and/or death claims
 - Funds with favorable liquidity and lock-up provisions will be more acceptable to insurance companies
- Asset Valuation
 - Insurance companies require periodic valuation of shares to process policy charges and distributions



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Case Studies

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Case Study #1

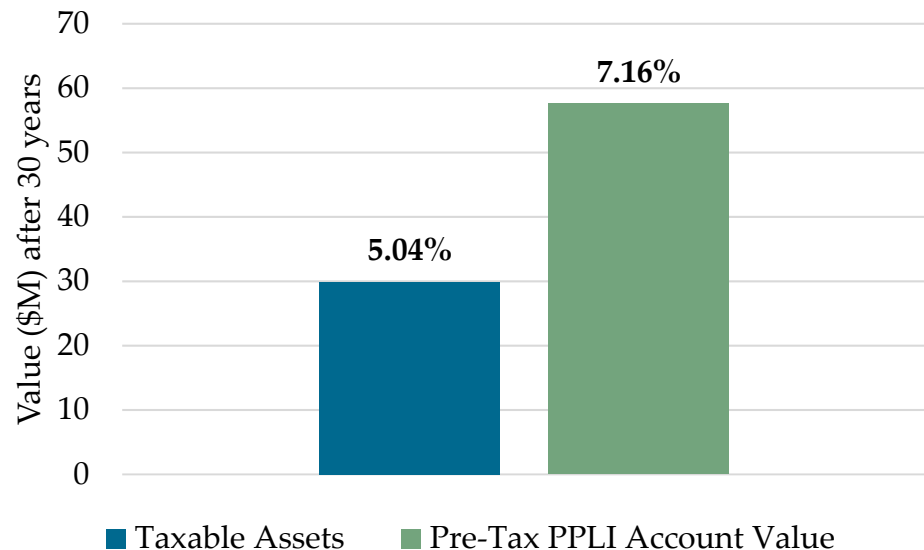
- 59 year-old Patriarch built wealth in real estate, net worth in excess of \$240 million
- \$65 million in liquid investment assets with some in trust; exposure to alternative investments
- Invested assets are creating a marginal income tax rate of 37%
- Aside from charitable intentions, client's goal is to maximize wealth transfer to heirs
- Plan involved moving \$8 million into PPVUL
 - Assumed investment rate of return = 8% net of management fees
 - Four premiums into non-MEC policy
 - Allocation to multi-strategy fund of funds

Case Study #1

Year	Taxable Assets	Pre-Tax PPLI Account Value	Tax-Free PPLI Death Benefit
1	2,100,800	2,024,794	28,233,679
5	9,060,096	9,615,438	26,208,885
10	12,169,174	13,599,268	15,911,144
20	19,897,945	27,982,664	29,381,797
30	32,535,340	57,647,597	60,529,977

Plan involved moving \$8 million into PPLI structured with four \$2 million premiums into non-MEC policy

- Male age 59, preferred non-tobacco user
- Assumed net investment return of 8%
- Assumed tax rate on taxable assets of 37%
- Graph shows values after 30 year holding period
- Comparison would vary under different return assumptions; tax expense on taxable assets would be dramatically lower if returns are very minimal or zero



Case Study #2

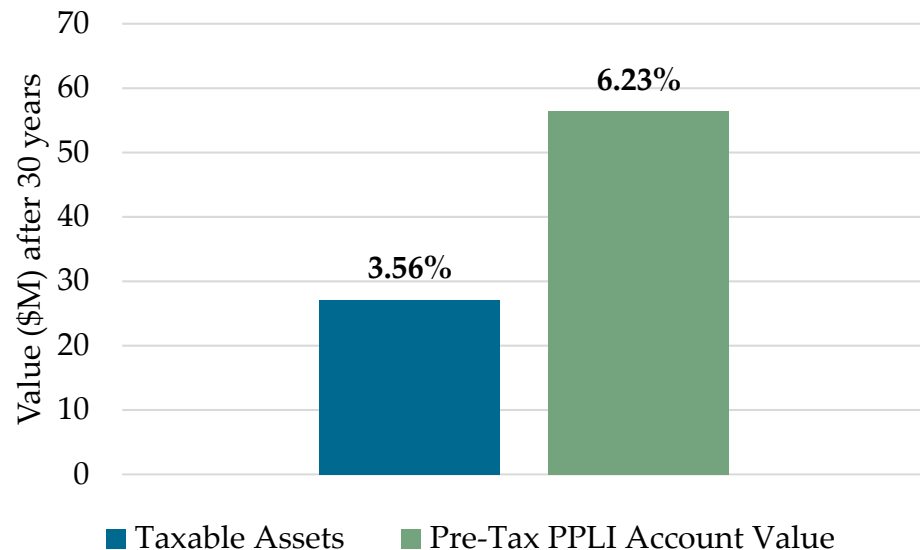
- Male age 60 and Female age 54 had previously set up GST with \$10 million exemption
 - Wife was in good health but husband had some history of medical issues, including high blood pressure which was being controlled with medication
- Trust is defective grantor trust so couple are paying taxes on investment returns
- Currently investing in tax-exempts and ETFs to minimize tax liability but would prefer to invest in equities and private partnership structures
- Marginal tax rate of 49.15% on investment income
- Assumed rate of investment return for comparison purposes was 7% net of management fees and expenses

Case Study #2

Year	Taxable Assets	Pre-Tax PPLI Account Value	Tax-Free PPLI Death Benefit
1	2,588,988	2,545,765	50,989,191
5	10,922,118	11,870,379	50,989,191
10	13,472,448	16,069,862	50,989,191
20	19,113,753	29,839,680	50,989,191
30	27,117,236	56,126,305	58,932,620

Because of male's health and the efficiency of a joint-life design, client acquired joint-life survivorship PPVUL policy allocating \$10 million from GST over four-year period into non-MEC

- Male age 60, standard non-tobacco user & Female age 54, preferred non-tobacco user
- Assumed net investment return of 7%
- Assumed tax rate on taxable assets of 49.15%
- Graph shows values after 30 year holding period
- Comparison would vary under different return assumptions; tax expense on taxable assets would be dramatically lower if returns are very minimal or zero



Conclusion

- PPLI is attractive as an instrument to shield invested wealth from the drag caused by income and other current taxes
 - Rather than let the tail (tax) wag the dog (investment strategy), PPLI allows clients to access the desired investment strategy without the unpleasant tax consequences
- Over time, tax on investment returns can deplete assets for transfer to heirs more than the impact of estate tax
- PPLI enables access to a substantial percentage of invested assets without incurring taxable income to the policyowner
- Properly structured, PPLI can transfer invested wealth without income or estate taxes at the death of the insured
- Biggest challenge to the implementation of a PPLI structure is the client's tolerance for complexity and nuisance with an investment-focused solution
 - Many HNW clients are willing to tolerate complexity of estate planning solutions

Lombard International Life Assurance Company

Fund Investments at December 31, 2022

1. Variable Investment Trusts

American Funds IS American Funds Mortgage Fund – Class 1A

American Funds IS Asset Allocation Fund – Class 1A

American Funds IS Capital Income Builder® – Class 1A

American Funds IS Capital World Bond Fund – Class 1A

American Funds IS Global Balanced Fund – Class 1A

American Funds IS Global Growth Fund – Class 1A

American Funds IS Global Small Capitalization Fund – Class 1A

American Funds IS Growth Fund – Class 1A

American Funds IS Growth-Income Fund – Class 1A

American Funds IS International Fund – Class 1A

American Funds IS International Growth And Income Fund – Class 1A

American Funds IS Managed Risk Asset Allocation Fund – Class P1

American Funds IS Managed Risk Growth Fund – Class P1

American Funds IS Managed Risk Growth-Income Fund – Class P1

American Funds IS Managed Risk International Fund – Class P1

American Funds IS New World Fund – Class 1A

American Funds IS Ultra-Short Bond Fund – Class 1A

American Funds IS High-Income Trust Fund – Class 1A

American Funds IS Capital World Growth and Income Fund – Class 1A

American Funds IS Managed Risk Washington Mutual Investors Fund – Class P1

American Funds IS Bond Fund of America – Class 1A

American Funds IS U.S. Government Securities Fund – Class 1A

American Funds IS Washington Mutual Investors Fund – Class 1A

BlackRock 60/40 Trgr Allc ETF V.I – Class I

BlackRock Advantage Large Cap Core V.I. Fund – Class I

BlackRock Advantage Large Cap Value V.I. Fund – Class I

BlackRock Advantage SMID Cap V.I. – Class I

BlackRock Basic Value V.I. Fund – Class I

BlackRock Capital Appreciation V.I. Fund – Class I

BlackRock Equity Dividend V.I. Fund – Class I

BlackRock Global Allocation V.I. Fund – Class I

BlackRock Government Money Market V.I. Fund – Class I

BlackRock High Yield V.I. Fund – Class I

BlackRock International Index V.I. Fund – Class I

BlackRock International V.I. Fund – Class I

BlackRock Large Cap Focus Growth V.I. Fund – Class I

BlackRock Managed Volatility V.I. Fund – Class I

BlackRock S&P 500 Index V.I. Fund – Class I

BlackRock Small Cap Index V.I. Fund – Class I

BlackRock Total Return V.I. Fund – Class I

BNY Mellon Stock Index Fund – Initial Class

BNY Mellon Variable Investment Fund, Appreciation Portfolio – Initial Class

BNY Mellon Variable Investment Fund, Government Money Market Portfolio – Initial Class

BNY Mellon Variable Investment Fund, Growth and Income Portfolio – Initial Class

ClearBridge Variable Aggressive Growth Portfolio – Class I

ClearBridge Variable Appreciation Portfolio – Class I

ClearBridge Variable Dividend Strategy Portfolio – Class I

ClearBridge Variable Large Cap Growth Portfolio – Class I

ClearBridge Variable Large Cap Value Portfolio – Class I

ClearBridge Variable Mid Cap Portfolio – Class I

ClearBridge Variable Small Cap Growth Portfolio – Class I

DFA VA Equity Allocation Portfolio

DFA VA Global Bond Portfolio

DFA VA Global Moderate Allocation Portfolio

DFA VA International Small Portfolio

DFA VA International Value Portfolio

DFA VA Short-Term Fixed Portfolio

DFA VA U.S. Large Value Portfolio

DFA VA U.S. Targeted Value Portfolio

DFA VIT Inflation-Protected Securities Portfolio†

Fidelity® VIP Freedom 2005 – Initial Class

Fidelity® VIP Freedom 2010 – Initial Class

Fidelity® VIP Freedom 2015 – Initial Class

Fidelity® VIP Freedom 2020 – Initial Class

Fidelity® VIP Freedom 2025 – Initial Class

Fidelity® VIP Freedom 2030 – Initial Class

Fidelity® VIP Freedom 2035 – Initial Class

Fidelity® VIP Freedom 2040 – Initial Class

Fidelity® VIP Freedom 2045 – Initial Class

Fidelity® VIP Freedom 2050 – Initial Class

Fidelity® VIP Freedom Income – Initial Class

Fidelity® VIP Asset Manager – Initial Class

Fidelity® VIP Asset Manager: Growth – Initial Class

Fidelity® VIP Balanced – Initial Class

Fidelity® VIP Bond Index Portfolio – Initial Class

Fidelity® VIP Contrafund® – Initial Class

Fidelity® VIP Disciplined Small Cap – Initial Class

Fidelity® VIP Dynamic Capital Appreciation – Initial Class

Fidelity® VIP Emerging Markets – Initial Class

Fidelity® VIP Equity-Income – Initial Class

Fidelity® VIP Extended Market Index Portfolio – Initial Class

Fidelity® VIP Growth – Initial Class

Fidelity® VIP Growth Opportunities – Initial Class

Fidelity® VIP Growth & Income – Initial Class

Fidelity® VIP High Income – Initial Class

Fidelity® VIP Index 500 – Initial Class

Fidelity® VIP International Capital Appreciation – Initial Class

Fidelity® VIP International Index Portfolio – Initial Class

Fidelity® VIP Investment Grade Bond – Initial Class

Fidelity® VIP Mid Cap – Initial Class

Fidelity® VIP Overseas – Initial Class

Fidelity® VIP Real Estate – Initial Class

Fidelity® VIP Strategic Income – Initial Class

Fidelity® VIP Total Market Index Portfolio – Initial Class

Fidelity® VIP Value – Initial Class

Fidelity® VIP Value Strategies – Initial Class

Fidelity® VIP Floating Rate High Income – Initial Class

Fidelity® VIP Government Money Market – Initial Class

GS VIT Core Fixed Income Fund – Institutional Class

GS VIT Equity Index Fund – Service Class

GS VIT International Equity Insights Fund – Institutional Class

GS VIT Large Cap Value Fund – Institutional Class

GS VIT Mid Cap Growth Fund – Institutional Class

GS VIT Mid Cap Value Fund – Institutional Class

GS VIT Government Money Market Fund – Institutional Class

GS VIT Multi-Strategy Alternatives Portfolio – Institutional Class

GS VIT Small Cap Equity Insights Fund – Institutional Class

GS VIT Strategic Growth Fund – Institutional Class

GS VIT Trend Driven Allocation Fund – Institutional Class

GS VIT US Equity Insights Fund – Institutional Class

JHVIT Emerging Markets Value Trust Portfolio (sub-advised by Dimensional Fund Advisors LP) – Class NAV

JPMorgan Insurance Trust Core Bond Portfolio – Class 1

JPMorgan Insurance Trust Global Allocation Portfolio – Class 1

JPMorgan Insurance Trust Income Builder Portfolio – Class 1

JPMorgan Insurance Trust Mid Cap Value Portfolio – Class 1

JPMorgan Insurance Trust Small Cap Core Portfolio – Class 1

JPMorgan Insurance Trust U.S. Equity Portfolio – Class 1

Lord Abbett Series Fund Bond-Debenture – Class VC

Lord Abbett Series Fund Developing Growth – Class VC

Lord Abbett Series Fund Dividend Growth Portfolio – Class VC

Lord Abbett Series Fund Fundamental Equity – Class VC

Lord Abbett Series Fund Growth and Income – Class VC

Lord Abbett Series Fund Growth Opportunities – Class VC

Lord Abbett Series Fund Mid-Cap Stock – Class VC

Lord Abbett Series Fund Short Duration Income – Class VC

Lord Abbett Series Fund Total Return – Class VC

MFS® Global Equity Series – Initial Class

MFS® Growth Series – Initial Class

MFS® Blended Research Core Equity Portfolio – Initial Class

MFS® Core Equity Portfolio – Initial Class

MFS® Corporate Bond Portfolio – Initial Class

MFS® Emerging Markets Equity Portfolio – Initial Class

MFS® Global Governments Portfolio – Initial Class

MFS® Global Growth Portfolio – Initial Class

MFS® Global Research Portfolio – Initial Class

MFS® Global Tactical Allocation – Initial Class

MFS® Government Securities Portfolio – Initial Class

MFS® High Yield Portfolio – Initial Class

MFS® Income Portfolio – Initial Class

MFS® International Growth Portfolio – Initial Class

MFS® Massachusetts Investors Growth Stock Portfolio – Initial Class

MFS® Research International Portfolio – Initial Class

MFS® Technology Portfolio – Initial Class

MFS® U.S. Government Money Market Portfolio – Initial Class

MFS® Blended Research Small Cap Equity Portfolio – Initial Class

MFS® Conservative Allocation Portfolio – Initial Class

MFS® Global Real Estate Portfolio – Initial Class

MFS® Growth Allocation Portfolio – Initial Class

MFS® Inflation-Adjusted Bond Portfolio – Initial Class

MFS® Limited Maturity Portfolio – Initial Class

MFS® Mid Cap Value Portfolio – Initial Class

MFS® Moderate Allocation Portfolio – Initial Class

MFS® New Discovery Value Portfolio – Initial Class

MFS® Investors Trust Series – Initial Class

MFS® Mid Cap Growth Series – Initial Class

MFS® New Discovery Series – Initial Class

MFS® Research Series – Initial Class

MFS® Total Return Bond Series – Initial Class

MFS® Total Return Series – Initial Class

MFS® Utilities Series – Initial Class

MFS® Value Series – Initial Class

PIMCO Dynamic Bond Portfolio – Institutional Class

PIMCO Global Bond Opportunities Portfolio (Unhedged) – Institutional Class

PIMCO VIT Global Managed Asset Allocation Portfolio – Institutional Class

PIMCO VIT Income Portfolio – Institutional Class

PIMCO International Bond Portfolio (U.S. Dollar-Hedged) – Institutional Class

PIMCO International Bond Portfolio (Unhedged) – Institutional Class

PIMCO VIT StocksPLUS® Global Portfolio – Institutional Class

PIMCO VIT All Asset Portfolio – Institutional Class

PIMCO VIT CommodityRealReturn® Strategy Portfolio – Institutional Class

PIMCO VIT Emerging Markets Bond Portfolio – Institutional Class

PIMCO VIT High Yield Portfolio – Institutional Class

PIMCO VIT Long-Term U.S. Government Portfolio – Institutional Class

PIMCO VIT Low Duration Portfolio – Institutional Class

PIMCO VIT Real Return Portfolio – Institutional Class

PIMCO VIT Short-Term Portfolio – Institutional Class

PIMCO VIT Total Return Portfolio – Institutional Class

Vanguard VIF Real Estate Index Portfolio

Vanguard VIF Balanced Portfolio

Vanguard VIF Capital Growth Portfolio

Vanguard VIF Conservative Allocation Portfolio

Vanguard VIF Diversified Value Portfolio

Vanguard VIF Equity Income Portfolio

Vanguard VIF Equity Index Portfolio

Vanguard VIF Global Bond Index Portfolio

Vanguard VIF Growth Portfolio

Vanguard VIF High-Yield Bond Portfolio

Vanguard VIF International Portfolio

Vanguard VIF Mid-Cap Index Portfolio

Vanguard VIF Moderate Allocation Portfolio

Vanguard VIF Money Market Portfolio

Vanguard VIF Short-Term Investment-Grade Portfolio

Vanguard VIF Total Bond Market Index Portfolio

Vanguard VIF Total International Stock Market Index Portfolio

Vanguard VIF Total Stock Market Index Portfolio

Wanger Small Cap Equity

Wanger International Small Cap Equity

Wanger Small-Mid Cap Select Equity

Western Asset Core Plus VIT Portfolio – Class I

Western Asset Variable Global High Yield Bond Portfolio – Class I

2. Insurance Dedicated Fund Investments

Alkeon Insurance Growth Fund - A Series of the SALI Multi-Series Fund, L.P.

Alpine Dedicated, L.P.

Ares Credit Strategies Insurance Dedicated Fund - A Series of the SALI Multi-Series Fund, L.P.

Arya Partners Fund - A Series of the SALI Multi-Series Fund, L.P.

Athena Catholic Values Fund, LP

Athyrium Healthcare Strategic Income & Growth IDF LLC

Audax Senior Loan Insurance Fund of the SALI Multi-Series Fund, L.P.- Class A-1

Avanti Strategic Land Investors IX, LLLP

Avanti Strategic Land Investors VII, LLLP

Avanti Strategic Land Investors VIII, LLLP

Avanti Strategic Land Investors X, LLC

Bain Capital Insurance Dedicated Fund II - A Series of the SALI Multi-Series Fund, LP

Bernstein Diversified Targeted Services Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Boothbay Insurance Dedicated Fund - A Series of the SALI Multi-Series Fund, L.P.

Boothbay Insurance Dedicated Fund II – A Series of the SALI Multi-Series Fund, LP

CP Lion Real Estate IDF Series - A Series of the SALI Multi-Series Fund, L.P.

Chalkstream Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

China Equity Markets Fund - A Series of the SALI Multi-Series Fund

Clarion Structured Credit Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Contravisory IDF, L.P.

Divisadero Insurance Dedicated Fund Series of SALI Multi-Series Fund - Class I

EP Absolute Return Strategies - Insurance L.P.

EP Hedged Equity Strategies - Insurance L.P.

Eagle's View Dedicated Fund, L.P.

Fifth Avenue Insurance Fund IV Series of the SALI Multi-Series Fund, L.P.

Forester Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Global Access Growth Strategies Insurance Fund Series of the SALI Multi-Series Fund, L.P.

Gold Opportunities Fund - A Series of the SALI Multi-Series Fund

GoldenTree Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Goldman Sachs Yield Opportunities Hedge Fund - A Series of the SALI Multi-Series Fund, L.P.

Golub Capital Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Greer Anderson Global Diversified IDF

Gresham RDP Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

HPS Private Credit Insurance Fund - A Series of the SALI Multi-Series Fund, LP

Harvest MLP Income Fund III LLC

Highmore Insurance Dedicated Fund - Spearhead Insurance Solutions IDF, LLC

Hospitality Holdings IDF

Hudson Bay Insurance Dedicated Fund - A Series of the SALI Multi-Series Fund, LP

ICG Insurance Fund II, LLC

Ironwood Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Kore Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Kynikos Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

LCG Land Development 2 Insurance Dedicated Fund - A Series of the SALI Multi-Series Fund, LP

Long Duration U.S. TIPS Fund - A Series of the SALI Multi-Series Fund †

MGG Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

MLM Symmetry Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Magnitude Insurance Partners - A Series of the SALI Multi-Series Fund, L.P.

MidOcean Credit Opportunity IDF I, LP

Millennium Global Estate Fund - A Series of the SALI Multi-Series Fund, LP

Millennium Global Estate Series

PIMCO Absolute Return Strategy IV IDF LLC

Partners Capital Kestrel Fund, L.P.

Pennington Alternative Income IDF, L.P.

Prime Storage Fund III IDF, LP

Proficio Capital Strategic Opportunities IDF - A Series of the SALI Multi-Series Fund, L.P.

Provenio Capital Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Quantedge Insurance-Dedicated Fund - A Series of the SALI Multi-Series Fund, L.P.

Revere Credit Opportunities IDF - A Series of the SALI Multi-Series Fund, L.P.

SALI Select CP Lion Real Estate Series of SALI Select Series LP - Series A

SALI Select CP Lion Real Estate Series of SALI Select Series LP - Series J

SALI Select Third Point Series of SALI Select Series, LP - Class E

SALI Select York Series of SALI Select Series, LP

SB Diversified Asset Fund I Series of SALI Multi-Series Fund LP

SB Diversified Asset Fund II Series of SALI Multi-Series Fund LP

SB Diversified Asset Fund III Series of SALI Multi-Series Fund LP

SB Diversified Asset Fund V Series of SALI Multi-Series Fund LP

SB Diversified Asset Fund VI Series of SALI Multi-Series Fund LP

SB Diversified Asset Fund VIII Series of SALI Multi-Series Fund LP

Sequence Multi-Asset IDF - A Series of the SALI Multi-Series Fund, L.P. (Formerly CTC Insurance Fund)

Seven Bridges Emerging Markets Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Seven Bridges Long-Short Equity Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Seven Bridges Multi-Strategy Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Seven Bridges Strategic Equity Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Shenkman Short Duration Insurance Fund - A Series of the SALI Multi-Series Fund, L.P.

Silvertree Credit Lending IDF - A Series of Spearhead Insurance Solutions IDF, LLC

Spearhead Insurance Solutions IDF, LLC Series Neuberger Berman K-1

Spearhead Insurance Solutions IDF, LLC Series H

Spearhead Insurance Solutions IDF, LLC Series SCL

Talson Acier Fund - A Series of Taylor Insurance Series, L.P.

Talson LAG Advantage LP

The Merger Fund VL

Third Point Insurance Dedicated Fund L.P.

Tilney Global IDF L.P. - Portfolio C - Growth

Titan Fortress Drawbridge Plus IDF LP

Titan Legacy Credit & Distressed - Series A

Titan Legacy Fund I, L.P. - Series B

Titan Legacy Litigation Finance IDF LP

Titan Legacy Systematic Fund, L.P. Series B

Tolleson Insurance Fund - A Series of the SALI Multi-Series Fund, LP

Vida Insurance Fund II - A Series of the SALI Multi-Series Fund, L.P.

WVP AL IDF L.P.

Wexford Absolute Return Fund, L.P. - Class B

Zilker Diversified Insurance Dedicated Fund - A Series of the SALI Multi-Series Fund, L.P.

Zilker Multi-Strategies Insurance Dedicated Fund, LP – Series I

Zilker Multi-Strategies Insurance Dedicated Fund, LP – Series II

3. Manager-selected Fund Investments

111 Sutter Select Holdings, LLC

275 Fontainebleau Holdings, LP

3001 Deming Holdings, LLC

51 W. Holdings, LP

545 Washington Holdings, LP

564 St. Johns Holdings, LLC

630 Roseville Select, LP

AAA Multifamily Holdings, LLC

AB Arya Partners (Delaware) Fund LP - Class 6

AB Commercial Real Estate Private Debt Fund LLC

AB Financial Services Opportunities Delaware Fund LP

AB Global Disruptors Series - Class U

AB Global Research Insights Series I DBT

AB PCI Middle Market Direct Lending Fund I LP

AB PCI Middle Market Direct Lending Fund II LP

AB Securitized Assets (Delaware) Fund LP - Class B

Abdiel Qualified Onshore Partners LP

ADM Investor Services Inc.

Aero Capital Solutions Fund II LP

Aero Capital Solutions Fund LP

Aetos Capital Trade Claims Fund LP

AG Energy Credit Opportunities Fund IV LP

AG Mortgage Value Partners LP Series CX-A Interests

Ahab Redemption Fund, LP
AIR U.S. Life Fund II QP LP - Class B
Alcove Holdings, LP
Alta Park Fund Onshore LP
AM Global Core Fund LLC-Class B
AmberWestWood Holdings LP
Ardent Financial Fund III LP
Ardent Financial Fund IV LP
Ardent Strategic Fund I LP
Ares Corporate Opportunities Fund VI LP
Armistice Capital Fund LP - Series One
ArrowMark Global Opportunity Fund II LP - Class B
ArrowMark Global Opportunity Fund III LP
ArrowMark Global Opportunity Fund IV LP - Class B
Ascent Arbitrage Fund Series of Ascent Global Access Partnership II LP - Class A
Ascent Event Driven Fund Series of Ascent Global Access Partnership II LP - Class A
Asturias Fund LP
Atlas Enhanced Fund, LP - Class U-1
Audax Senior Loan Fund (ST) LP
Avidity Capital Fund LP
Axonic Capital GP Holdings II LLC
Axonic Credit Opportunities Fund LP
Axonic High Conviction Series A
Axonic Residential Assets Fund IV, LP
Axos Advisor Services [Sierra Investments]
BAC-MP Absolute Return Fund LLC
BAC-MP Absolute Return Fund LLC - Class GG
Ballast Point Ventures II LP

Ballast Point Ventures III LP
Ballast Point Ventures IV LP
Bay Point Capital Partners II LP
Blackstone Private Credit Fund
Blackstone Real Estate Income Trust Inc.
Blue Heron Short-Term Infrastructure QP Fund - Founder Class I
Blue Water Life Science Fund LP - Class S
BlueArc Alternatives Fund LLC - Quantitative Equities Series
BlueArc Global Macro Fund LLC
BlueArc Global Private Credit Fund II
Boothbay Absolute Return Strategies, LP - Class 1A
Boothbay Absolute Return Strategies, LP - Class 1R
Boothbay Diversified Alpha Fund LP-Class 1R
Boothbay Diversified Alpha Fund LP-Class 2R
Bornite Onshore Fund LP
Brandytrust Global Partners, LP
Brandytrust Multi-Strategy Partners, LP
Brenton Partners LP - Series A
Brevan Howard LP (RJ)
Brevet Direct Lending-Short Duration Fund LP
CA Mid-Atlantic Holdings, LP
CA-FL-NY Multifamily Select, LP
Capri Camelback Holdings LP
Carlyle Private Equity Access Fund 2014 LP
Central NC Holdings, LP
Central Park Group Carlyle Equity Opportunity Fund LLC
Central Park Group Manager Alliance Fund II LLC
Central Park Group Manager Alliance Fund LLC

Central Park Group Real Estate Opportunity Fund LLC
Central Park Group WP Energy LLC
Central Park Group WP Private Equity XI LLC
Chandlers Bay Holdings LP
Chatham Asset Partners High Yield Fund LP
Citadel Wellington LLC
Colter Holdings LP
Columbus Portfolio Holdings, LP
Conway Onshore Access Fund LLC - Sub Series 1 Class D
Copperwood Energy Fund LP
Corbin Pinehurst Partners LP
CoVenture Credit Opportunities Partners Fund LP
Crestlight General Partners Fund I LP
Crossbeam Venture Partners Fund II LP
Crystal Capital Fund Series LLC - 11/18 - 01 Series
Dallas Boston Holdings, LP
Davidson Kempner Partners
Davis Investment Ventures Fund III-A LP
Dipsea Capital Fund LP - Class A
Domain Entertainment Fund-A LP
Doral Parsippany Select LP
Drake Capital Partners, LP
Drawbridge Special Opportunities Fund LP
Dyal V US Investors LP
E 79th Street Mezz Select LP
E Advisors LLC - Series G
E Advisors LLC - Series H
Eastward Capital Partners IX LP

Echo Street Goodco Select LP
EcoR1 Capital Fund Qualified LP
Elliott Associates, LP - Class B
Elliott International Limited - Class B
Empire Holdings, LP
EP AHF LP - Class A (AH Fund VIII)
EP AHF LP - Class B (AH LSV Fund III)
EP AHF LP - Class C (AH Bio Fund IV)
EP Private Credit Strategies Two LP
Esplanade Capital Electron Partners LP
Everly Vista Canyon Select, LP
Eversept Global Healthcare Fund LP - Class A
EVR Opportunity Fund LP - Class B
Farallon Capital Partners, LP
Flat Footed Series LLC - Fund 1
Flow State Onshore Fund LP
Folio Investments [Azzad Asset Management]
Forefront Select (US) Fund LP
FPA Income Opportunities Onshore Fund LP
Fundamental Investors - Class A
FX Strategy LLC (P/E Global)
GEMS Fund 5, LP
Geosol Capital Onshore I LP
Glendower Access Secondary Opportunities IV (U.S.) LP - Series J
Glendower Access Secondary Opportunities IV (U.S.) LP - Series K
Glendower Access Secondary Opportunities IV (U.S.) LP - Series L
Glenmede Trust Company, N.A.
GoldenTree Select Partners LP

Grand Terrace Holdings, LP
Great Jones Fund LP - Class F
GT Global Hedge LP
GT Partners, LP
Hawk Ridge Partners II LP - Class A
HCP China Capital Appreciation Fund LP
HCP Private Equity Fund XI LP
Heritage Boca Holdings, LP
Heritage Private Opportunities Portfolio LP
HG Cardinal Holdings, LP
HG Vora Special Opportunities Fund LP - Series 1
HG Vora Special Opportunities Fund LP - Series 2
HGI Credit Fund I, LP
HGI K131, LLC
HGI KF104, LLC
HGI KF110, LLC
HGI KF117, LLC
HGI KF62 Select, LLC
HGI KF67-KS12 Select, LLC
HGI KF74, LLC
HGI KF83 LLC
HGI KF88, LLC
HGI KF95, LLC
HGI KF98, LLC
HGI KG05, LLC
HGI KJ24, LLC
HGI KJ26, LLC
HGI KJ28, LLC

HGI KJ29, LLC
HGI KJ31, LLC
HGI Multifamily Credit Select Fund, LP
HGI MultiFamily Holdings, LP
HGI Opportunity Fund XIV, LP
HGI Opportunity Fund XV, LP
HGI Opportunity Fund XVI, LP
Hill City Capital Onshore Fund LP
HITE Hedge II LP
HMI Capital Partners LP - Class A
Hudson Bay Fund LP
Hudson Bay Fund LP- Tranche RJ1
Hudson Transport Real Asset Fund LP Series F
iCapital Bridgewater Diversified Macro Fund LP
iCapital Millennium USA HedgeFocus Fund LP - Sub Class GG-C Interests
iCapital Private Credit Access Fund II (U.S.) LP
iCapital Renaissance Strategies (RIEF) LP
iCapital SEG Partners Fund LP
iCapital SEG Partners II LP - Class C (RJ)
iCapital Summit Partners Growth Equity XI Access (U.S.) LP
Interactive Brokers LLC
IREO Fund II, Ltd.
Ironwood Institutional Multi-Strategy Fund LLC (RJ)
J. Caird Partners LP
JWCM Credit Opportunities Fund I LP
KPAM Tactical Alpha Fund LP
Kynikos SPV 7 L.P.
Landmark Dividend Growth Fund - M LLC

Landmark Dividend Growth Fund - N LLC
Lavaca Capital Convexity Fund LP - Class A
LCN North American Fund III LP
Legalist Fund III LP
Light Street Argon, L.P. - Unit Class A
Loeb Arbitrage Fund - Class I
Lone Cascade LP - Class A
Lone Cascade LP - Class B
Lone Cascade LP - Class K
Magdalena Partners LP
Magnitude U.S. Partners - Class A
Maplelane Domestic Fund LP
Marathon Healthcare Finance Fund LP
Marathon Secured Private Strategies Fund III LP
Mariner Atlantic Multi-Strategy Fund LP
Melvin Capital LP
MGG Insurance Fund Series Interests of SALI Multi-Series Fund, LP - Class A
Milestone Real Estate Investors V LP
Millennium Global Estate Series of the SALI Multi-Series Fund, LP
Millennium Global Estate, LP
Mizzen Capital, LP
Monroe Capital Income Plus Corporation
Morgan Stanley Smith Barney [CA]
Nanook Energy Fund LP - Class B
Narrow River Capital Partners LP
NB Hedged Cryptocurrency Volatility Fund LLC
NB Principal Strategies PRIMA Fund LP
Nebari Gold Fund I LP

Nebari Natural Resources Credit Fund I LP
NE-SW Debt Holdings LP
New Legacy Matrix Niche Strategies LLC - Class I
New Legacy Matrix Niche Strategies LLC - Class II
Newbrook Insurance Fund Series of SALI Multi-Series Fund, LP
Nishkama Capital Fund LP
Novi Yonkers Holdings, LP
Oak Harbor Capital Special Opportunities Fund LP - Class A
Oak Harbor Capital XII LLC
OCA CMTG LLC - Class B
OCA Investment Partners LLC - OCA VHF
OCA Investment Partners SPC - OCA CHP
OCA Investment Partners SPC - OCA VHF
OCA Investment Partners SPC - SSA Class B
Octagon Investments Fund LP - Sub-Series F-2
OH-CT Debt Holdings, LLC
Old Well Partners Fund LP
Olive Street Capital Partners Multifamily Fund I LP
Orion Onshore Fund LP - Partner Interests
Orion Onshore Fund LP - Strategic Interests
Ovation Alternative Income Fund LP
Owl Rock Capital Technology Finance Corp.
P2 Capital Fund LP - Class R (RJ)
Palette Riverbend Select, LP
Paloma Partners LLC
Parkline Holdings, LP
Partners Capital Insurance Fund of the SALI Multi-Series Fund LP - Series G
Partners Capital Kestrel Fund, L.P.

Partners Group Private Equity (MF) LLC
Pennington Alternative Income IDF, LP
Perceptive Life Sciences Qualified Fund LP
Persimmon Absolute Return Fund - Class A
PGIM Real Estate U.S. Impact Value Partners LP
Piedmont Dallas Holdings, LP
Pilgrim Foresight Fund LLC - Enhanced Performance Portfolio - Series B
Pilgrim Foresight Fund LLC - Select Strategies Portfolio - Series B
PIMCO Commercial Real Estate Debt Fund II LP
Point Bonita Capital Fund LLC
PRF Fund I LP
Prime Finance Short Duration VIII LP
Private Equity Global Select Fund VII (U.S.) LP
Private Insurance Fund, LP
PSAM WorldArb Partners LP
PSF Partners Two LP
PV ClearCo, LP
PV Site 2020 LP
PV Special Opportunity Fund II LP - Class A
Quantedge Global Fund - Class FT (3-Year)
Quantitative Global 3X Fund LLC
Ready Capital (AST)
Redmile Strategic Fund LP
Restricted Capital Account
Ridgedale Onshore Multi Strategy Program LP
Royal Belmont Holdings, LP
Rubric Capital Partners LP - Series A
SBL Fund IV LP

Scopus Partners, L.P.
Securis Opportunities Fund ERISA (US) LP
SEG Partners II LP - Class C
Semper Vic Partners (QP), LP
Shellback Fund, LP - Class B
SignatureFD Private Equity Fund LP
SilverArc Capital Alpha Fund II LP - Class B
Silverview Credit Opportunities LP
Silverview Special Situations Lending Onshore Fund LP
SMC Holdings II LP - Class AtlasXomics A
SMC Holdings II LP - Class Hotel
Spectrum Fund LP - Series A
Springfield Real Estate, LP
SRP Opportunities II, LP
Starwood Real Estate Income Trust Inc.
State Street [Brandywine Trust Company]
STC Metropolitan District No. 2 - Series 2020C
Stepstone VC Opportunities VI-D LP
Strategic Value Special Situations Fund V, LP
Stronghold Targeted Operator Minerals Partners II LP
Sugar Land Holdings, LP
Sunbelt Select, LP
Sweetwater Opportunity Fund II LP
TD Ameritrade (Heritage Wealth)
TD Ameritrade (Polaris)
Tekne Long Only Partners LP - Class C
Tenor Opportunity Fund, LP
The Merchant Commodity Fund - Class A6

The Optima Fund L.P.

The Optima Global Trading Fund LLC

The Optima Healthcare and Biotech Fund LLC

The Optima Partners Focus Fund LLC - OnShore

The Weatherlow Fund I LP

Theorem Main Fund LP - Class B

TIG Arbitrage Enhanced LP - Series 1

Tiger Global LP

Tiger Pacific Domestic Fund LP - Series 1 Interests

Titan ML Ltd. - Class A

Titan Thematic LP - Series B

Titan XT LP - Class A

Tybourne Long Opportunities (US) Fund - Series B

Upper90 Fund II LP

Upper90 Fund III LP

VantageRock Capital Fund LP - Class A1

VantageRock Capital Fund LP - Class A2

VCM - Linden Investors LP - Class A

VCM - RA Capital Healthcare Fund LP

VCM - Rivernorth Institutional Partner LP

Verition Multi-Strategy Fund LLC - Class A

Verition Multi-Strategy Fund LLC - Class C

Vida Longevity Fund LP - Class A

VineBrook Homes Trust, Inc.

Virginia Mezzanine and Preferred Select LLC

Walleye Opportunities Fund LP

Wellington Extended Horizons, LP

Wexford Absolute Return Fund, LP

Whale Rock Flagship Fund LP
Whale Rock Long Opportunities Fund LP - Series F
Whippoorwill Distressed Opportunity Fund, LP
White Oak Fixed Income Fund C, L.P.
Winston Global Fund, LP
Winston Growth Fund Limited Partnership
WLIF Select, LLC
WVP Emerging Manager Onshore Fund, LLC - Aigh Series
WVP Emerging Manager Onshore Fund, LLC - Cobia Series - Class C
WVP Emerging Manager Onshore Fund, LLC - DLD Series - Class A
WVP Emerging Manager Onshore Fund, LLC - DLD Series - Class C
WVP Emerging Manager Onshore Fund, LLC - Incubation Series
WVP Emerging Manager Onshore Fund, LLC - Multi-Strategy Series
WVP Emerging Manager Onshore Fund, LLC - North Lion Series
WVP Emerging Manager Onshore Fund, LLC - Optimized Equity Series
WVP Emerging Manager Onshore Fund, LLC- Skycreek Series
WVP Emerging Manager Private Fund - Alternative Lending Aggregate Series - Class C
WVP Emerging Manager Private Fund - Sapir Venture Partners II Series - Class A
York Capital Credit Insurance Fund of SALI Multi-Series Fund, LP - Class B

Separately-Managed Account Managers as of December 31, 2022

AllianceBernstein, LP

Beacon Pointe Wealth Advisors, LLC

BNY Mellon

Cerity Partners

Colony Family Offices, LLC

PWM, LLC

Dakota Wealth, LLC

Ehrenkranz Partners, L.P.

Freidburger Financial Group, Inc.

Forbes Family Trust

Family Management Corporation

Frontier Asset Management, L.L.C.

Gerber/Taylor Management LLC

The Glenmede Trust Company, N.A.

GTS Asset Management L.P.

Hall Capital Partners, LLC

Jordan Park Group LLC

JV Management LLC

Keel Point, LLC

Laurel Wealth Advisors, Inc.

MAS Advisors LLC

Moody Aldrich Partners, LLC

Neuberger Berman, LLC

Niemann Capital Management, Inc.

Offit Capital Advisors LLC

Olive Street Capital Partners, LLC

Polaris Wealth Advisory Group, LLC

Proficio Capital Partners LLC
Provenio Capital Management Inc.
Ramat Securities Ltd - Ramat Securities Ltd.
Raymond James & Associates, Inc.
Raymond James Financial Services Advisors, Inc.
React Investment Solutions, LLC
RiskBridge Advisors, LLC
Seven Bridges Advisors LLC,
SignatureFD, LLC
Spearhead Administrative Services, LLC
Summit Trail Advisors, LLC
Wellesley Asset Management, Inc.
Wilmington Trust, N.A.
Woodmont Advisory Group, Inc.
Worth Venture Partners, LLC



PruLife® Private Placement VUL



Life Insurance

Issued by Pruco Life Insurance Company.

1010195-4



1010195-00004-00 Ed. 04/2021

ABOUT THIS BROCHURE

This confidential material is furnished to provide a summary of a variable universal life insurance product with an investment component and is not an offer to purchase or the solicitation of an offer to purchase an investment product. This material is not a prospectus or advertisement.

This material contains certain performance and statistical information, which has been obtained from sources believed to be reliable, but its accuracy or completeness cannot be guaranteed. The information provided here is designed solely to illustrate the tax impact of certain hypothetical alternative investment strategies.

There will be no public offering of interests in the program. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer of solicitation would be unlawful. Interests will be offered only to investors who are "Accredited Investors," as defined in Regulation D under the Securities Act of 1933, as amended, and "Qualified Purchasers," as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. No offer or solicitation of an offer to purchase interests in the program can be or will be made except pursuant to an offering memorandum prepared specifically for that purpose.

By accepting this brochure, you agree that, to the best of your knowledge, you are an Accredited Investor under the Securities Act of 1933 and a Qualified Purchaser under the Investment Company Act of 1940. Your financial professional has completed and signed our Accredited Investor/Qualified Purchaser Checklist acknowledging that he or she has reason to believe you qualify for this product. Please refer to the requirements for an Accredited Investor and a Qualified Purchaser on page 8.

An illustration must precede or accompany this information.

ADDRESSING THE CHALLENGES OF GROWING AND TRANSFERRING YOUR WEALTH

An efficient wealth growth and transfer strategy should include tax-effective methods to help maintain the wealth you would like to transfer, while not changing your lifestyle. Current tax rates make this need even more pressing than before, especially when you have assets in vehicles that are taxed annually. This is true even though the Tax Cuts & Jobs Act of 2017 lowered income and estate tax rates.



**WEALTH
TRANSFER
STRATEGY**



A POWERFUL COMBINATION

Life insurance is often used as part of a tax-efficient wealth transfer strategy. PruLife Private Placement VUL takes this a step further by combining the tax advantages of life insurance with a customizable, growth-oriented solution designed for your specialized needs. It offers:

- **A death benefit that is generally free from federal income taxes¹** and, if the policy is structured properly, also free from federal estate taxes.
- **Freedom from annual taxation of any cash value that accumulates.** This allows for the potential compounded accumulation of the policy cash value. In addition, you can take out cash value via loans and withdrawals without being taxed.²
- **Preferred pricing for qualified purchasers like you.** Preferred pricing means flexible charges, fees, and expenses, allowing more of your premium to be invested into the underlying investment options compared with a traditional policy.
- **An extensive selection of underlying investment options** that drive the potential cash value accumulation. These include exempt (hedge funds) and non-exempt (registered mutual funds) options.

Private Placement VUL offers a selection of underlying investment options that may or may not be registered under the Securities Act of 1933 or the Investment Company Act of 1940.

It is possible to lose money by investing in securities. Eligible policyowners must be able to bear the economic risk of investment in a policy; have adequate net worth, means, and contingencies to sustain a complete loss of investment; and have no need for liquidity in this investment. Policyowners should be aware of the additional risks involved with investing in exempt funds. Exempt funds are not registered under the securities laws and are not subject to the same regulatory requirements as registered funds. Among other activities, exempt funds may engage in potentially riskier investment practices, charge higher fees, and impose liquidity restrictions on policyowners' assets. Liquidity restrictions vary among exempt funds and can impose significant delays in accessing policy values and benefits. Policy values are not shielded from fluctuation during such delays. Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

¹According to IRC §101(a). There are some exceptions to this general rule, including certain changes in ownership and payment of any additional interest at death.

²Life insurance policy cash values are accessed through withdrawals and policy loans. Access to policy cash values allocated to exempt (hedge funds) investment options may be subject to liquidity restrictions. Loans are charged interest; they are usually not taxable. Withdrawals are generally taxable to the extent they exceed basis in the policy. Loans that remain unpaid when the policy lapses or is surrendered while the insured is alive will be taxed immediately to the extent of gain in the policy. For policies that are Modified Endowment Contracts (MECs), distributions (including loans) are taxable to the extent of income in the policy; an additional 10% federal income-tax penalty may apply. Consult your tax advisor for advice about your own situation.



**UNDERLYING
INVESTMENT
OPTIONS
INCLUDE
HEDGE FUNDS.**

These may offer
greater diversification
and lower overall
portfolio volatility.

THE DIFFERENCE OF PRIVATE PLACEMENT VUL: HEDGE FUNDS

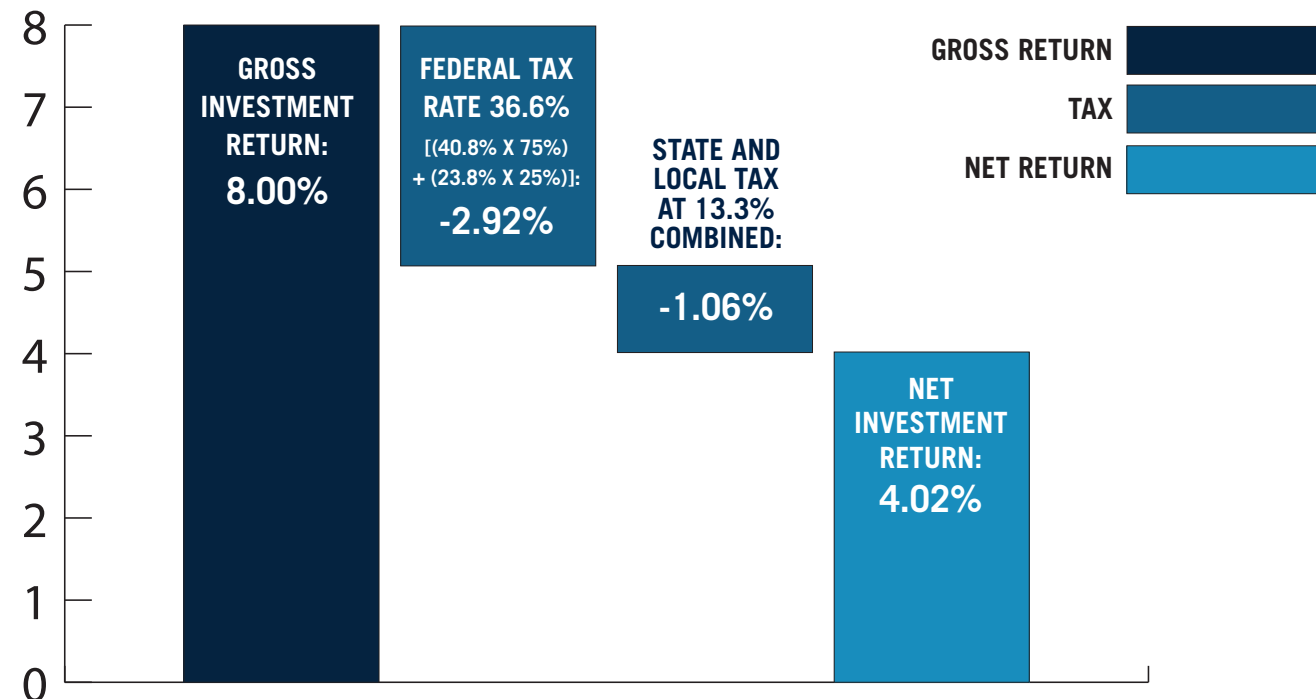
Our experience and capacity for large policies, along with the strength, stability, and longevity of Prudential, make Private Placement VUL life insurance an alternative for your wealth transfer strategy.

What sets Private Placement VUL apart is that its underlying investment options include hedge funds (including funds of funds). These use a wide variety of investment strategies and may not be correlated to specific market performances.

Hedge fund strategies seek to generate positive returns regardless of market direction. They also have low or no correlation to market benchmarks. Because of this, they may offer greater diversification and lower overall portfolio volatility.³ You may access these investment strategies through an Insurance Dedicated Fund (IDF) or Managed Separate Account (MSA). Required investment minimum varies based on investment option selected.

THE EFFECTS OF TAXATION

A high-net-worth California resident is invested in alternatives with 75% turnover (75% short-term capital gains/ordinary income; 25% long-term capital gains).



³ Investment strategies such as diversification do not ensure a profit and cannot protect against losses in a falling market.

THE IMPACT OF TAX DEFERRAL

Year	Age	TAXABLE Investment Account Value	TAX-FREE Policy Net Cash Value	Policy Net Death Benefit
1	50	\$1,313,450	\$1,311,559	\$16,423,265
5	54	\$5,955,217	\$6,254,903	\$15,111,706
10	59	\$7,628,080	\$8,794,823	\$15,111,706
15	64	\$9,770,863	\$12,426,694	\$15,160,567
20	69	\$12,515,568	\$17,633,230	\$20,454,547
25	74	\$16,031,281	\$25,132,213	\$26,891,468
30	79	\$20,534,583	\$35,879,896	\$37,673,891
35	84	\$26,302,894	\$51,059,302	\$53,612,268
40	89	\$33,691,566	\$72,116,698	\$75,722,533



ASSUMPTIONS:

- Both are calculated at a hypothetical, non-guaranteed net rate of return of 8% and assume no loans or withdrawals are taken.
- \$1,250,000 in investment for the taxable account for the first 4 years and \$1,250,000 of premium for the tax-free policy for the first 4 years.
- Taxable investment account values assume that 75% is short-term capital gains/ordinary income using a 40.8% rate (37% top ordinary rate plus 3.8% investment surtax) and 25% is long-term capital gains/dividends using a 23.8% long-term capital gains rate (20% top rate plus the 3.8% investment surtax).
- Policy is for a male, age 50, Preferred Non-Smoker. Initial death benefit of \$15,111,706. The death benefit of the life insurance policy is switched from variable (type B) to fixed (type A) in Year 5.
- Any tax advantage would be relative to the amount of the rate of return. If the rate of return were 0% or less, there would be no tax advantage and in a maximum charges scenario the policy would lapse in Year 27.
- An investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors.

This hypothetical example is for illustrative purposes only. Actual results will vary.



THE POWER OF TAX DEFERRAL

After-tax returns tell a compelling story. Tax deferral on its own can provide significant advantages, as can compound growth. Together, they are a powerful combination that preserves the value of assets from tax-related deterioration so that more of your assets can reap the benefits of compound growth.

Over time, the effects of tax deferral and compound growth can be significant. In the table to the left, notice the significant difference in values after 40 years.

The table compares the returns of a taxable investment with the returns of a tax-deferred PruLife Private Placement Variable Life Insurance policy over a 40-year period, each contributing **\$1,250,000 a year for the first four years.**



QUALIFIED INVESTMENTS

The following items fall within the definition of Qualified Investments:

- **Securities** (as defined in Section 2(a)(1) of the Securities Act of 1933), except securities of an issuer that controls, is controlled by, or is under common control with, the Prospective Purchaser.
- **Real estate** held for investment purposes.
- **Commodity interest** held for investment purposes.
- **Financial contracts** entered into for investment purposes.
- **Cash and cash equivalents** (including foreign securities, bank deposits, certificates of deposit, banker's acceptances, and the net cash surrender value of an insurance policy) held for investment purposes.

THE VALUE OF A FINANCIAL PROFESSIONAL.

To be sure this is the best solution for you, speak with your financial professional, and then consult your legal advisors. When you're ready to act, we will put our experience and exceptional service to work for you.

POLICYOWNER REQUIREMENTS

Private Placement VUL is a domestic proprietary private placement variable life product for high-net-worth clients. It can only be issued to clients who satisfy the definitions of an Accredited Investor under Rule 501(a)(1)-(8) of Regulation D of the Securities Act of 1933 and a Qualified Purchaser under Section 2(a)(51) of the Investment Company Act of 1940.

An Accredited Investor fits within one of eight categories, which most commonly include:

- A natural person with an individual net worth, or joint net worth with a spouse, that exceeds \$1 million, excluding the person's primary residence.
- A natural person with an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- Any trust with assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described under Regulation D.
- A charitable organization, corporation, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets exceeding \$5 million.

A Qualified Purchaser fits within one of the following categories:

- A natural person who owns at least \$5 million in Qualified Investments.
- A family-owned company or trust owning at least \$5 million in Qualified Investments.
- A trust not formed for the specific purpose of acquiring the securities offered; grantors and trustees must also meet the definition of Qualified Purchasers.
- Any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests, on a discretionary basis, not less than \$25 million in Qualified Investments.



A FINANCIAL LEADER FOR OVER 145 YEARS.

Prudential Financial is a global financial leader with a long tradition of serving the public interest. Prudential Financial has approximately 50 million customers. The well-known Rock symbol is an icon of strength, stability, expertise, and innovation that has stood the test of time. This heritage is part of what makes Private Placement VUL a choice worth considering.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Life insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. A financial professional can provide you with costs, complete details, and a private offering memorandum.

Prudential and its representatives do not give legal or tax advice. Please consult your own advisors.

You should consider the investment objectives, risks, and charges and expenses carefully before investing in the policy, and/or underlying exempt portfolios and investment options. Your financial professional can provide you with copies of the applicable product private offering memorandum, exempt portfolio private offering memorandum, underlying investment option prospectus, and, if available, underlying investment option summary prospectus, which contain this information as well as other important information.

Private Placement Variable Universal Life Insurance is a long-term investment and may not be suitable for all investors. The policy's value will fluctuate based upon the performance of the underlying funds. It is possible to lose principal.

Some sub-accounts or underlying investment options may not be available through all broker-dealers. Please contact your financial professional for more information.

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any client or prospective clients. The information is not intended as investment advice and is not a recommendation about managing or investing your retirement savings. If you would like information about your particular investment needs, please contact a financial professional.

PruLife Private Placement VUL is issued by Pruco Life Insurance Company, 213 Washington Street, Newark, NJ 07102-3777, and distributed by Pruco Securities, LLC, 751 Broad Street, Newark, NJ 07102-3777. Both are Prudential Financial companies. Each company is solely responsible for its own financial condition and contractual obligations. Private Placement VUL is also offered by broker-dealers who have an agreement with Pruco Securities, LLC. Policy form number PPVULD 2019 or ICC19 PPVULD 2019. PPVUL is not approved for sale in all states.

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Investment and Insurance Products:

Not Insured by FDIC, NCUSIF, or Any Federal Government Agency. May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

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Lombard International Catalyst Overview

Lombard International Global Overview

Lombard International Group Facts & Figures – US

Partnering with Lombard

Private Placement Life Insurance (PPLI) Overview

Private Placement Variable Life (PPVL) Product Specifications

Lombard International Catalyst[®] Overview



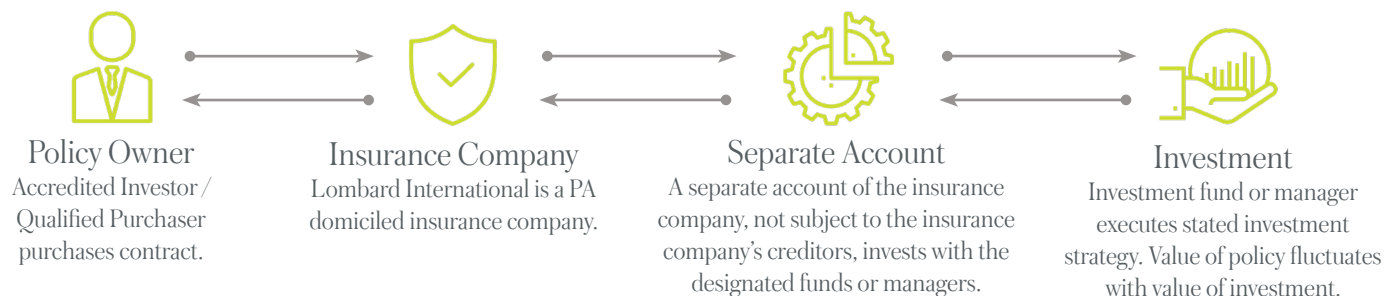
A proprietary Private Placement Life Insurance policy (Catalyst) designed to optimize existing in-force life insurance.

With Catalyst, the client utilizes existing in-force life insurance to support a new Lombard International Private Placement Life Insurance policy with no additional underwriting and nominal cost of insurance. The new Catalyst PPLI policy allows the client to invest in Lombard International's full range of investment options, including funds or customized separately managed accounts with independent investment managers on an income tax free basis.

FEATURES & CONSIDERATIONS

- Simplified process with no medical underwriting
- Cost of insurance charges only assessed on \$125,000 of Lombard International provided death benefit
- Lombard International takes no ownership interest in the existing in-force life insurance contracts but is named the irrevocable beneficiary of the existing contract
- Catalyst can enhance existing planning by providing a customizable tax deferred investment structure
- Elimination of K-1s from underlying investments
- As variable products, the value of a policy increases or decreases with performance of the investments supporting the policy

STRUCTURE



See important Catalyst disclosures on page 3.

Lombard International does not guarantee any investment performance and policyholder bears all investment risk. Investment options are only available through the purchase of variable annuity contracts or variable life insurance policies offered by life insurance companies.

This document is for use with intermediaries (e.g. financial, legal and tax professionals) only. Not for use with retail investors or the general public.

1 of 3

EXAMPLE OF USE

Client Background

- 65 year old male with a total net worth in excess of \$50 million
- Client lives in Connecticut
- Highest 2022 federal (37%) and state (6.99%) tax bracket and is subject to the net investment income tax (3.8%)
- Existing in-force coverage of \$15 million

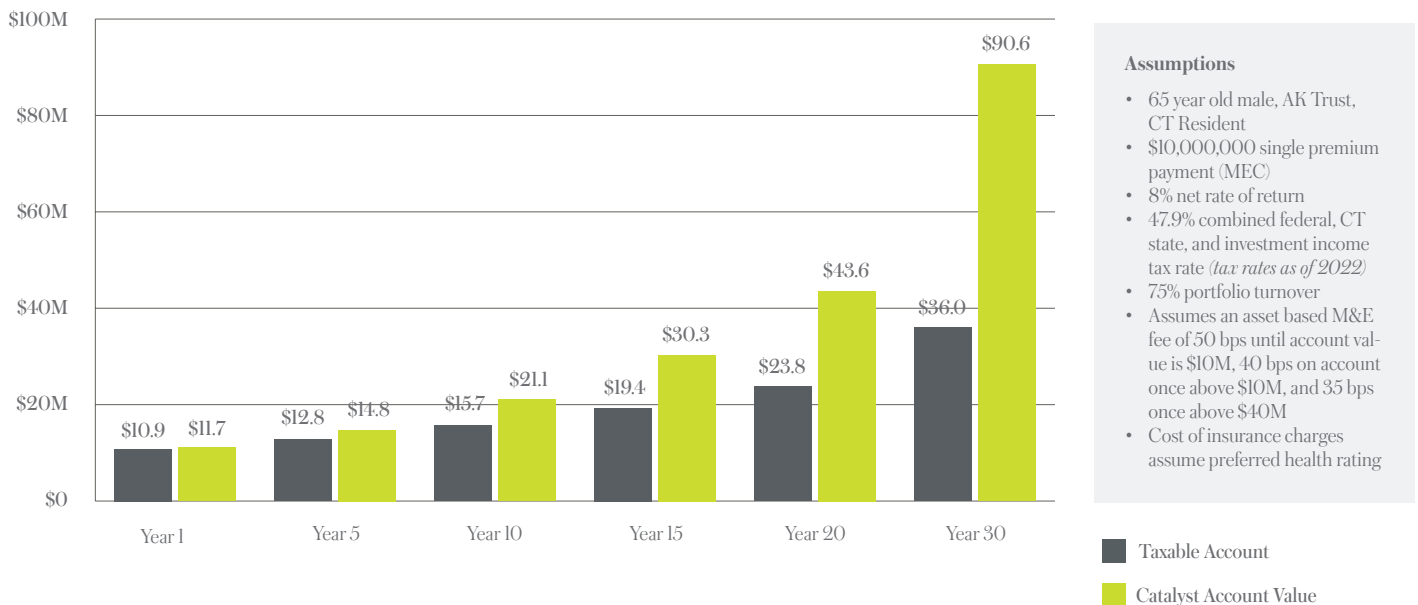
Goals

- Client wants to transfer wealth transfer to future generations
- Minimize burden of taxes on investment growth
- Flexibility to change investment allocations and managers throughout life of structure
- Eliminate K-1s from from underlying issuers

A Solution

- Invest through a Private Placement life Insurance Policy (Catalyst)

TAX COMPARISON



For illustrative purposes only. Every situation will vary. Prospective clients should consult their own independent legal and tax advisors for advice in light of their particular situations. This is not an offer to sell or a solicitation of an offer to buy an investment or insurance product.

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ABOUT LOMBARD INTERNATIONAL

Lombard International has been partnering with the advisers of high-net-worth individuals and institutions for over 30 years.

We are the largest Private Placement insurance provider in the US and globally.

Assets under administration²

\$67.4 bn

2. As of December 31, 2021.



Global team of **500+**

Client Services professionals

100+

60+

Technical experts in Structuring, tax law and non-traditional assets

40+
Nationalities



30+
Languages spoken

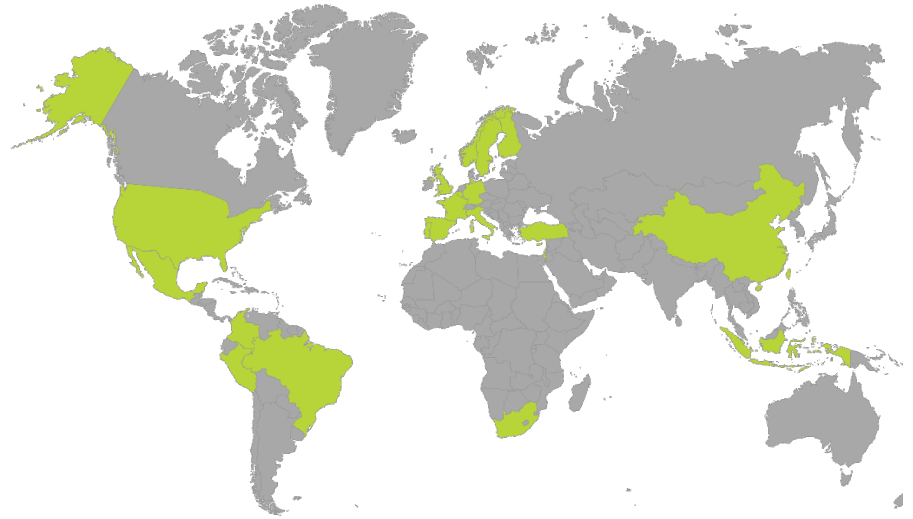
Our global capability

Group markets

- Belgium
- Brazil
- Colombia
- China
- Cyprus
- Finland
- France
- Germany
- Indonesia
- Israel
- Italy
- Luxembourg
- Mexico
- Norway
- Peru
- Portugal
- South Africa
- Spain
- Sweden
- Taiwan
- Turkey
- United Kingdom
- United States

Group presence

- Bermuda
- Brussels
- Geneva
- Guernsey
- London
- Lugano
- Luxembourg
- Miami
- Milan
- New York
- Paris
- Philadelphia
- Rome
- Singapore
- Zurich



Disclosures

This document is for use with intermediaries (e.g. financial, legal and tax professionals) only. Not for use with retail investors or the general public. This document has been prepared solely for informational purposes only and is not to be construed as an offer to sell or a solicitation of an offer to buy any financial instrument. Variable insurance products issued by Lombard International Life Assurance Company, and distributed through affiliate, Lombard International Distribution Company, Member FINRA. Products offered by Lombard International Life Assurance Company, and their affiliates are intended for eligible investors who are "Accredited Investors" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, including "Institutional Investors" as defined in FINRA 2210(a)(4) and, in some cases, "Qualified Purchasers" as defined in Section 2(a)(51) under the Investment Company Act of 1940, as amended. Any products referenced herein may not be suitable for all persons. Products not available in all states. This information is not intended to constitute legal, tax or investment advice. Please consult with a qualified advisor for professional advice.

¹ Important Catalyst considerations:

- Client is encouraged to engage a legal professional
- Changes to the original policy may impact the offering
- Additional fees and charges may be incurred
- Jurisdiction restrictions may be imposed
- Insurance carrier qualification and policy types may be required



LOMBARD
INTERNATIONAL



Making
legacy
count



Our **Group** at a
Glance

Our **Group** at a Glance



Assets under administration

\$65.1 bn

as of June 30, 2021

20+

We offer **global connectivity** across Asia, Europe, Latin America and the United States, serving over 20 markets.

30+
years

We have **30 years'** **experience** working hand-in-hand with our growing network of advisory partners around the world.



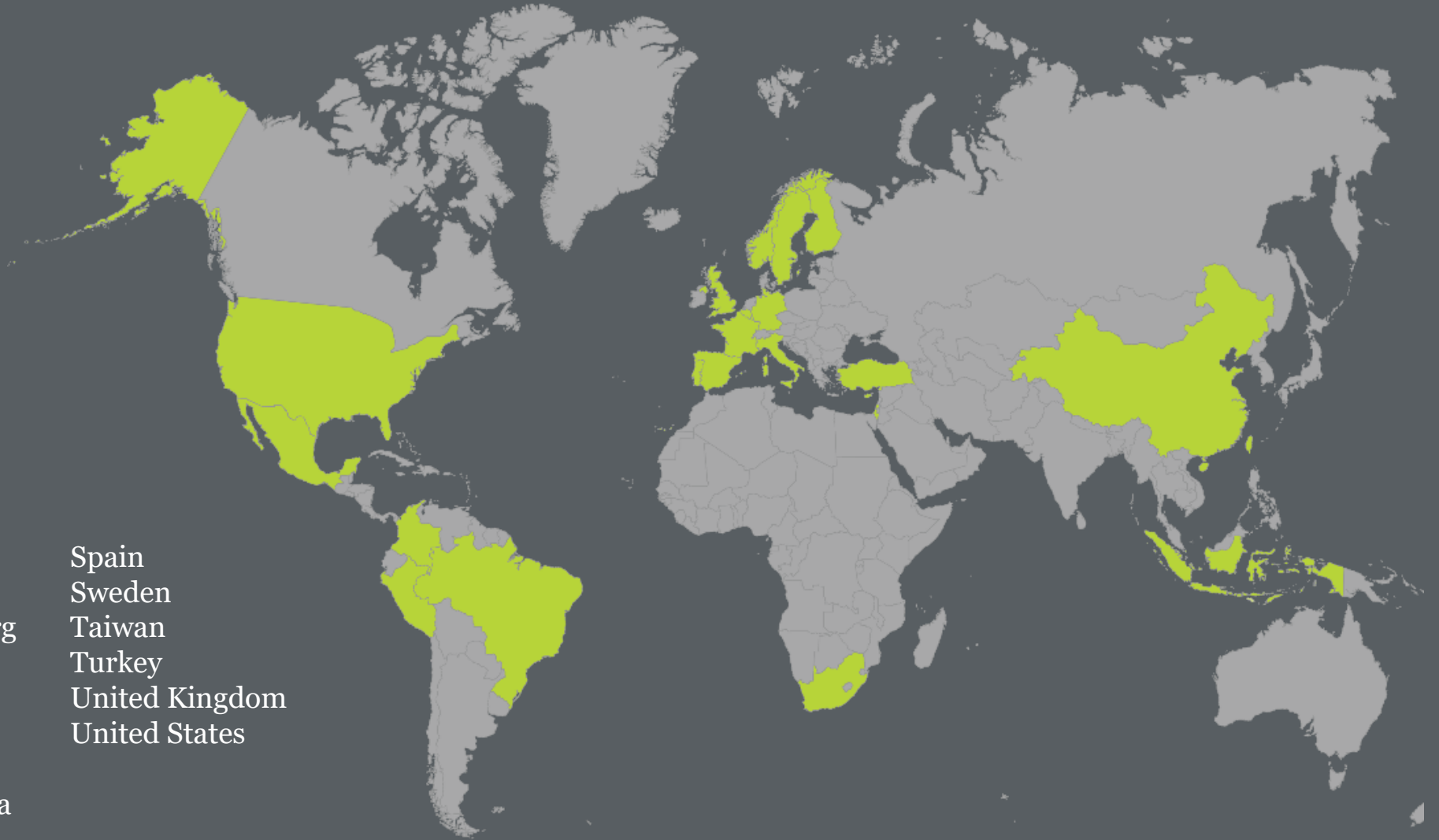
Global team of

500+

including **60+** technical experts in structuring, tax law and non-traditional assets

A **Blackstone**
Portfolio Company

Our **Global** Capability – Group Markets



- | | | |
|----------|--------------|----------------|
| Belgium | Israel | Spain |
| Brazil | Italy | Sweden |
| Colombia | Luxembourg | Taiwan |
| China | Mexico | Turkey |
| Cyprus | Norway | United Kingdom |
| Finland | Peru | United States |
| France | Portugal | |
| Germany | South Africa | |



Our **Global** Capability – Group Presence



- 1. New York
- 2. Philadelphia
- 3. Bermuda
- 4. Miami

- 5. London
- 6. Guernsey
- 7. Brussels
- 8. Luxembourg

- 9. Paris
- 10. Geneva
- 11. Lugano
- 12. Zurich

- 13. Milan
- 14. Rome
- 15. Hong Kong
- 16. Singapore

What Drives Us

- Private wealth has a material impact on the world in which we live.
- It fuels the global economy. It funds innovation. It furthers charitable endeavors.
- We aim to ensure that our clients' assets are protected and preserved so that they can be passed on.



At Lombard
International,
we make
legacy count.

Our Commitment to **Partnership**

For 30 years we have developed long-term partnerships with our clients' closest advisors. We pride ourselves on our close and regular collaboration and communication.

In an uncertain world, against a background of dynamic financial markets and shifting regulatory regimes, we believe that our combined expertise and knowledge can meet the complex financial needs of clients with choice and flexibility.

Lombard International works closely with our partners to provide bespoke wealth solutions that can help our clients' wealth serve them now, and in the future.



Partnership underpins everything we do.



Our Approach

Our Approach



Partnership

We work hand-in-hand with our clients' most trusted advisors and partners to understand their wealth planning needs and help them define the financial footprint they wish to leave behind.



Experience

With 30 years of experience focused on private placement insurance products, we have a proven track record of delivering solutions to even the most complex issues.



Expertise

We have in-house wealth structuring, legal and client servicing experts offering knowledge in wealth planning. We provide a highly specialized, authoritative perspective in an increasingly uncertain world.



Discipline

Discipline is core to our success and to our longevity in this industry. Our integrity drives us both in terms of solutions we offer and in the way we run our operations. We think long term.



Our Value Proposition:
to Protect, Preserve
and Pass on

Our Value Proposition



We are independent and committed to an open-architecture approach. This offers our partners and clients the benefits of choice and flexibility.



Wealth planning



Broad range
of asset classes



Service
excellence



Global
capability



Disclaimer

This document is for use with intermediaries (e.g. financial, legal and tax professionals) only. Not for use with retail investors or the general public. This document has been prepared solely for informational purposes only and is not to be construed as an offer to sell or a solicitation of an offer to buy any financial instrument. Variable insurance products issued by Lombard International Life Assurance Company, and distributed through affiliate, Lombard International Distribution Company, Member FINRA. Products offered by Lombard International Life Assurance Company, and their affiliates are intended for eligible investors who are “Accredited Investors” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, including “Institutional Investors” as defined in FINRA 2210(a)(4) and, in some cases, “Qualified Purchasers” as defined in Section 2(a)(51) under the Investment Company Act of 1940, as amended. Any products referenced herein may not be suitable for all persons. Products not available in all states. This information is not intended to constitute legal, tax or investment advice. Please consult with a qualified advisor for professional advice.



LOMBARD
INTERNATIONAL
GROUP

30 years of making legacy count

About Lombard International Group

Facts and figures

Lombard International Group ('the Group') is a leading global provider of wealth, estate and succession planning solutions with over 30 years' experience. The Group serves over 20 markets across Asia, Europe, Latin America and the United States, providing multi-jurisdictional unit-linked life insurance, with a deep understanding of local regulations, cultures and attitudes.

Group assets under administration were \$67.4 billion as of 31 December 2021. The Group's global team of over 500 includes more than 60 technical experts and over 100 client services professionals delivering an excellent level of service, specializing in multiple jurisdictions. For further information about Lombard International Group visit: www.lombardinternational.com.

Funds sponsored by the Tactical Opportunities business of Blackstone acquired Lombard International Assurance S.A., and subsequently Philadelphia Financial Life Assurance Company, and their affiliates, to create Lombard International Group in 2015. Blackstone is one of the world's leading investment firms with \$915 billion in assets under management as of 31 March 2022.

Our group at a glance

Our solutions:

To protect, preserve & pass on



Protection and transfer of wealth



Planning for international families



Investment flexibility



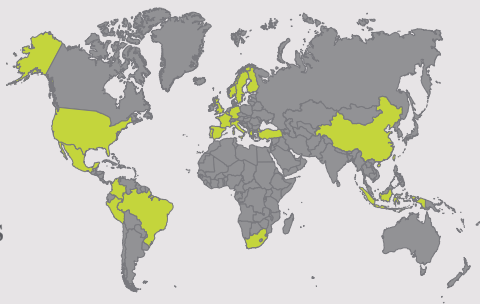
Liquidity planning



Solutions for corporate and institutional investors

Global capability

Presence in
16 cities across
the world,
serving
over 20 markets



Group presence

- | | | |
|---------------|------------|------------------|
| 1. Hong Kong | 7. Paris | 13. New York |
| 2. Singapore | 8. Geneva | 14. Philadelphia |
| 3. London | 9. Zurich | 15. Bermuda |
| 4. Guernsey | 10. Lugano | 16. Miami |
| 5. Brussels | 11. Milan | |
| 6. Luxembourg | 12. Rome | |



Assets under
administration¹

\$67.4 bn



200 + Custodian
Banks



900 + Investment
Managers

Financial Strength Ratings²

'A' by Kroll³

'A-' by AM Best⁴

30+
years

#2

Ranked insurance carrier in
variable universal life (VUL)
premium sales in the U.S.⁵



Global
team of **500+**

60+

Technical experts in
wealth structuring, tax law
and non-traditional assets⁶

Client Services
professionals

100+

40+
Nationalities



30+
Languages spoken

¹ Information present as of December 31, 2021.

² The ratings apply to the Lombard International Group's U.S., Bermuda and Europe carriers.

³ Information present as of November 2021.

⁴ Information present as of February 2022.

⁵ Source: LIMRA U.S. Retail Individual Life Insurance Sales Participant Report, Second Quarter 2020 Year-to-Date

⁶ Use of non-traditional assets available in certain jurisdictions.

Meet the team

Distribution



Sandy Geyelin, CFA
Executive Managing Director



Travis Burke, TEP, CFP®
Managing Director



Peter Duryea
Senior Managing Director



Nathan Mazzapica
Managing Director



Juan Roberto Job
Senior Managing Director



Addison West
Managing Director



Wealth Structuring Solutions



Thomas Boczar
Senior Managing Director



Disclaimer

This document was produced by entities comprised within the Lombard International Group, in August 2021. Its content is intended for informational purposes only and is not to be construed as a solicitation or an offer to buy or sell any life assurance product. Neither is the information contained herein intended to constitute any form of legal, fiscal or investment advice. It should therefore only be used in conjunction with appropriate independent professional advice obtained from a suitable and qualified source. Acceptance of the proposal signed by the client remains at the discretion of the entities comprised within the Lombard International Group.

The overview of tax rates is indicative and is directed towards high net worth investors. The tax

rates are therefore those levied on substantial portfolios. The rates and bases of taxation are liable to change.

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affiliates are intended for eligible investors who are "Accredited Investors" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, including "Institutional Investors" as defined in FINRA 2210(a)(4) and, in some cases, "Qualified Purchasers" as defined in Section 2(a)(51) under the Investment Company Act of 1940, as amended. Any products referenced herein may not be suitable for all persons. Products not available in all states. This information is not intended to constitute legal, tax or investment advice. Please consult with a qualified advisor for professional advice.

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Partnering with Lombard International

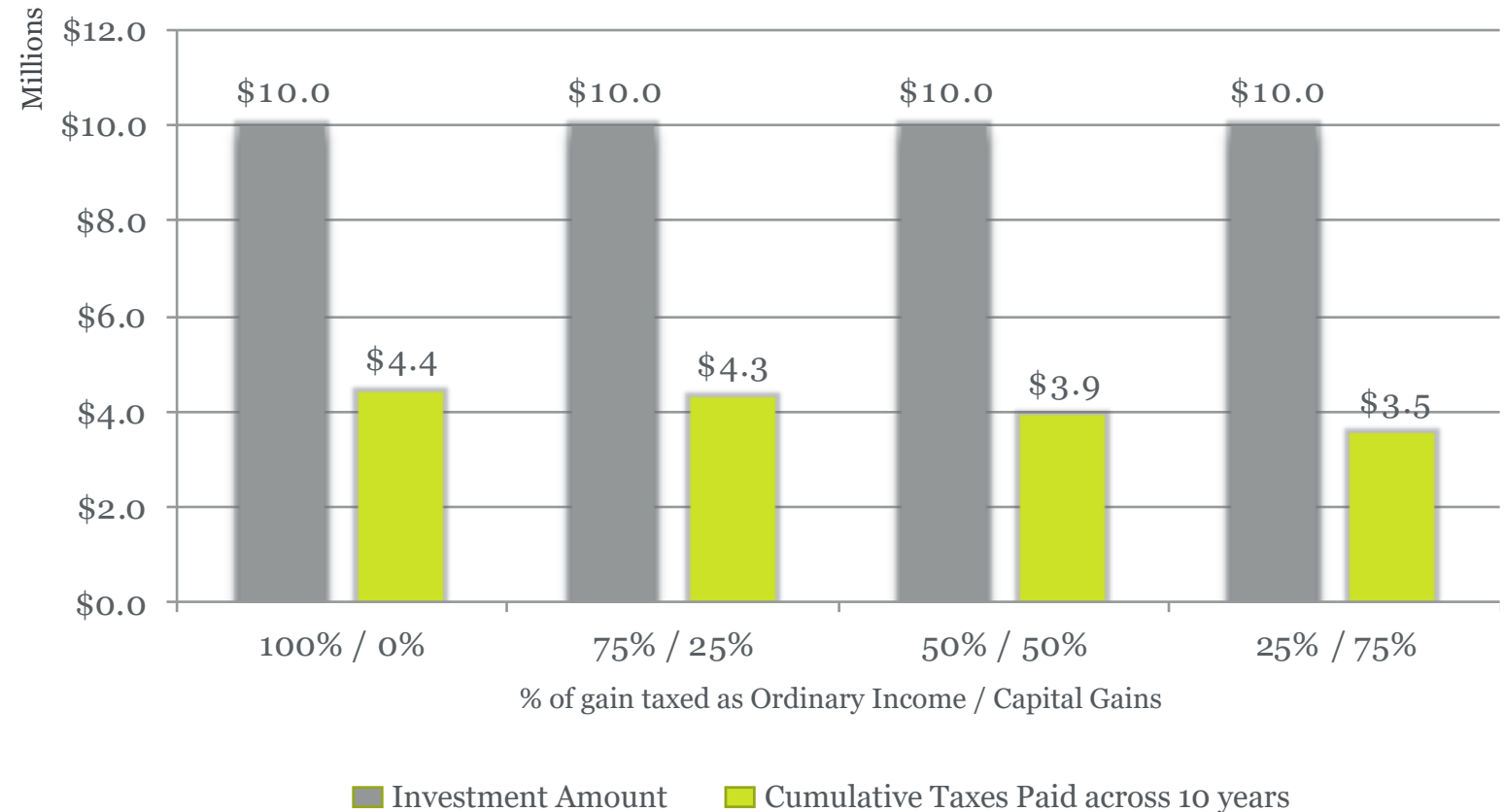
Challenges Clients Face



Affect of Taxes on a Clients' Investment



After only ten years, a ten million dollar investment generates significant taxes, regardless of various portfolio turnovers.



Assumes a taxable investment account with gross investment return of 9% on an input schedule of \$2.5M for four years; with an Investment Management fee of 1.5%, and the following taxes: Federal Income tax of 37%, Federal Capital gains tax rate of 20%, ACA taxes of 3.8%, and CT state income tax of 6.99%.

For illustrative purposes only. Based on 2021 tax rates.

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Solutions

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Lombard International Catalyst[®] to utilize existing in-force insurance policies for tax deferred compounding with ultimate transfer of assets income tax-free:

- Optimizes traditional insurance and leverages policies into a customized private placement insurance structure
- Takes advantage of existing permanent life coverage
- No underwriting
- Tax free transfer of assets at death
- Flexible structure to accommodate liquidity needs of the policyholder
- Ability to select from a platform of investment options

**see important Catalyst disclosure on page 22.*

Private Placement Variable Annuity (PPVA) for tax deferred compounding in a simple, low cost structure:

- Purely an uncapped deferral product
- No surrender charges
- Unlike an IRA, which is capped, no required minimum distributions at 72*
- Distributed gains above basis are taxed at ordinary income for individual beneficiaries
- Passes tax free to family foundation or tax-exempt entity
- No limits on amount or timing of contributions; no underwriting
- 10% penalty on gains if withdrawn prior to 59 ½ years old
- Ability to select from a platform of investment options

Private Placement Life Insurance (PPLI) Insurance for tax deferred compounding used in connection with estate planning to transfer assets income tax-free:

- No surrender charges
- Tax free transfer of assets at death
- Flexible structure to accommodate liquidity needs of the policyholder
- Access to cash via tax favored loans for life of policy (with no penalty) from non-Modified Endowment Contract policies
- Allows for multiple family members to get maximum dollars into policies and out of the estate
- Ability to select from a platform of investment options

*70 ½ if you reach 70 ½ before January 1, 2020

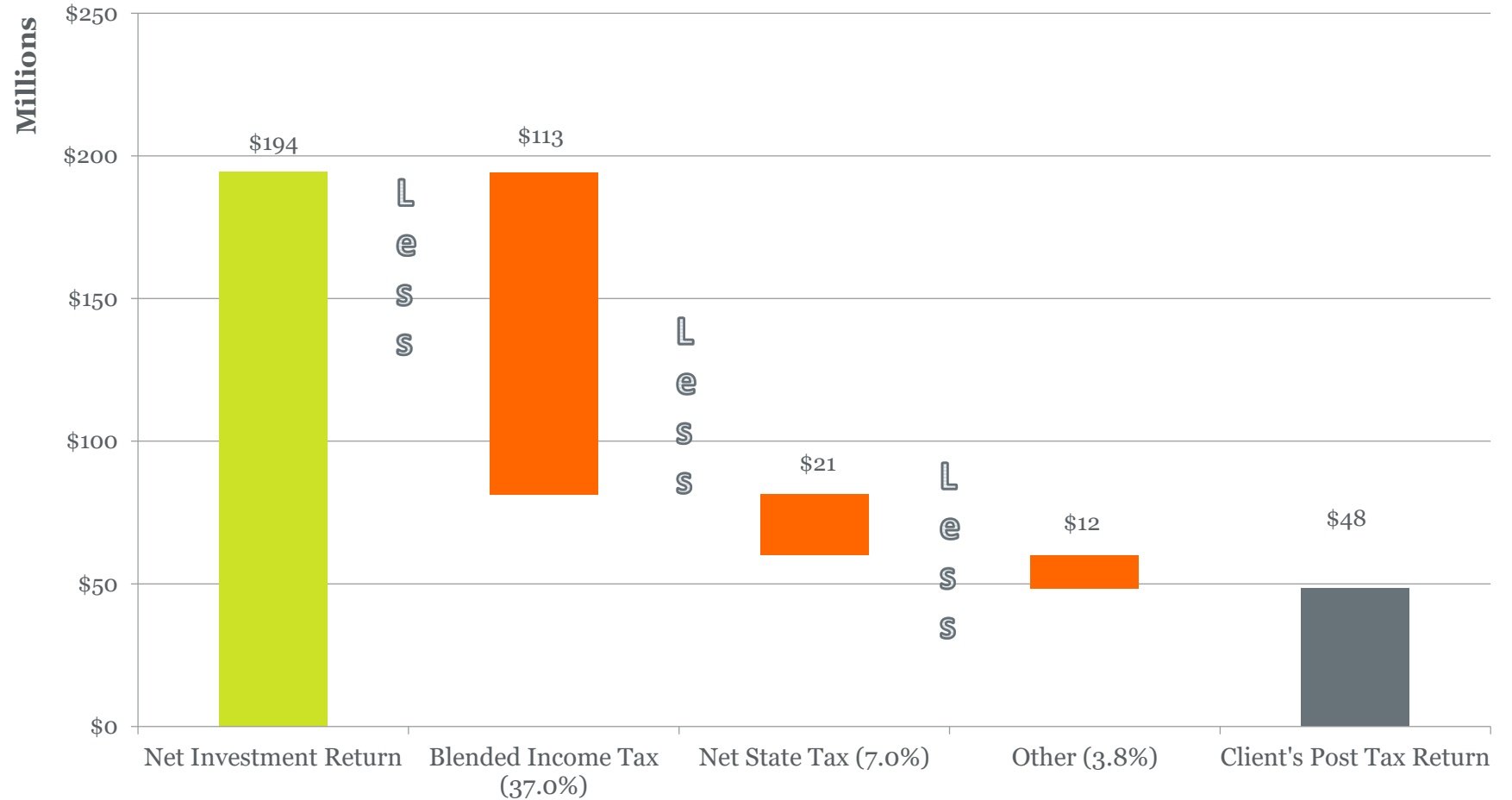
As variable products, the value of a policy increases or decreases with performance of the investments supporting the policy. Lombard International does not guarantee any investment performance and policyholder bears all investment risk. Investment options are only available through the purchase of variable annuity contracts or variable life insurance policies offered by life insurance companies.

Tax Comparison



U.S. Taxable Client:
Assumes a \$10M PPLI investment, made over four years, that generates an 8% return, net of fees, for 40 years.

Over the 40 year period, the client loses over 75% of potential investment gains due to taxation.



Assumptions:

- 1) The comparison assumes hypothetical \$10 million investment comprised of four annual payments of \$2.5M assuming an 8% return net of investment management fees
- 2) Investment is taxed at than effective ordinary income rate of 47.79%; consisting of Federal income tax of 37%, CT State income tax of 6.99%, Federal Capital gains tax rate of 20%, and ACA taxes of 3.8%.
- 3) The investment is assumed to be an Investor Fund for tax purposes and therefore investment management fees of 1.5% per annum are not tax deductible
- 4) PPLI policy assumes four premium payments of \$2.5M each, issued in SD for a 50 year old male with preferred underwriting.
- 5) PPLI fees include a premium based distribution charge of 10bps as well as an asset based M&E fee of 60bps per annum until account value is \$10M, 50bps per annum on account once above \$10M, and 45bps per annum on account once above \$40M
- 6) Blended tax rate assumes 100% of return subject to ordinary income tax rates and 0% subject to capital gains tax rates
- 7) For PPLI, assumes Cost of Insurance expense for a 50 Year Old Male receiving a preferred health rating.
- 8) For PPLI, assumes Cost of Insurance expense for a 50 Year Old Male receiving a preferred health rating.

For illustrative purposes only. Based on 2021 tax rates.

Tax Comparison



Private placement variable insurance product policyholder:
Assume the same investment of \$10M that generates an 8% return for 40 years inside either a PPVA or PPLI, net of expenses and fees, for 40 years.

Over the 40 year period, the investment inside a PPVA would result in \$90M of value, inside a PPLI would result in \$146M and if inside a PPVA left to charity, \$164M.



Assumptions:

- 1) The comparison assumes hypothetical \$10 million investment comprised of four annual payments of \$2.5M assuming an 8% return net of investment management fees
- 2) Investment is taxed at than effective ordinary income rate of 47.79%; consisting of Federal Income tax of 37%, CT State Income tax of 6.99%, Federal Capital gains tax rate of 20%, and ACA taxes of 3.8%.
- 3) The investment is assumed to be an Investor Fund for tax purposes and therefore investment management fees of 1.5% per annum are not tax deductible
- 4) PPLI policy assumes four premium payments of \$2.5M each, issued in SD for a 50 year old male, preferred underwriting.
- 5) PPVA fees assume an asset based M&E fee of 60bps per annum until account value is \$10M, 50bps per annum on account once above \$10M, and 45bps per annum on account once above \$40M
- 6) PPLI fees include a premium based distribution charge of 10bps as well as an asset based M&E fee of 60bps per annum until account value is \$10M, 50bps per annum on account once above \$10M, and 45bps per annum on account once above \$40M
- 7) Blended tax rate assumes 100% of return subject to ordinary income tax rates and 0% subject to capital gains tax rates
- 8) For PPLI, assumes Cost of Insurance expense for a 50 Year Old Male receiving a preferred health rating.

For illustrative purposes only. Based on 2021 tax rates.

Product Specifications



Estate and Operational Benefits



Income & Estate Planning Benefits	Taxable Investments	Traditional Private Placement Life Insurance	Catalyst Private Placement Life Insurance	Private Placement Variable Annuity
Tax Deferral	No	Yes	Yes	Yes
Income Tax Elimination	No	Yes*	Yes*	Yes (if tax-exempt beneficiary)
Estate Tax Elimination	No	Yes (dependent on ownership structure)	Yes (dependent on ownership structure)	Yes (if tax-exempt beneficiary)
Exempt from Generation Skipping Tax	No	Yes (dependent on ownership structure)	Yes (dependent on ownership structure)	No
Estate Planning Applications	No	Yes	Yes	Yes (if tax-exempt beneficiary)
Protected from Insurance Company Creditors	N/A	Yes	Yes	Yes

Operational Benefits	Taxable Investments	Traditional Private Placement Life Insurance	Catalyst Private Placement Life Insurance	Private Placement Variable Annuity
Annual K-1 Reporting	Yes	No	No	No
Ability to Borrow Against Policy Cash Value	N/A	Yes**	Yes**	No
Ability to Withdraw Principal Tax Free***	No	Yes**	Yes**	No
Provides Death Benefit	No	Yes	Yes	No
Requires Medical Underwriting	No	Yes	No	No

*If policy held until insured's death.

**If life insurance policies structured as non-Modified Endowment Contracts (MEC); if policy is structured as a MEC, principal is withdrawn tax-free last, similar to a variable annuity.

***Withdrawals may be subject to recapture ceiling.

PPVA Product Specifications



Product Terms

Private Placement Variable Annuity	Flexible Premium Deferred Variable Annuity Accredited Investors and Qualified Purchasers Only		
Minimum Aggregate Premium Commitment	\$500,000		
Issue Ages	0-85		
Maturity Age	85		
Mortality & Expense Charge <i>(includes agent trail commission)</i>	Applied to Total Account Value:	\$1 - \$10 M >\$10M; <\$40M \$40M+	0.50% 0.40% 0.35%
Compensation <i>(agent's upfront compensation)</i>	Applied on Deposit of Premium: 0.00%		
Federal DAC Tax	No charge on premiums		
Premium Tax	State-specific based on policy owner		
Death Benefit	Account Value		
Withdrawals	Subject to liquidity restrictions of underlying funds and/or managers		
Surrender Charges	None		
State Availability	Available in all states but New Hampshire & New York*		

* Various options available to address.

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PPLI Product Specifications



Product Terms

Private Placement Life Insurance	U.S. IRC § 7702 Tax Compliant Life Insurance Flexible Premium Variable Universal Life Insurance Accredited Investors and Qualified Purchasers Only		
Minimum Aggregate Premium Commitment	\$1,000,000		
Issue Ages	0-85		
Maturity Age	120		
Mortality & Expense Charge <i>(includes agent trail commission)</i>	Applied to Total Account Value:	\$1 - \$10 M >\$10M; <\$40M \$40M+	0.50% 0.40% 0.35%
Compensation <i>(agent's upfront compensation)</i>	Applied on Deposit of Premium: 0.10%		
Underwriting Fee	Single Life: \$2,000	Joint Life: \$3,000	
Federal DAC Tax	1.00% on paid premium		
Premium Tax	State-specific percentage of premium		
Cost of Insurance Rates	Based on age, gender and health history		
IRC §7702 Life Insurance Tests	Guideline Premium and Cash Value Accumulation Test		
Death Benefit	Level and Increasing		
Withdrawals	Subject to liquidity restrictions of underlying funds and/or managers		
Surrender Charges	None		
State Availability	Available in all states but New York & Montana		

Lombard International Catalyst[®] Product Specifications¹



Product Terms

Private Placement Life Insurance	U.S. IRC § 7702 Tax Compliant Life Insurance Flexible Premium Variable Universal Life Insurance Accredited Investors and Qualified Purchasers Only		
Minimum Aggregate Premium Commitment	\$1,000,000		
Issue Ages	0-85		
Maturity Age	120		
Mortality & Expense Charge <i>(includes agent trail commission)</i>	Applied to Total Account Value:	\$1 - \$10 M >\$10M; <\$40M \$40M+	0.50% 0.40% 0.35%
Compensation <i>(agent's upfront compensation)</i>	Applied on Deposit of Premium: 0.10%		
Federal DAC Tax	1.00% on paid premium		
Premium Tax	State-specific percentage of premium		
Capital Account Contribution	Varies based on Client / Case Specific		
IRC §7702 Life Insurance Tests	Guideline Premium and Cash Value Accumulation Test		
Death Benefit Options	Increasing (Option 2)		
Withdrawals	Subject to liquidity restrictions of underlying funds and/or managers		
Surrender Charges	None		
State Availability	Alaska, South Dakota & Wyoming		
Underlying Insurance Policy(ies)	"A" Rated or Better Insurance Carriers		

¹ See important disclosures on page 22.

Enrollment Process



PPVA Implementation Process



Process	Responsible Parties	Time Period*
STEP 1 – Identify Prospective Client (<i>eligible investor</i>) <i>Advisor contacts Lombard International and provide general information about client via Case Profile.</i>	Advisor / Agent	< 1 Week
STEP 2 – Application Kit Preparation & Delivery <i>Lombard International provides Advisor with Application Kit via preferred medium (Wet Signature & DocuSign both available.) Advisor reviews program and completes application with client information that is sent to the policy owner to review and endorsement. Once all parties have signed, completed application is returned back Lombard for final review and issuance.</i>	Lombard / Agent / Client	< 1 Week
STEP 3 – Application Kit Reviewed	Lombard	< 1 Week
STEP 4 – Complete Investment Account Opening Documents	Lombard / Advisor	< 1 Week
STEP 5 – Receive Funds <i>New Money: Client sends check or wires premium amount via wire instructions to Lombard International for new premium.</i> <i>1035 Exchange: Lombard International sends 1035 paperwork to existing insurance carrier for 1035 exchanges.</i>	Lombard / Client	< 1 Week
STEP 6 – Issue / Deliver Policy <i>Currently the policy is sent via email and hardcopy through the mail. In the future, communications may be available through an online portal.</i>	Lombard / Advisor / Agent	< 1 Week
STEP 7 – Fund Investment	Lombard / Advisor	< 1 Week
Total Elapsed Time	New Money	< 1 Week
	1035 Exchange	< 2 Weeks

* Time frames may vary.

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PPLI Implementation Process



Process	Responsible Parties	Time Period*
STEP 1 – Identify Prospective Client <i>Contact Lombard International and provide general information about client via Case Profile.</i>	Advisor / Agent	1-2 Weeks
STEP 2 – Policy Planning <i>Identification of owners and beneficiaries.</i>	Lombard / Advisor / Agent / Client	1-2 Weeks
STEP 3 – Initiate Life Kit <i>Send Initiate Life Underwriting kit to the policy owner or to the Advisor to deliver to client for signature.</i>	Lombard / Advisor / Agent / Client	< 1 Week
STEP 4 – Complete Life Underwriting Kit Returned	Lombard	< 1 Week
STEP 5 – Underwriting <i>Medical and financial underwriting performed.</i>	Lombard	3-6 Weeks
STEP 6 – PPLI Application Kit <i>Lombard International send application, PPLI PPM and other documentation to the Advisor to deliver to client for signature.</i>	Lombard / Advisor / Agent	< 1 Week
STEP 7 – Completed Application Kit Returned	Lombard	< 1 Week
STEP 8 – Review Application Kit <i>Lombard International reviews application kit to ensure it is in good order.</i>	Lombard	< 1 Week
STEP 9 – Prepare Investment Account Opening/Subscription Documents <i>Lombard International to complete forms for pending investment.</i>	Lombard / Advisor	< 1 Week
STEP 10 – Issue / Deliver Policy <i>Lombard International issues policy and sends to the Advisor for client delivery.</i>	Lombard / Agent	< 1 Week
Step 11 – Receive Funds <i>New Money: Client sends check or wires premium amount via wire instructions to Lombard International for new premium. 1035 Exchange: Lombard International sends 1035 paperwork to existing insurance carrier for 1035 exchanges.</i>	Lombard / Advisor	< 1 Week
Step 12 – Fund Investment	Lombard	< 1 Week
Total Elapsed Time	New Money	8-10 Weeks
	1035 Exchange	10-12 Weeks

* Time frames may vary.

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Catalyst Implementation Process



Process	Responsible Parties	Time Period*
STEP 1 – Identify Prospective Client <i>Contact Lombard International and provide general information about client and inforce insurance policy(ies) via Case Profile.</i>	Advisor / Agent	1 Week
STEP 2 – Policy Planning <i>Identification of owners and beneficiaries.</i>	Lombard /Advisor / Agent / Client	1-2 Weeks
STEP 3 – Pre-Application Planning <i>Client establishes AK, SD or WY Entity, provides documentation to Lombard and takes steps to amend existing in-force Policies</i>	Lombard /Advisor / Agent / Client	1-2 Weeks
STEP 4 – Catalyst PPLI Application Kit <i>Lombard International sends final application, Catalyst PPLI PPM and other documentation to the Advisor to deliver to client for signature.</i>	Lombard /Advisor / Agent / Client	< 1 Week
STEP 5– Completed Application Kit Returned <i>Copy of the external policy, proof of ownership change (if applicable), and proof of designation of Lombard as irrevocable beneficiary and Interested Party to be included with returned application kit.</i>	Lombard / Agent / Client	< 1 Week
STEP 6 – Review Application Kit <i>Lombard International reviews application kit to ensure it is in good order.</i>	Lombard	< 1 Week
STEP 7 – Complete Investment Account Opening Documents <i>Lombard International to complete forms for pending investment.</i>	Lombard / Advisor	< 1 Week
STEP 8 – Issue / Deliver Policy <i>Lombard International issues policy and sends to the Advisor for client delivery.</i>	Lombard /Advisor / Agent / Client	< 1 Week
Step 9 – Receive Funds <i>New Money: Client sends check or wires premium amount via wire instructions to Lombard International for new premium.</i>	Lombard / Advisor	< 1 Week
Step 10 – Fund Investment	Lombard	< 1 Week
Total Elapsed Time		8-10 Weeks

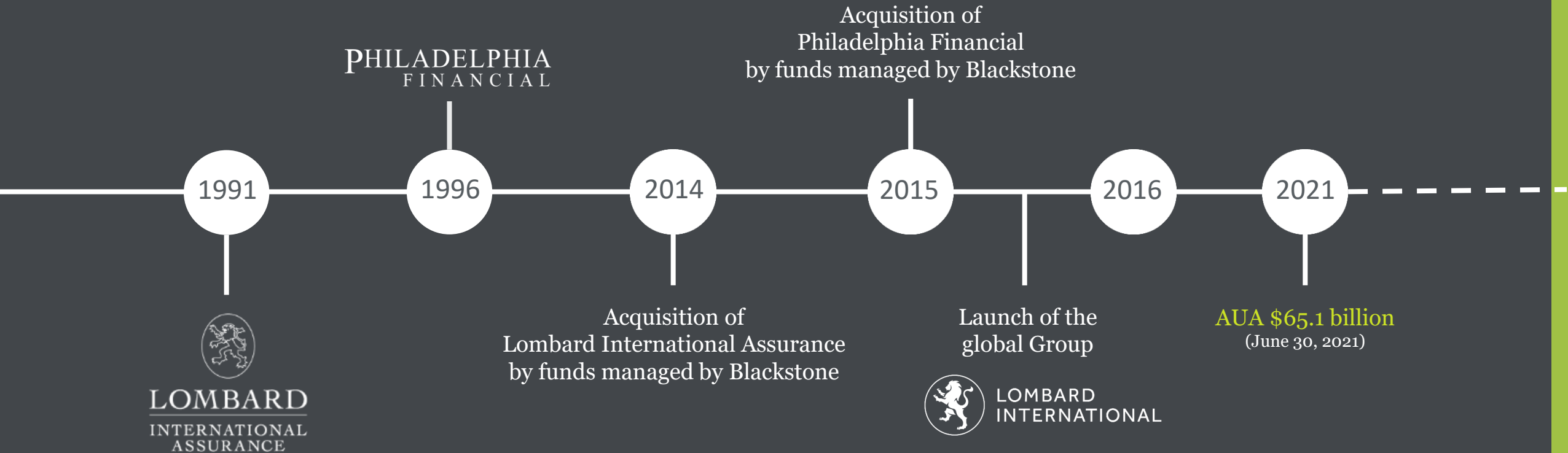
* Time frames may vary.

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Lombard International Overview



Our first 30 years





Assets under administration¹

\$65.1 bn

20+
markets

We offer **global connectivity** across Asia, Europe, Latin America and the United States, serving over 20 markets

30
years

We have **30 years' experience** working hand-in-hand with our growing network of private wealth and institutional investment partners around the world

Global team of **500+**

60+ Technical experts in wealth structuring, tax law and alternatives/non-traditional assets²

40+ Nationalities **30+** Languages spoken

100+ Client Services professionals

1. As of 30 June 2021. 2. Use of alternatives/non-traditional assets available in certain jurisdictions.

Our **global** presence



- 1. New York
- 2. Philadelphia
- 3. Bermuda
- 4. Miami

- 5. London
- 6. Guernsey
- 7. Brussels
- 8. Luxembourg

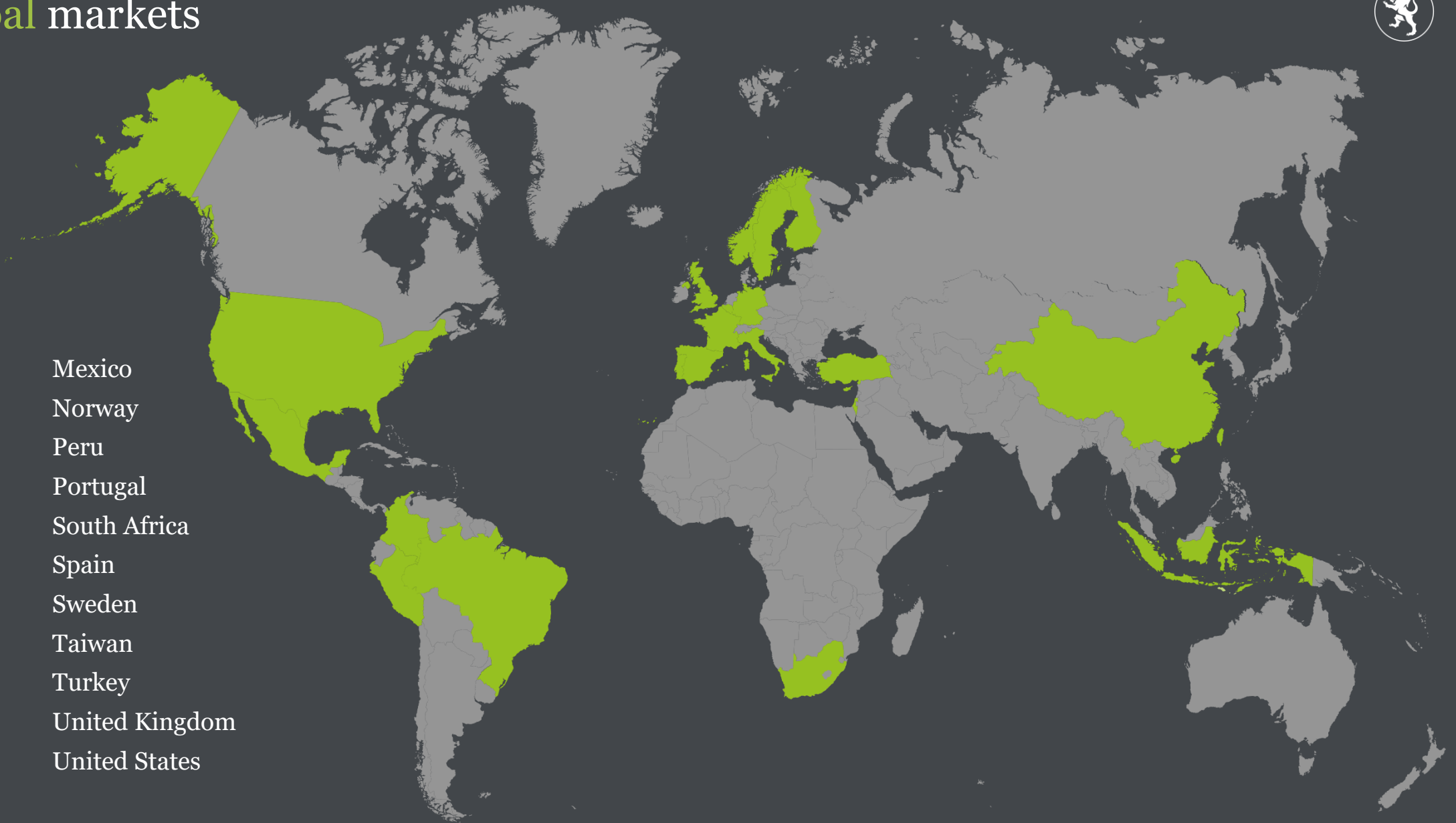
- 9. Paris
- 10. Geneva
- 11. Zurich
- 12. Lugano

- 13. Milan
- 14. Rome
- 15. Hong Kong
- 16. Singapore

Our global markets



- Belgium
- Brazil
- Colombia
- China
- Cyprus
- Finland
- France
- Germany
- Indonesia
- Israel
- Italy
- Luxembourg
- Mexico
- Norway
- Peru
- Portugal
- South Africa
- Spain
- Sweden
- Taiwan
- Turkey
- United Kingdom
- United States



Disclosures



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Important Catalyst considerations:

- Client is encouraged to engage a legal professional
- Changes to the original policy may impact the offering
- Additional fees and charges may be incurred
- Jurisdiction restrictions may be imposed
- Insurance carrier qualification and policy types may be required

Private Placement Life Insurance (PPLI) Overview



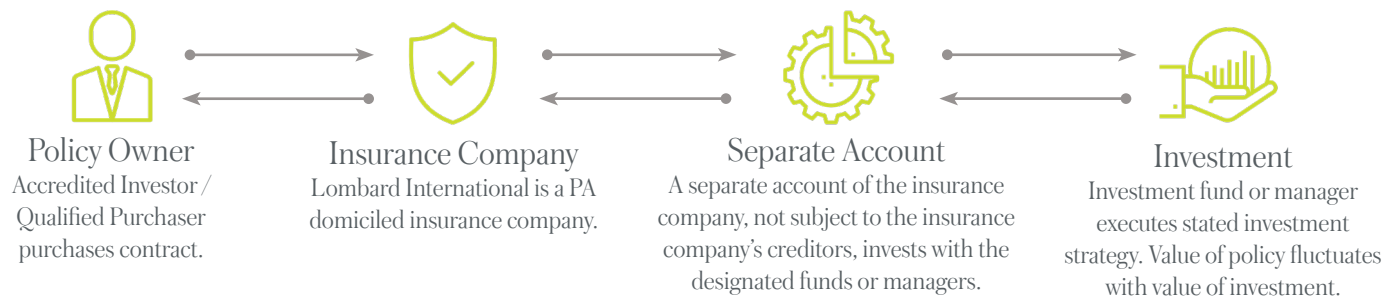
Lombard International's Private Placement Life Insurance (PPLI) is a wealth planning tool used by family offices and high-net-worth individuals to invest in a tax efficient manner and transfer wealth to future generations more effectively.

With PPLI, the client contributes cash to a policy and instructs the insurance company to make investments. The investments / assets are held in a separate account of the insurance company (not subject to insurance company credit risk) for the benefit of the policy. By virtue of being an insurance policy, the gains/returns on the investments accumulate on a tax-deferred basis and are distributed income tax-free to beneficiaries as a death benefit when the insured passes. During the lifetime, the investment value will vary in accordance with the performance of the underlying investments.

FEATURES & CONSIDERATIONS

- Tax deferral of all investment gains and distributions, with account value ultimately being paid out as income tax free death benefit
- Elimination of K-1s from underlying investment issuers
- Access to cash via tax favored loans for life of the policy (with no penalty) from non-Modified Endowment Contract (non-MEC) policies
- Flexible structure to accommodate liquidity needs of the policyholder
- No surrender charges
- Clear and transparent pricing structure
- As variable products, the value of a policy increases or decreases with performance of the investments supporting the policy

STRUCTURE



Lombard International does not guarantee any investment performance and policyholder bears all investment risk. Investment options are only available through the purchase of variable annuity contracts or variable life insurance policies offered by life insurance companies.

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EXAMPLE OF USE

Client Background

- 50 year old male with a total net worth in excess of \$50 million with minimal insurance coverage in place
- Client lives in Connecticut
- Highest 2022 federal (37%) and state (6.99%) tax bracket and is subject to the net investment income tax (3.8%)

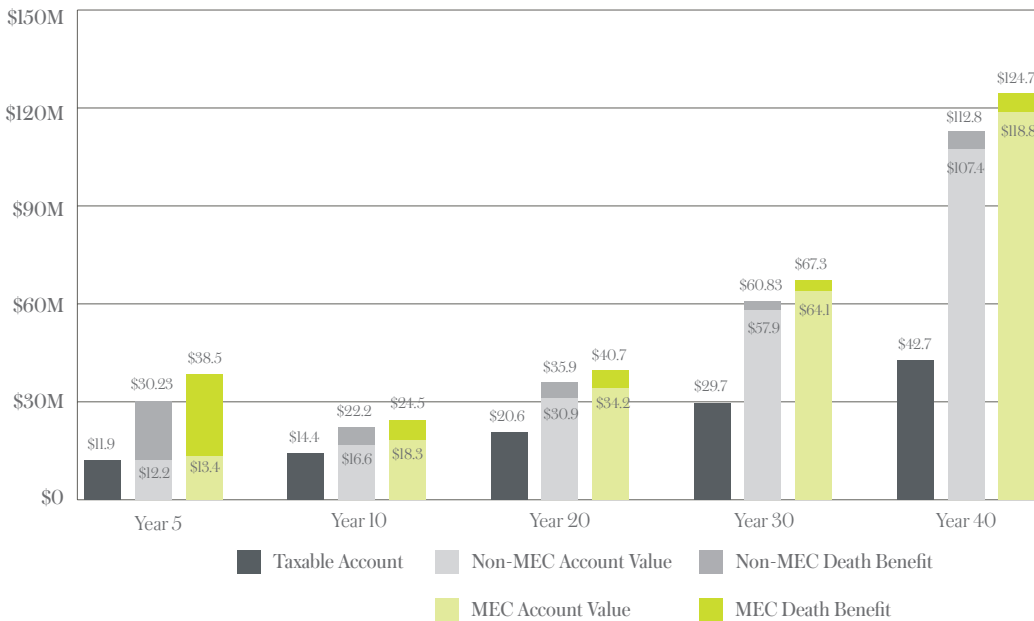
Goals

- Client wants to transfer wealth to future generations
- Minimize burden of taxes on investment growth
- Ability to access cash during lifetime income tax-free (Non-MEC structure)
- Retain investment flexibility

A Solution

- Invest through a PPLI policy

TAX COMPARISON



Assumptions

- 50 year old male, AK Trust, CT Resident
- \$10,000,000 premium over 4 years (non-MEC)
- \$10,000,000 single premium payment (MEC)
- 7% rate of return
- 47.9% combined federal, CT state, and investment income tax rate
- 75% portfolio turnover
- Assumes an asset based M&E fee of 50 bps until account value is \$10M, 40 bps on account once above \$10M, and 35 bps once above \$40M
- Cost of insurance charges assume preferred health rating

For illustrative purposes only. Every situation will vary. Prospective clients should consult their own independent legal and tax advisors for advice in light of their particular situations. This is not an offer to sell or a solicitation of an offer to buy an investment or insurance product.

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ABOUT LOMBARD INTERNATIONAL

Lombard International has been partnering with the advisers of high-net-worth individuals and institutions for over 30 years.

We are the largest Private Placement insurance provider in the US and globally.

Assets under administration¹

\$67.4 bn

1. As of December 31, 2021.



Global team of **500+**

Client Services professionals

100+

60+

Technical experts in Structuring, tax law and non-traditional assets

40+
Nationalities



30+
Languages spoken

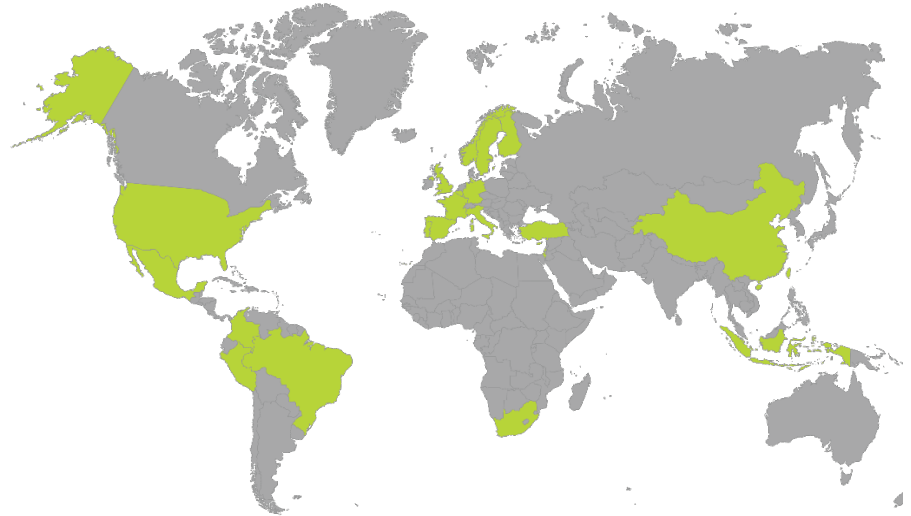
Our global capability

Group markets

- Belgium
- Brazil
- Colombia
- China
- Cyprus
- Finland
- France
- Germany
- Indonesia
- Israel
- Italy
- Luxembourg
- Mexico
- Norway
- Peru
- Portugal
- South Africa
- Spain
- Sweden
- Taiwan
- Turkey
- United Kingdom
- United States

Group presence

- Bermuda
- Brussels
- Geneva
- Guernsey
- London
- Lugano
- Luxembourg
- Miami
- Milan
- New York
- Paris
- Philadelphia
- Rome
- Singapore
- Zurich



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Private Placement Variable Life (PPVL)

Product Specifications



PRODUCT

Private Placement Variable Universal Life Insurance	U.S. IRC § 7702 Tax Compliant Life Insurance Flexible Premium Variable Universal Life Insurance Accredited Investors and Qualified Purchasers Only
Minimum Aggregate Premium Commitment	\$1,000,000

INVESTMENTS

Available Funds	Insurance Dedicated Funds on Lombard International Platform Variable Insurance Trusts on Lombard International Platform <i>(Please contact Lombard International for further information)</i>
Disclosure Information	Please read the Lombard International policy disclosure document, along with the disclosure document or prospectus of underlying investment funds for detailed policy and fund information.

PRODUCT FEATURES

Issue Ages	0-85						
Maturity Age	120						
Mortality & Expense Charge*	Applied to Total Account Value: <table border="0" style="margin-left: 20px;"> <tr> <td>\$1 to \$10 M</td> <td>0.40% to 1.25%</td> </tr> <tr> <td>>\$10M to <\$40M</td> <td>0.30% to 1.25%</td> </tr> <tr> <td>\$40M +</td> <td>0.25% to 1.25%</td> </tr> </table>	\$1 to \$10 M	0.40% to 1.25%	>\$10M to <\$40M	0.30% to 1.25%	\$40M +	0.25% to 1.25%
\$1 to \$10 M	0.40% to 1.25%						
>\$10M to <\$40M	0.30% to 1.25%						
\$40M +	0.25% to 1.25%						
Compensation*	Applied on Deposit of Premium: 0.00% to 3.50% of premium paid						
Underwriting Fee	Single Life: \$2,000; Joint Life: \$3,000						
Federal DAC Tax	1.00% on paid premiums						
State Premium Tax	State-specific percentage of premium						
Cost of Insurance Rates	Based on age, gender and health history						
IRC § 7702 Life Insurance Tests	Guideline Premium and Cash Value Accumulation Test						
Death Benefit Options	Level and Increasing						
Withdrawals	Subject to liquidity restrictions of underlying funds and / or managers						
Policy Loans	Loan rate of 4.60%, 4.00% guaranteed credited rate						
Surrender Charges	None						
State Availability	Available in all states but New York & Montana						

*Representative examples shown.

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