

Private Placement Life Insurance (PPLI) – Non-MEC

Description: PPLI is a life insurance policy designed for high net worth “qualified” investors. PPLI enables the investor to select asset management strategies that are not typically offered in retail life insurance products, including hedge funds and other alternative tax-inefficient asset classes. Earnings on policy investments are not taxable to the policy owner as they accumulate within the policy, and when the policy is structured as a non-Modified Endowment Contract, access to policy cash value is tax-free. Death benefit payments are also tax-free.

Taxable Investment versus PPLI

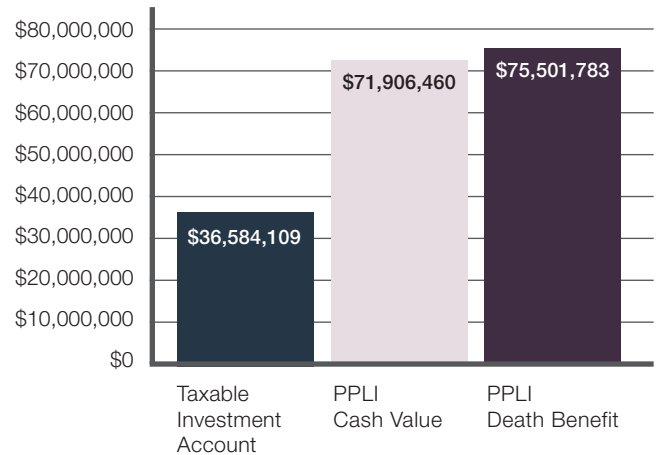
Four Annual Investments of \$ 2,500,000 - Non-MEC
Male, Age 45, Preferred Non-Smoker

Year	Age	Deposit	GROSS RETURN			TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE		
			Annual Return	Account Value	Internal Rate of Return	Account Value	Internal Rate of Return	Tax Cost	Subaccount Value	Internal Rate of Return	Death Benefit
1	45	\$2,500,000	7.00%	\$2,675,000	7.00%	\$2,605,000	4.20%	2.80%	\$2,604,845	4.19%	\$54,696,143
2	46	2,500,000	7.00%	5,537,250	7.00%	5,319,410	4.20%	2.80%	5,371,661	4.88%	57,462,959
3	47	2,500,000	7.00%	8,599,858	7.00%	8,147,825	4.20%	2.80%	8,311,291	5.22%	60,402,589
4	48	2,500,000	7.00%	11,876,848	7.00%	11,095,034	4.20%	2.80%	11,440,581	5.46%	63,531,879
5	49	–	7.00%	12,708,227	7.00%	11,561,025	4.20%	2.80%	12,119,293	5.59%	63,531,879
10	54	–	7.00%	17,823,946	7.00%	14,201,524	4.20%	2.80%	16,331,334	5.91%	25,640,195
20	64	–	7.00%	35,062,399	7.00%	21,429,505	4.20%	2.80%	30,869,654	6.27%	37,660,978
30	74	–	7.00%	68,973,045	7.00%	32,336,226	4.20%	2.80%	59,061,824	6.42%	63,196,152
40	84	–	7.00%	135,680,420	7.00%	48,794,011	4.20%	2.80%	113,334,697	6.50%	119,001,431

TAXABLE INVESTMENT VS. PPLI

Year	Difference between PPLI and Taxable Investment	Difference in Internal Rate of Return
1	\$(155)	-0.01%
2	52,251	0.68%
3	163,466	1.02%
4	345,547	1.26%
5	558,268	1.39%
10	2,129,810	1.71%
20	9,440,149	2.07%
30	26,725,598	2.22%
40	64,540,686	2.30%

CALCULATED VALUES AT AGE 77 (LIFE EXPECTANCY)



Summary of Financial Results: PPLI policies structured as a non-MEC typically produce returns that are superior to taxable returns after the first year. The benefit is enhanced by compounding over time. The greater the return achieved by the policy's investments, the greater the advantage of PPLI over a taxable investment environment.

Notes: 1. Assumes a 7.00% return net of investment management fees in the PPLI separate account. 2. Assumes a hypothetical combined state and federal income tax rate on taxable earnings of 40%. 3. The policy is designed as a non-Modified Endowment Contract (non-MEC) under current tax law. 4. Under current tax law, if the policy is fully surrendered, all investment gains in excess of the policy owner's basis are taxed to the policy owner as ordinary income in the year the policy is fully surrendered. Withdrawals or loans are tax-free to the policy owner. 5. Assumes federal DAC taxes are withdrawn from each premium deposit. 6. These calculations make assumptions as to future investment returns, mortality costs, and administrative expenses that are not guaranteed. Actual results may be higher or lower. The contents of this report are provided strictly for informational purposes. It does not constitute an offer by Giordani Baker Grossman & Ripp LLP, or any other party to you or to any other person to acquire a life insurance policy.

