

# SUMMARY SECTION

PARTIAL-EQUITY INTEREST ACCRUAL with COST RECOVERY

# SUMMARY SECTION: ESTATE PLANNING



DATE CREATED: 08/26/22

PRIMARY INSURED: M40 - PEIACR \$10MM

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARISON SUMMARY:

- 1 Premium Financed Life Insurance Policy  
...vs.  
2 Non-Financed Life Insurance Policy  
...vs.  
3 Non-Insurance Based Investment Account

## ESTATE PLANNING COMPARISON SUMMARY:

- 1 Equities & Bonds Portfolio inside estate (subject to capital gains tax and estate tax)  
...vs.
- 2 Hybrid Portfolio:
  - a. Same Equities & Bonds Portfolio inside estate (subject to capital gains tax and estate tax)
  - b. Reposition some portfolio funds into a Premium Financed Life Insurance Policy into an Irrevocable Life Insurance Trust (ILIT) outside the taxable estate

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARISON SUMMARY:

- 1 Leveraged Hypothetical Synthetic Proxy  
...vs.
- 2 Non-Leveraged Hypothetical Synthetic Proxy  
...vs.
- 3 Non-Leveraged Equities & Bonds Account

## PURPOSE OF SUMMARY SECTION:

The following section is an abbreviated summary of a very expansive document. The full document includes an exhaustive articulation of granular details, including charges, fees, financial outcomes as depicted in an insurance company's illustration, as well as a "proxy" created to further explain the relationship between hypothetical charges, index credits, taxes, volatility, and sequence of returns. The methodologies of such hypothetical depictions are explained in the full document. It is recommended that all interested parties review the official carrier illustration as the primary source of any policy details, as the following document is merely a hypothetical depiction for general educational purposes only and should not be used to determine whether or not any particular product or strategy is suitable for any particular person.

## REALLOCATION OF PORTFOLIO ASSETS

- ✓ Life insurance is not an “expense,” rather a “reallocation” of portfolio assets
- ✓ Blue Line = Portfolio (no life insurance)
- ✓ Green Line = Portfolio + Life Insurance Death Benefit

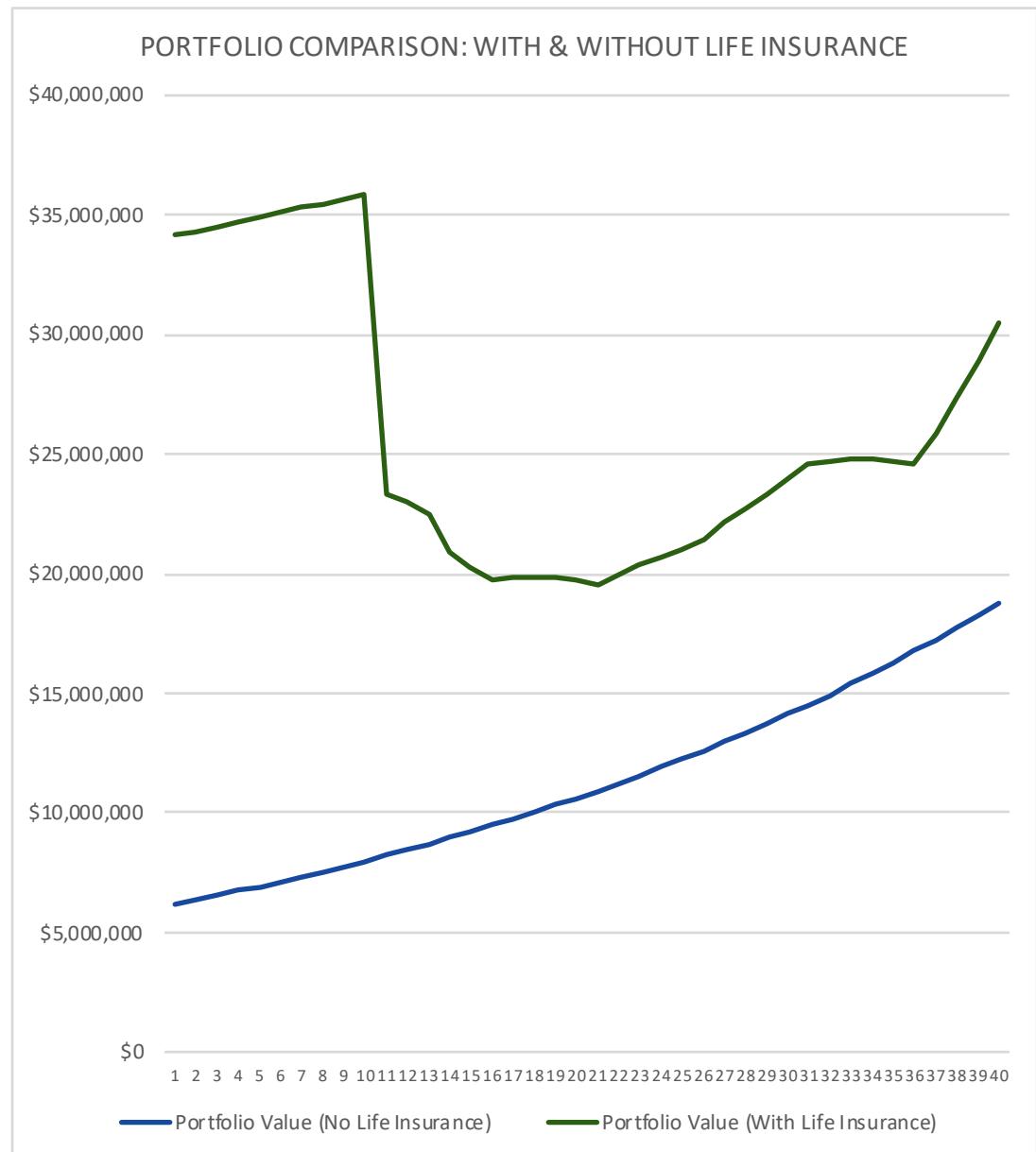
# COMPARISON: YOUR PORTFOLIO WITH & WITHOUT LIFE INSURANCE

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Starting Account Balance: **\$10,000,000**  
 Investment Gross Return Assumption: **5.64%**  
 All-In Investment Fee Assumption: 1.35%  
 Average Capital Gains Tax Rate\*: 32.60%  
 Estate Tax Rate Assumption\*\*: 40.00%

**TOTAL COST RECOVERY DRAWDOWNS:** **\$3,000,000**  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

Year	Age	CURRENT PORTFOLIO NET VALUE AT DEATH (NO LIFE INSURANCE)		CURRENT PORTFOLIO THAT REPOSITIONS SOME CAPITAL INTO LIFE		TOTAL PORTFOLIO NET VALUE AT DEATH (WITH LIFE)		
		PORTFOLIO NET VALUE AT DEATH	REPOSITIONS INTO LIFE	AMOUNT REPOSITIONED INTO LIFE	PORTFOLIO NET VALUE AT DEATH (WITH LIFE)			
		(NO LIFE INSURANCE)	SOME CAPITAL INTO LIFE	INSURANCE	LIFE			
1	40	<b>\$6,173,488</b>	VS	\$5,988,283	-	\$300,000	=	<b>\$34,151,796</b>
2	41	<b>\$6,351,992</b>	VS	\$5,976,227	-	\$300,000	=	<b>\$34,318,732</b>
3	42	<b>\$6,535,657</b>	VS	\$5,963,823	-	\$300,000	=	<b>\$34,498,136</b>
4	43	<b>\$6,724,633</b>	VS	\$5,951,060	-	\$300,000	=	<b>\$34,688,461</b>
5	44	<b>\$6,919,073</b>	VS	\$5,937,928	-	\$300,000	=	<b>\$34,887,690</b>
6	45	<b>\$7,119,135</b>	VS	\$5,924,416	-	\$300,000	=	<b>\$35,088,298</b>
7	46	<b>\$7,324,982</b>	VS	\$5,910,513	-	\$300,000	=	<b>\$35,290,958</b>
8	47	<b>\$7,536,781</b>	VS	\$5,896,209	-	\$300,000	=	<b>\$35,490,912</b>
9	48	<b>\$7,754,704</b>	VS	\$5,881,491	-	\$300,000	=	<b>\$35,682,679</b>
10	49	<b>\$7,978,928</b>	VS	\$5,866,347	-	\$300,000	=	<b>\$35,860,217</b>
11	50	<b>\$8,209,636</b>	VS	\$6,035,970	-	\$0	=	<b>\$23,372,354</b>
12	51	<b>\$8,447,014</b>	VS	\$6,210,498	-	\$0	=	<b>\$23,004,861</b>
13	52	<b>\$8,691,256</b>	VS	\$6,390,072	-	\$0	=	<b>\$22,526,587</b>
14	53	<b>\$8,942,560</b>	VS	\$6,574,838	-	\$0	=	<b>\$20,932,906</b>
15	54	<b>\$9,201,131</b>	VS	\$6,764,947	-	\$0	=	<b>\$20,315,886</b>
16	55	<b>\$9,467,178</b>	VS	\$6,960,553	-	\$0	=	<b>\$19,761,822</b>
17	56	<b>\$9,740,917</b>	VS	\$7,161,814	-	\$0	=	<b>\$19,822,262</b>
18	57	<b>\$10,022,572</b>	VS	\$7,368,895	-	\$0	=	<b>\$19,834,247</b>
19	58	<b>\$10,312,371</b>	VS	\$7,581,964	-	\$0	=	<b>\$19,792,977</b>
20	59	<b>\$10,610,549</b>	VS	\$7,801,193	-	\$0	=	<b>\$19,692,942</b>
21	60	<b>\$10,917,349</b>	VS	\$8,026,762	-	\$0	=	<b>\$19,528,025</b>
22	61	<b>\$11,233,019</b>	VS	\$8,258,852	-	\$0	=	<b>\$19,929,943</b>
23	62	<b>\$11,557,818</b>	VS	\$8,497,654	-	\$0	=	<b>\$20,319,973</b>
24	63	<b>\$11,892,007</b>	VS	\$8,743,360	-	\$0	=	<b>\$20,695,074</b>
25	64	<b>\$12,235,860</b>	VS	\$8,996,171	-	\$0	=	<b>\$21,051,886</b>
26	65	<b>\$12,589,655</b>	VS	\$9,256,291	-	\$0	=	<b>\$21,385,817</b>
27	66	<b>\$12,953,680</b>	VS	\$9,523,933	-	\$0	=	<b>\$22,115,868</b>
28	67	<b>\$13,328,230</b>	VS	\$9,984,519	-	<b>-\$300,000</b>	=	<b>\$22,733,603</b>
29	68	<b>\$13,713,611</b>	VS	\$10,458,422	-	<b>-\$300,000</b>	=	<b>\$23,358,661</b>
30	69	<b>\$14,110,134</b>	VS	\$10,946,027	-	<b>-\$300,000</b>	=	<b>\$23,992,403</b>
31	70	<b>\$14,518,123</b>	VS	\$11,447,732	-	<b>-\$300,000</b>	=	<b>\$24,632,424</b>
32	71	<b>\$14,937,909</b>	VS	\$11,963,943	-	<b>-\$300,000</b>	=	<b>\$24,732,505</b>
33	72	<b>\$15,369,832</b>	VS	\$12,495,081	-	<b>-\$300,000</b>	=	<b>\$24,785,216</b>
34	73	<b>\$15,814,245</b>	VS	\$13,041,575	-	<b>-\$300,000</b>	=	<b>\$24,787,502</b>
35	74	<b>\$16,271,508</b>	VS	\$13,603,872	-	<b>-\$300,000</b>	=	<b>\$24,736,473</b>
36	75	<b>\$16,741,992</b>	VS	\$14,182,427	-	<b>-\$300,000</b>	=	<b>\$24,629,572</b>
37	76	<b>\$17,226,080</b>	VS	\$14,777,711	-	<b>-\$300,000</b>	=	<b>\$25,891,204</b>
38	77	<b>\$17,724,165</b>	VS	\$15,205,003	-	\$0	=	<b>\$27,353,177</b>
39	78	<b>\$18,236,652</b>	VS	\$15,644,649	-	\$0	=	<b>\$28,899,635</b>
40	79	<b>\$18,763,958</b>	VS	\$16,097,008	-	\$0	=	<b>\$30,534,907</b>



\*Average of Short-Term & Long-Term Capital Gains Tax rate

\*\*Short-Term & Long-Term Capital Gains Tax rates are hypothetical and are not exact calculations for any specific client

MAXIMIZING GENERATIONAL WEALTH TRANSFER



## STATIC RETURN LEDGER with LOAN PAYOFF

- ✓ Assumes a static annual return
- ✓ Recovers some of initial outlay
- ✓ “Nest Cost” = Initial Outlay Minus Recovery Drawdowns

# SUMMARY OF CARRIER-ILLUSTRATED STATIC RETURNS (DESIGNED TO STAY INFORCE UNTIL AGE 120)

version 354368

SL

## PARTIAL-EQUITY INTEREST ACCRUAL

At This Index Credit Assumption, Death Benefit Lasts Until Age:

120

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08/26/22

YEAR	AGE	Health Rating:		PREFERRED		Third Party Loan Payoff Type:		PAR LOAN		PLR: 5.14%		Initial Gross Policy Face Amount: \$28,000,000						
		1 TOTAL POLICY PREMIUMS	2 EQUITY PREMIUMS	3 BORROWED PREMIUMS	4 CUMULATIVE PF LOAN BALANCE	5 FINANCING RATE	6 INTEREST DUE	7 INTEREST ACCRUED	8 CLIENT CONTRIBUTION	9 (Cash)	10 HYPOTHETICAL GAP COLLATERAL	11 INDEX CREDIT	12 DRAWDOWNS	13 GROSS POLICY CSV	14 POLICY CSV NET OF LOANS	15 DEATH BENEFIT NET OF LOANS	DEATH BENEFIT + YTY	YEAR
1	40	\$1,500,000	\$300,000	\$1,200,000	\$1,200,000	4.54%	\$54,480	\$54,480	\$300,000	\$375,564	5.64%	\$0	\$940,153	-\$259,847	\$28,163,513	9287.84%	1	40
2	41	\$1,500,000	\$300,000	\$1,200,000	\$2,454,480	4.64%	\$113,766	\$113,766	\$300,000	\$376,585	5.64%	\$0	\$2,413,805	-\$40,675	\$28,342,505	823.27%	2	41
3	42	\$1,500,000	\$300,000	\$1,200,000	\$3,768,246	4.73%	\$178,389	\$178,389	\$300,000	\$378,472	5.64%	\$0	\$3,959,951	\$191,705	\$28,534,313	318.69%	3	42
4	43	\$1,500,000	\$300,000	\$1,200,000	\$5,146,635	4.84%	\$248,948	\$248,948	\$300,000	\$377,868	5.64%	\$0	\$5,582,392	\$435,757	\$28,737,401	181.46%	4	43
5	44	\$1,500,000	\$300,000	\$1,200,000	\$6,595,583	4.94%	\$326,116	\$326,116	\$300,000	\$379,632	5.64%	\$0	\$7,285,253	\$689,670	\$28,949,762	122.11%	5	44
6	45	\$1,500,000	\$300,000	\$1,200,000	\$8,121,700	5.06%	\$410,656	\$410,656	\$300,000	\$391,542	5.64%	\$0	\$9,067,434	\$945,734	\$29,163,882	90.00%	6	45
7	46	\$1,500,000	\$300,000	\$1,200,000	\$9,732,356	5.17%	\$503,430	\$503,430	\$300,000	\$413,524	5.64%	\$0	\$10,937,184	\$1,204,829	\$29,380,445	70.22%	7	46
8	47	\$1,500,000	\$300,000	\$1,200,000	\$11,435,786	5.29%	\$605,415	\$605,415	\$300,000	\$451,127	5.64%	\$0	\$12,897,993	\$1,462,207	\$29,594,703	56.93%	8	47
9	48	\$1,500,000	\$300,000	\$1,200,000	\$13,241,201	5.42%	\$717,722	\$717,722	\$300,000	\$510,361	5.64%	\$0	\$14,953,602	\$1,712,401	\$29,801,189	47.46%	9	48
10	49	\$1,500,000	\$300,000	\$1,200,000	\$15,158,923	5.55%	\$841,614	\$841,614	\$300,000	\$598,082	5.64%	\$0	\$17,108,105	\$1,949,182	\$29,993,870	40.40%	10	49
11	50	\$0	\$0	\$0	\$16,000,537	5.69%	\$910,266	\$910,266	\$0	\$730,693	5.64%	\$0	\$18,019,957	\$2,019,420	\$17,336,384	26.62%	11	50
12	51	\$0	\$0	\$0	\$16,910,802	5.83%	\$986,185	\$986,185	\$0	\$865,661	5.64%	\$0	\$18,935,486	\$2,024,684	\$16,794,363	22.99%	12	51
13	52	\$0	\$0	\$0	\$17,896,987	5.98%	\$1,070,298	\$1,070,298	\$0	\$1,032,126	5.64%	\$0	\$19,902,633	\$2,005,646	\$16,136,515	19.99%	13	52
14	53	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-18,967,286	\$982,958	\$982,958	\$14,358,068	16.72%	14	53
15	54	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,039,122	\$1,039,122	\$13,550,939	14.61%	15	54
16	55	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,215,178	\$1,215,178	\$12,801,269	12.86%	16	55
17	56	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,407,682	\$1,407,682	\$12,660,448	11.76%	17	56
18	57	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,618,423	\$1,618,423	\$12,465,352	10.78%	18	57
19	58	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,849,407	\$1,849,407	\$12,211,013	9.89%	19	58
20	59	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,102,635	\$2,102,635	\$11,891,748	9.07%	20	59
21	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,380,206	\$2,380,206	\$11,501,264	8.31%	21	60
22	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,681,433	\$2,681,433	\$11,671,091	7.92%	22	61
23	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,007,488	\$3,007,488	\$11,822,319	7.57%	23	62
24	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,359,673	\$3,359,673	\$11,951,714	7.24%	24	63
25	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,739,312	\$3,739,312	\$12,055,715	6.92%	25	64
26	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,146,997	\$4,146,997	\$12,129,526	6.63%	26	65
27	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,585,452	\$4,585,452	\$12,591,935	6.51%	27	66
28	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$4,741,264	\$4,741,264	\$12,749,084	6.39%	28	67
29	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$4,916,168	\$4,916,168	\$12,900,239	6.28%	29	68
30	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,113,579	\$5,113,579	\$13,046,376	6.18%	30	69
31	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,333,898	\$5,333,898	\$13,184,692	6.09%	31	70
32	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,585,369	\$5,585,369	\$12,768,562	5.86%	32	71
33	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,872,617	\$5,872,617	\$12,290,136	5.63%	33	72
34	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$6,201,199	\$6,201,199	\$11,745,926	5.41%	34	73
35	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$6,577,706	\$6,577,706	\$11,132,601	5.18%	35	74
36	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$7,010,051	\$7,010,051	\$10,447,145	4.96%	36	75
37	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$7,482,687	\$7,482,687	\$11,113,493	5.06%	37	76
38	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$8,313,018	\$8,313,018	\$12,148,174	5.16%	38	77
39	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$9,204,291	\$9,204,291	\$13,254,986	5.25%	39	78
40	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$10,159,900	\$10,159,900	\$14,437,899	5.33%	40	79

-\$15,000,000 -\$3,000,000 -\$12,000,000

\$6,967,286 \$6,967,286 \$3,000,000

TOTAL INCOME DRAWN: -\$3,000,000

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/26/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	2.25%
Total Rate Floor:	2.25%
GLOT S700K-999K Year-1 Rate:	4.54%
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (average of every 25-year run over last 65 years):	5.64%
Reduced Assumed Index Credit:	5.64%

GAP COLLATERAL REQUIREMENTS			
Type Of Gap Collateral:	Cash	Index Credit	
Collateral Valued At:	100.00%	Assumption (ICA)	0.00%
The Gap Collateral (in years3+) is calculated by the cumulative loan balance in a given year, minus 95% of the EOY Gross AV two years prior, plus the sum of the premium paid in the previous year minus policy charges, plus the new premium entering the policy in the current year minus policy charges and surrender charges in the current year + ICA). This calculation is the equivalent of assuming a 0% index credit in the previous year (whose EOY index credit would not have been credited at the time of the current year's loan anniversary and the current year's EOY index credit would not have been credited yet either). This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the type of collateral chosen. The collateral depicted is purely hypothetical and may vary.			

FINANCIAL BENEFIT SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$375,564
PREMIUMS PAID BY CLIENT:	-\$3,000,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$3,000,000
40-YEAR PROGRAM NET CASH FLOW:	\$0
YEAR 40 NET CASH SURRENDER VALUE:	\$10,159,900
40-YEAR CASH GAIN (excluding death benefit):	\$10,159,900
40-YEAR NET CSV IRR:	4.53%

The rates and values shown above are not guaranteed and are subject to change by the insurer. Actual financial outcomes may be less favorable or more favorable than this hypothetical static depiction. For more information regarding Gap Collateral, see the section on the next page of this document titled "Collateral." Please see the full carrier illustration for guaranteed values and other important information. This is only a hypothetical depiction and does not imply any guarantees of outcomes whatsoever. Actual performance is subject to index returns and the carrier's underlying crediting policy charges. The insurance carrier is bound only by the terms of the life insurance contract it issues. Additional loan fees may apply depending on the lender and lender's loan terms. Refer to lender's loan document for details.



## ONGOING COST & BENEFIT COMPARISON:

- ✓ Non-Financed Policy
- ✓ Premium Financed Policy
- ✓ Non-Insurance Based Investment

*\*Same annual return assumption in all three assets*

# TWO DIFFERENT LIFE INSURANCE SOLUTIONS (INCLUDING ONE COST RECOVERY SOLUTION)

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## NON-FINANCED SOLUTION

This solution requires the client to pay premiums out of pocket throughout the period shown below in the "Annual Premium" column.

version NF128314

NON-FINANCED IUL		5.64%	
AGE	ANNUAL PREMIUM	CASH VALUE	DEATH BENEFIT
1	\$159,601	\$39,491	\$10,000,000
2	\$159,601	\$174,149	\$10,000,000
3	\$159,601	\$314,460	\$10,000,000
4	\$159,601	\$461,019	\$10,000,000
5	\$159,601	\$614,350	\$10,000,000
6	\$159,601	\$775,089	\$10,000,000
7	\$159,601	\$943,566	\$10,000,000
8	\$159,601	\$1,120,179	\$10,000,000
9	\$159,601	\$1,305,352	\$10,000,000
10	\$159,601	\$1,499,377	\$10,000,000
11	\$159,601	\$1,727,328	\$10,000,000
12	\$51	\$1,807,261	\$10,000,000
13	\$52	\$1,890,556	\$10,000,000
14	\$53	\$1,977,370	\$10,000,000
15	\$54	\$2,067,861	\$10,000,000
16	\$55	\$2,162,180	\$10,000,000
17	\$56	\$2,260,393	\$10,000,000
18	\$57	\$2,362,432	\$10,000,000
19	\$58	\$2,468,109	\$10,000,000
20	\$59	\$2,577,423	\$10,000,000
21	\$60	\$2,690,484	\$10,000,000
22	\$61	\$2,807,719	\$10,000,000
23	\$62	\$2,929,164	\$10,000,000
24	\$63	\$3,054,962	\$10,000,000
25	\$64	\$3,185,113	\$10,000,000
26	\$65	\$3,319,624	\$10,000,000
27	\$66	\$3,458,451	\$10,000,000
28	\$67	\$3,601,401	\$10,000,000
29	\$68	\$3,748,099	\$10,000,000
30	\$69	\$3,898,324	\$10,000,000
31	\$70	\$4,052,091	\$10,000,000
32	\$71	\$4,209,524	\$10,000,000
33	\$72	\$4,370,617	\$10,000,000
34	\$73	\$4,534,957	\$10,000,000
35	\$74	\$4,702,095	\$10,000,000
36	\$75	\$4,871,888	\$10,000,000
37	\$76	\$5,044,332	\$10,000,000
38	\$77	\$5,219,372	\$10,000,000
39	\$78	\$5,396,910	\$10,000,000
40	\$79	\$5,576,928	\$10,000,000

**\$1,755,611**

TOTAL NET COST  
(OVER 40 YEARS)

## PREMIUM FINANCED w/ COST RECOVERY

In this solution, the client is paying a portion of the premium, borrowing the remaining premium, and accruing the interest.

version 354368

PARTIAL-EQUITY INTEREST ACCRUAL		5.64%	
AGE	ANNUAL CONTRIBUTION	CASH VALUE	DEATH BENEFIT
1	\$300,000	\$0	\$28,163,513
2	\$300,000	\$0	\$28,342,505
3	\$300,000	\$191,705	\$28,534,313
4	\$300,000	\$435,757	\$28,737,401
5	\$300,000	\$689,670	\$28,949,762
6	\$300,000	\$945,734	\$29,163,882
7	\$300,000	\$1,204,829	\$29,380,445
8	\$300,000	\$1,462,207	\$29,594,703
9	\$300,000	\$1,712,401	\$29,801,189
10	\$300,000	\$1,949,182	\$29,993,870
11	\$0	\$2,019,420	\$17,336,384
12	\$0	\$2,024,684	\$16,794,363
13	\$0	\$2,005,646	\$16,136,515
14	\$0	\$982,588	\$14,358,068
15	\$0	\$1,039,122	\$13,550,939
16	\$0	\$1,215,178	\$12,801,269
17	\$0	\$1,407,682	\$12,660,448
18	\$0	\$1,618,423	\$12,445,352
19	\$0	\$1,849,407	\$12,211,013
20	\$0	\$2,102,635	\$11,891,748
21	\$0	\$2,380,206	\$11,501,264
22	\$0	\$2,681,433	\$11,671,091
23	\$0	\$3,007,488	\$11,822,319
24	\$0	\$3,359,673	\$11,951,714
25	\$0	\$3,739,312	\$12,055,715
26	\$0	\$4,146,997	\$12,129,526
27	\$0	\$4,585,452	\$12,591,935
28	-\$300,000	\$4,741,264	\$12,749,084
29	-\$300,000	\$4,916,168	\$12,900,239
30	-\$300,000	\$5,113,579	\$13,046,376
31	-\$300,000	\$5,333,898	\$13,184,692
32	-\$300,000	\$5,585,369	\$12,768,562
33	-\$300,000	\$5,872,617	\$12,290,136
34	-\$300,000	\$6,201,199	\$11,745,926
35	-\$300,000	\$6,577,706	\$11,132,601
36	-\$300,000	\$7,010,051	\$10,447,145
37	-\$300,000	\$7,482,687	\$11,113,493
38	\$0	\$8,313,018	\$12,148,174
39	\$0	\$9,204,291	\$13,254,986
40	\$0	\$10,159,900	\$14,437,899

**\$0**

TOTAL NET COST  
AFTER \$3MM COST RECOVERY DRAWDOWNS

## NON-INSURANCE BASED ALTERNATIVE ASSET

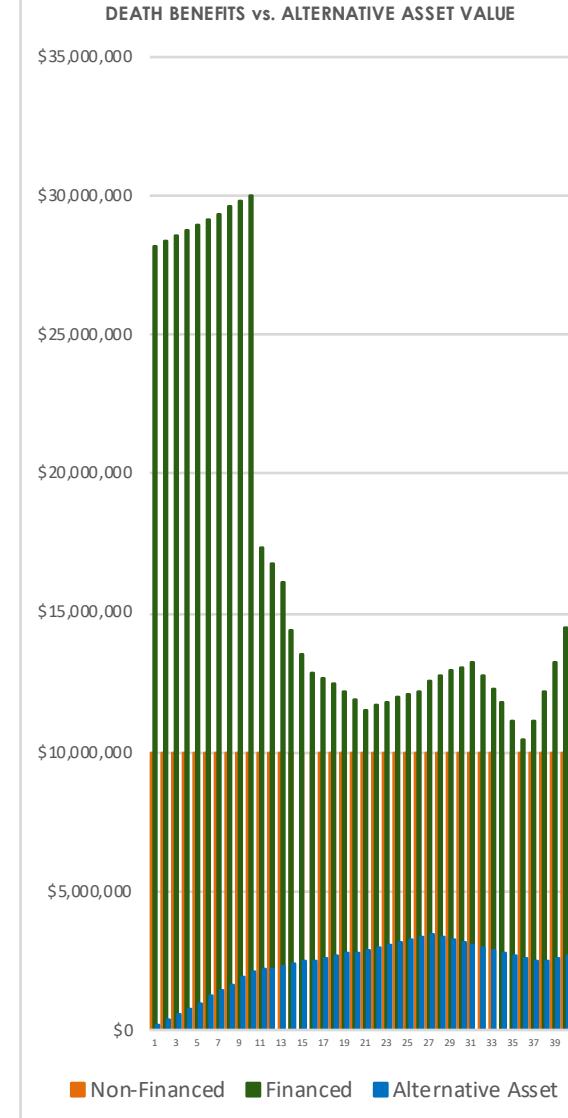
This Alternative Asset (in blue) depicts the same annual contribution invested in a non-insurance based account with the same static gross return as the as-illustrated policy index return, minus taxes (shown at the bottom of this graph in blue font). There are no investment fees assumed in this depiction.

5.64%

ALTERNATIVE

ASSET

DEATH BENEFITS vs. ALTERNATIVE ASSET VALUE



Taxable Gains Rate Assumption: 32.60%

Estate Tax Rate Assumption: 40.00%

Investment Fee Assumption: 1.35%



## DOLLARS IN/OUT SUMMARY COMPARISION (STATIC RETURN)

- ✓ Non-Financed Policy
- ✓ Premium Financed Policy
- ✓ Non-Insurance Based Investment

*\*Same annual return assumption in all three assets.*

# 3 DIFFERENT FINANCIAL SOLUTIONS

1 of 10



DATE CREATED: 08/26/22

PRIMARY INSURED: M40 - PEIACR \$10MM  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

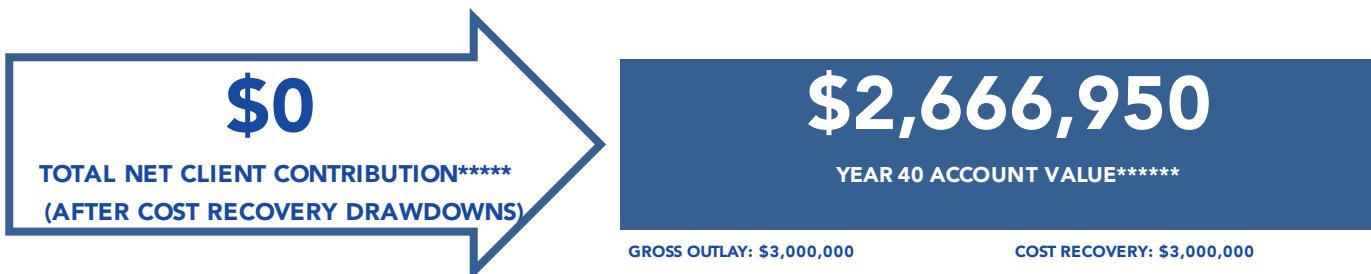
## PREMIUM FINANCED LIFE INSURANCE: PARTIAL-EQUITY INTEREST ACCRUAL



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



\*TOTAL NET CLIENT COST is the total client outlay minus any cost recovery drawdowns from policy values.

\*\*LOWPOINT DEATH BENEFIT (1ST 40 YEARS) assumes a 5.64% index credit. See carrier illustration for details.

\*\*\*TOTAL NET CLIENT COST is the total client-paid premium.

\*\*\*\*LEVEL DEATH BENEFIT assumes a 5.64% index credit. See carrier illustration for details.

\*\*\*\*\*TOTAL NET CLIENT CONTRIBUTION is the same client outlay as the premium financed life insurance solution minus cost recovery drawdowns.

\*\*\*\*\*YEAR 40 ACCOUNT VALUE assumes a 5.64% return, 1.35% investment fees, 32.6% tax on gains, and 40% estate taxes.

## BACKTESTED PROXY: WORST 40-YEAR PERIOD LEDGER

- ✓ Depicts Volatility & Poor Sequence of Returns
- ✓ Floor & Cap Crediting Methodology
- ✓ Same Cost Recovery Drawdowns as Static Depiction

*\*The “Worst 40-Year Period” is the historical 40-year period that produced the lowest Compounded Annual Growth Rate out of 121 different 40-year periods analyzed. The “proxy” is a fictitious synthetically-produced asset, not an actual life insurance product.*

## HYPOTHETICAL SYNTHETIC PROXY

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

## PARTIAL-EQUITY INTEREST ACCRUAL

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Participation Rate: 100.00%			Floor Modeled: 0.00%			Upside Design: CAPPED			Current Pre-Bonus Cap: 8.75%			Current Post-Bonus Max Cap: 10.90%			Post-Bonus Max Cap Modeled: 10.90%			8/26/2022	
#	YEAR	AGE	1 TOTAL INDEX CONTRIBUTION	2 CLIENT INDEX CONTRIBUTIONS	3 LENDER INDEX CONTRIBUTIONS	4 CUMULATIVE LOAN BALANCE	5 THIRD PARTY LOAN PAYOFF	6 FINANCING INTEREST RATE	7 INTEREST DUE	8 INTEREST ACCRUED	9 TOTAL CLIENT CONTRIBUTION	10 (Cash) GAP COLLATERAL	11 CALENDAR YEAR	12 INDEX RETURN (GROSS)	13 INDEX RETURN (FLOOR & CAP)	14 INDEX RETURN (EFFECTIVE)	15 ANNUAL INCOME DRAWDOWNS	16 EOY GROSS INDEX ACCUMULATED VALUE	17 EOY INDEX VALUE NET OF INT & EX LOANS
1	40	\$1,500,000	\$300,000	\$1,200,000	\$1,200,000	4.54%	\$54,480	\$54,480	\$300,000	\$375,564	1971	12.42%	8.25%	8.25%	\$0	\$1,381,628	-\$241,732		
2	41	\$1,500,000	\$300,000	\$1,200,000	\$2,454,480	4.64%	\$113,766	\$113,766	\$300,000	\$376,585	1972	-1.92%	0.00%	0.00%	\$0	\$2,634,067	-\$203,593		
3	42	\$1,500,000	\$300,000	\$1,200,000	\$3,768,246	4.73%	\$178,389	\$178,389	\$300,000	\$361,263	1973	-41.40%	0.00%	0.00%	\$0	\$3,862,813	-\$248,041		
4	43	\$1,500,000	\$300,000	\$1,200,000	\$5,146,635	4.84%	\$248,948	\$248,948	\$300,000	\$532,640	1974	32.00%	8.25%	10.90%	\$0	\$5,620,068	\$171,789		
5	44	\$1,500,000	\$300,000	\$1,200,000	\$6,595,583	4.94%	\$326,116	\$326,116	\$300,000	\$797,391	1975	25.48%	8.25%	10.90%	\$0	\$7,535,986	\$680,311		
6	45	\$1,500,000	\$300,000	\$1,200,000	\$8,121,700	5.06%	\$410,656	\$410,656	\$300,000	\$642,311	1976	-8.28%	0.00%	0.00%	\$0	\$8,574,760	\$334,912		
7	46	\$1,500,000	\$300,000	\$1,200,000	\$9,732,356	5.17%	\$503,430	\$503,430	\$300,000	\$422,416	1977	6.23%	9.03%	9.03%	\$0	\$10,671,690	\$763,718		
8	47	\$1,500,000	\$300,000	\$1,200,000	\$11,435,786	5.29%	\$605,415	\$605,415	\$300,000	\$1,031,408	1978	6.61%	6.61%	9.59%	\$0	\$12,875,873	\$1,307,591		
9	48	\$1,500,000	\$300,000	\$1,200,000	\$13,241,201	5.42%	\$717,722	\$717,722	\$300,000	\$929,416	1979	14.76%	8.25%	10.90%	\$0	\$15,431,150	\$2,101,161		
10	49	\$1,500,000	\$300,000	\$1,200,000	\$15,158,923	5.55%	\$841,614	\$841,614	\$300,000	\$744,967	1980	-7.40%	0.00%	0.00%	\$0	\$16,425,973	<b>\$1,222,362</b>		
11	50	\$0	\$0	\$0	\$16,000,537	5.69%	\$910,266	\$910,266	\$0	\$361,371	1981	3.65%	3.65%	5.29%	\$0	\$16,985,622	\$985,085		
12	51	\$0	\$0	\$0	\$16,910,802	5.83%	\$986,185	\$986,185	\$0	\$1,556,140	1982	37.91%	8.25%	10.90%	\$0	\$18,502,192	\$1,591,389		
13	52	\$0	\$0	\$0	\$17,896,987	5.98%	\$1,070,298	\$1,070,298	\$0	\$2,014,745	1983	0.02%	0.02%	0.03%	\$0	\$18,187,892	\$290,904		
14	53	\$0	\$0	\$0	\$0	-\$18,967,286	0.00%	\$0	\$0	\$102,219	1984	9.62%	8.25%	10.90%	\$0	\$19,818,298	-\$97,351		
15	54	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1985	27.04%	8.25%	10.90%	\$0	\$21,607,335	\$695,903		
16	55	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1986	39.13%	8.25%	10.90%	\$0	\$23,685,407	\$1,728,403		
17	56	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	\$0	\$23,413,591	\$358,737		
18	57	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1988	28.41%	8.25%	10.90%	\$0	\$25,666,458	\$1,458,861		
19	58	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$46,236	1989	-12.34%	0.00%	0.00%	\$0	\$25,373,942	-\$44,035		
20	59	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1990	26.73%	8.25%	10.90%	\$0	\$27,818,787	<b>\$1,129,911</b>		
21	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	10.90%	\$0	\$30,503,648	\$2,480,329		
22	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1992	9.84%	8.25%	10.90%	\$0	\$33,449,385	\$4,024,900		
23	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	1.19%	\$0	\$33,470,629	\$2,574,920		
24	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1994	26.30%	8.25%	10.90%	\$0	\$36,700,836	\$4,260,342		
25	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1995	17.61%	8.25%	10.90%	\$0	\$40,243,246	\$6,180,726		
26	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1996	37.82%	8.25%	10.90%	\$0	\$44,126,831	\$8,361,186		
27	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	10.67%	\$0	\$48,286,757	\$10,732,829		
28	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1998	26.13%	8.25%	10.90%	-\$300,000	\$52,947,238	\$13,200,614		
29	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1999	11.99%	8.25%	10.90%	-\$300,000	\$58,058,180	\$16,009,224		
30	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$300,000	\$57,406,129	<b>\$12,939,726</b>		
31	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$300,000	\$56,754,877	\$9,750,153		
32	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2002	22.16%	8.25%	10.90%	-\$300,000	\$62,226,279	\$12,556,319		
33	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2003	11.91%	8.25%	10.90%	-\$300,000	\$68,235,582	\$15,767,124		
34	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2004	10.25%	8.25%	10.90%	-\$300,000	\$74,838,171	\$19,431,290		
35	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.25%	10.90%	-\$300,000	\$82,095,574	\$23,603,350		
36	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2006	14.29%	8.25%	10.90%	-\$300,000	\$90,076,297	\$28,344,461		
37	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	-\$300,000	\$89,116,223	\$23,982,795		
38	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	\$0	\$88,157,027	\$19,766,928		
39	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	10.90%	\$0	\$96,702,092	\$24,892,488		
40	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	\$0	\$95,646,075	<b>\$20,245,991</b>		

\$3,000,000

\$12,000,000

\$6,967,286

\$6,967,286

\$3,148,455

AVERAGE ANNUAL INCOME DRAWDOWN: \$300,000

WORST 40

BORROWING INTEREST ASSUMPTIONS	
GL01 \$700K-999K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.25%
Starting Borrowing Rate:	4.54%
Compounded Annual Base Rate Increase:	4.15%
Total Rate Floor:	2.25%
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$18,967,286
Third Party Loan Paid Off With:	PAR LOAN

Type Of Gap Collateral:	Cash	Credit Assumption:	0.00%
Collateral Valued At:	100.00%		
The Gap Collateral amount (in years 3+) is only an estimation and is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY AV two years prior, plus the Total Index Contribution in the previous year minus all charges, plus the Total Index Contribution in the current year minus all charges and early termination fees associated with current year's Total Index Contribution with the ICA listed above). This calculation is the equivalent of assuming a 0% index credit in the previous year (since the EOY index credit in the previous year would not have credited at the time of the current year's loan anniversary. The current year's EOY index credit would obviously not have credited yet either. This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the "Type Of Gap Collateral" assumed. This is just a hypothetical calculation. Each lender has different collateral			

1ST YEAR COLLATERAL REQUIREMENT:	\$375,564
TOTAL CLIENT OUTLAY:	-\$3,148,455
AVERAGE ANNUAL INCOME DRAWDOWN:	\$300,000
TOTAL INCOME DRAWDOWN:	\$3,000,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$20,245,991
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$23,245,991
RAW S&P 500 CAGR: 6.30%	40-YEAR NET ACCOUNT IRR: 6.06%
WORST 40-YEAR S&P CAGR PERIOD (OF 121 PERIODS ANALYZED)	

The hypothetical models in this document assume certain crediting methods and index account charges that are purely hypothetical and do not represent any particular investment, life insurance policy or index fund. Hypothetical crediting methods, charges, values and returns are not guaranteed. Hypothetical returns used in this document are based on historical index returns that do not include dividends and are purely modeled as a hypothetical example of index volatility over a period of time for educational purposes and are not intended to convince someone to purchase any particular product.

## BACKTESTED PROXY: CHARGES & CREDITS LEDGER

- ✓ Depicts charges similar to real world product
- ✓ Compares annual charges to credits during Worst 40
- ✓ Illustrates net gains & losses on an annual basis

*\*The “Worst 40-Year Period” is the historical 40-year period that produced the lowest Compounded Annual Growth Rate out of 121 different 40-year periods analyzed. The “proxy” is a fictitious synthetically-produced asset, not an actual life insurance product.*

## HYPOTHETICAL SYNTHETIC PROXY

## CHARGES + CREDITS + BONUSES

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

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## CHARGES &amp; CREDITS

#	YEAR	1 ASSET-BASED CHARGES (%)	2 ASSET-BASED CHARGES (\$)	3 FIXED CHARGES (\$)	4 BACKTESTED YEAR	5 INDEX GROSS RETURN	6 INDEX CREDIT	7 MULTIPLIER BONUS (x)	8 INDEX CREDIT w/ MULTIPLIER	9 PERSISTENCY BONUS (+)	10 TOTAL INDEX CREDIT (%)	11 TOTAL INDEX CREDITS (\$)	12 TOTAL CHARGES (\$)	13 YEAR-END GAINLOSS (\$)	14 EOY VALUE AFTER CHARGES B4 CREDIT	15 EOY GROSS INDEX ACCUMULATED VALUE	16 EOY INDEX VALUE NET OF INT & EXT LOANS
1	1.00%	\$14,856	\$208,813	1971	12.42%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$105,297	-\$223,669	-\$118,372	\$1,276,331	\$1,381,628	-\$241,732	
2	1.00%	\$26,813	\$220,749	1972	-1.92%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$247,562	-\$247,562	\$2,634,067	\$2,634,067	-\$203,593	
3	1.00%	\$39,281	\$231,973	1973	-41.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$271,254	-\$271,254	\$3,862,813	\$3,862,813	-\$248,041	
4	1.00%	\$51,510	\$243,613	1974	32.00%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$552,378	-\$295,123	-\$257,255	\$5,067,690	\$5,620,068	\$171,789	
5	1.00%	\$69,022	\$255,748	1975	25.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$740,688	-\$324,770	-\$415,918	\$6,795,298	\$7,535,986	\$680,311	
6	1.00%	\$88,094	\$273,132	1976	-8.28%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$361,226	-\$361,226	\$8,674,760	\$8,674,760	-\$334,912	
7	1.00%	\$99,411	\$287,301	1977	6.23%	6.23%	x 1.45	= 9.03%	+ 0.00%	= 9.03%	\$883,642	-\$386,712	-\$496,930	\$9,788,047	\$10,671,690	\$763,718	
8	1.00%	\$119,302	\$302,986	1978	6.61%	6.61%	x 1.45	= 9.59%	+ 0.00%	= 9.59%	\$1,126,471	-\$422,288	-\$704,183	\$11,749,402	\$12,875,873	\$1,307,591	
9	1.00%	\$141,258	\$320,142	1979	14.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,516,678	-\$461,400	-\$1,055,278	\$13,914,473	\$15,431,150	\$2,101,161	
10	1.00%	\$166,719	\$338,458	1980	-7.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$505,177	-\$505,177	\$16,425,973	\$16,425,973	\$1,222,362	
11	1.00%	\$163,608	\$130,412	1981	3.65%	3.65%	x 1.45	= 5.29%	+ 0.00%	= 5.29%	\$853,668	-\$294,020	-\$559,649	\$16,131,953	\$16,985,622	\$985,085	
12	1.00%	\$169,192	\$132,758	1982	37.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,818,520	-\$301,950	-\$1,516,570	\$16,683,671	\$18,502,192	\$1,591,389	
13	1.00%	\$184,348	\$134,714	1983	0.02%	0.02%	x 1.45	= 0.03%	+ 0.00%	= 0.03%	\$4,763	-\$319,062	-\$314,300	\$18,183,129	\$18,187,892	\$290,904	
14	1.00%	\$181,198	\$136,272	1984	9.62%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,947,876	-\$317,470	-\$1,630,406	\$17,870,422	\$19,818,298	-\$97,351	
15	1.00%	\$197,497	\$137,181	1985	27.04%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,123,715	-\$334,678	-\$1,789,037	\$19,483,620	\$21,607,335	\$695,903	
16	1.00%	\$215,903	\$33,986	1986	39.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,327,962	-\$249,889	-\$2,078,072	\$21,357,445	\$23,685,407	\$1,728,403	
17	1.00%	\$236,678	\$35,138	1987	-15.51%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$271,816	-\$271,816	\$23,413,591	\$23,413,591	\$358,737	
18	1.00%	\$233,957	\$35,849	1988	28.41%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,522,673	-\$269,806	-\$2,252,867	\$23,143,785	\$25,666,458	\$1,458,861	
19	1.00%	\$256,484	\$36,031	1989	-12.34%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$292,515	-\$292,515	\$25,373,942	\$25,373,942	\$44,035	
20	1.00%	\$253,560	\$35,813	1990	26.73%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,734,218	-\$289,373	-\$2,444,845	\$25,084,569	\$27,818,787	\$1,129,911	
21	1.00%	\$278,012	\$35,231	1991	7.72%	7.72%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,998,104	-\$313,243	-\$2,684,862	\$27,505,544	\$30,503,648	\$2,480,329	
22	1.00%	\$304,851	\$37,043	1992	9.84%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,287,631	-\$341,894	-\$2,945,737	\$30,161,754	\$33,449,385	\$4,024,900	
23	1.00%	\$334,296	\$39,481	1993	0.82%	0.82%	x 1.45	= 1.19%	+ 0.00%	= 1.19%	\$395,022	-\$373,777	-\$21,244	\$33,075,608	\$33,470,629	\$2,574,920	
24	1.00%	\$334,494	\$42,505	1994	26.30%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,607,206	-\$376,999	-\$3,230,207	\$33,093,631	\$36,700,836	\$4,260,342	
25	1.00%	\$366,777	\$46,191	1995	17.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,955,378	-\$412,968	-\$3,542,409	\$36,287,868	\$40,243,246	\$6,180,726	
26	1.00%	\$402,176	\$51,321	1996	37.82%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,337,083	-\$453,497	-\$3,883,586	\$39,789,749	\$44,126,831	\$8,361,186	
27	1.00%	\$440,989	\$55,948	1997	7.36%	7.36%	x 1.45	= 10.67%	+ 0.00%	= 10.67%	\$4,656,862	-\$496,937	-\$4,159,925	\$43,629,895	\$48,286,757	\$10,732,829	
28	1.00%	\$482,563	\$60,967	1998	26.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,204,012	-\$543,530	-\$4,660,482	\$47,743,227	\$52,947,238	\$13,200,614	
29	1.00%	\$529,141	\$66,267	1999	11.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,706,350	-\$595,408	-\$5,110,941	\$52,351,830	\$58,058,180	\$16,009,224	
30	1.00%	\$580,223	\$71,828	2000	-27.54%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$652,051	-\$652,051	\$57,406,129	\$57,406,129	\$12,939,726	
31	1.00%	\$573,673	\$77,579	2001	-21.68%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$651,252	-\$651,252	\$56,754,877	\$56,754,877	\$9,750,153	
32	1.00%	\$567,161	\$77,455	2002	22.16%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,116,018	-\$644,616	-\$5,471,402	\$56,110,260	\$62,226,279	\$12,556,319	
33	1.00%	\$621,885	\$75,465	2003	11.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,706,653	-\$697,350	-\$6,009,303	\$61,528,928	\$68,235,582	\$15,767,124	
34	1.00%	\$682,001	\$71,010	2004	10.25%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,355,600	-\$753,011	-\$6,602,589	\$67,482,571	\$74,838,171	\$19,431,290	
35	1.00%	\$748,065	\$63,439	2005	8.71%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,068,907	-\$811,504	-\$7,257,403	\$74,026,667	\$82,095,574	\$23,603,350	
36	1.00%	\$820,696	\$51,887	2006	14.29%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,853,306	-\$872,583	-\$7,980,723	\$81,222,991	\$90,076,297	\$28,344,461	
37	1.00%	\$900,465	\$59,609	2007	-23.61%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$960,074	-\$960,074	\$89,116,223	\$89,116,223	\$23,982,795	
38	1.00%	\$890,820	\$68,376	2008	-9.37%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$959,196	-\$959,196	\$88,157,027	\$88,157,027	\$19,766,928	
39	1.00%	\$881,179	\$78,290	2009	7.96%	7.96%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,504,534	-\$959,469	-\$8,545,065	\$87,197,558	\$96,702,092	\$24,892,488	
40	1.00%	\$966,574	\$89,443	2010	-0.86%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	\$1,056,017	-\$1,056,017	\$95,646,075	\$95,646,075	\$20,245,991	

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

ASSET-BASED CHARGES (%) Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

ASSET-BASED CHARGES (\$) The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

FIXED CHARGES (\$) Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

INDEX CREDIT The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

INDEX CREDIT w/ MULTIPLIER The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

PERSISTENCY BONUS (+) A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

TOTAL INDEX CREDIT (%) The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

TOTAL INDEX CREDITS (\$) The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

TOTAL CHARGES (\$) The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

YEAR-END GAIN/LOSS (\$) The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

EOY VALUE AFTER CHARGES B4 CREDIT The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

EOY GROSS INDEX ACCUMULATED VALUE The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

EOY INDEX VALUE NET OF INT &amp; EXT LOANS The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

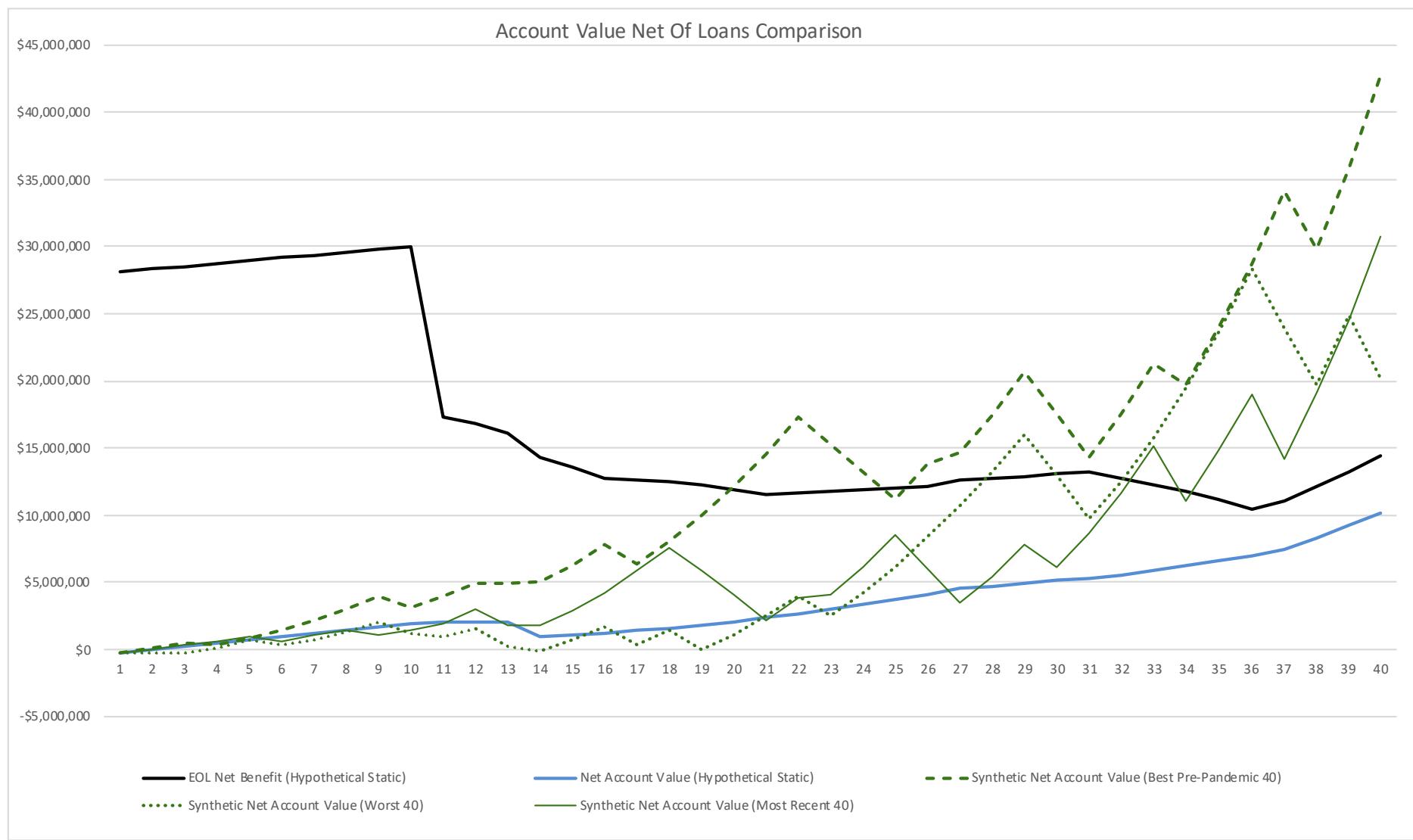
## GRAPH: BACKTESTED PROXY vs. AS-ILLUSTRATED STATIC

- ✓ Leveraged Hypothetical Synthetic Asset Value (Proxy)
  - Worst 40
  - Best 40
  - Most Recent 40

vs...

- ✓ CSV & DB in As-Illustrated Static Carrier Illustration

*\*The “proxy” is a fictitious synthetically-produced asset, not an actual life insurance product. The “Most Recent 40” is from 1/1/1982 - 12/31/2021, assuming historical borrowing rates in such years as well. This sequence begins with a 9.40% borrowing interest rate in 1982 when Prime was 11.00%.*



SCENARIO MODELED	PAYOUT YEAR	TOTAL OUTLAY	TOTAL INCOME DRAWDOWN	NET ACCOUNT VALUE IN YEAR40	RETURNS DEPICTED	VOLATILITY MODELED	CAGR	PARLOAN RATE	40-YEARIRR
Hypothetical Static:	14	-\$3,148,455	\$3,000,000	\$10,159,900	hypothetical static	no	5.64%	5.14%	4.53%
Synthetic Best 40*:	14	-\$3,000,000	\$3,000,000	\$42,734,936	actual historical*	yes	9.02%	5.00%	8.09%
Synthetic Worst 40*:	14	-\$3,148,455	\$3,000,000	\$20,245,991	actual historical*	yes	6.30%	5.00%	6.06%
Synthetic (1982-2021):	14	-\$3,000,000	\$3,000,000	\$30,756,637	actual historical*	yes	9.99%	5.00%	7.21%

*\*In modeling every 40-year annual point-to-point period between 1/1/1970 and 12/31/2019, there were 121 different 40-year periods. Each of these 121 different 40-year periods have been analyzed and ranked based on their Compounded Annual Growth Rate (CAGR). This report highlights the Best and Worst 40-year periods limited to this sampling of 121 different 40-year periods. In real-world scenarios, it is possible for a 40-year period to produce a worse CAGR than the Worst 40 in this report. In such case, outcomes could be significantly worse than as depicted in this hypothetical report.*

## DOLLARS IN/OUT SUMMARY: BEST 40 vs. WORST 40

- ✓ Leveraged Hypothetical Synthetic Asset Value (Proxy)

vs...

- ✓ Non-Leveraged Hypothetical Synthetic Asset Value (Proxy)

vs...

- ✓ Non-Leveraged Equities & Bonds Account

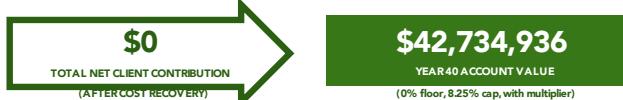
*\*Proxy is a fictitious synthetically-produced asset, not an actual life insurance product.*

# HYPOTHETICAL SYNTHETIC PROXIES: BACKTESTING REPORT

PAGE 1

## BEST CAGR IN 40-YEAR PERIOD\*

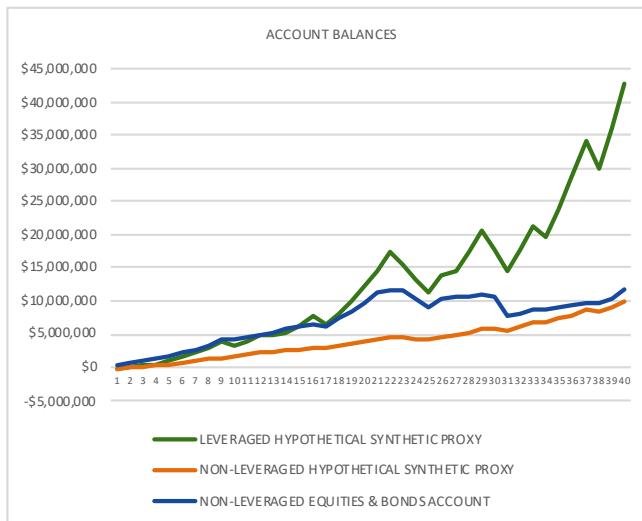
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED EQUITIES & BONDS ACCOUNT



BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

### BACKTESTING MODELS FOR:

1. LEVERAGED HYPOTHETICAL SYNTHETIC PROXY
2. NON-LEVERAGED HYPOTHETICAL SYNTHETIC PROXY
3. NON-LEVERAGED EQUITIES & BONDS ACCOUNT

## WORST CAGR IN 40-YEAR PERIOD\*

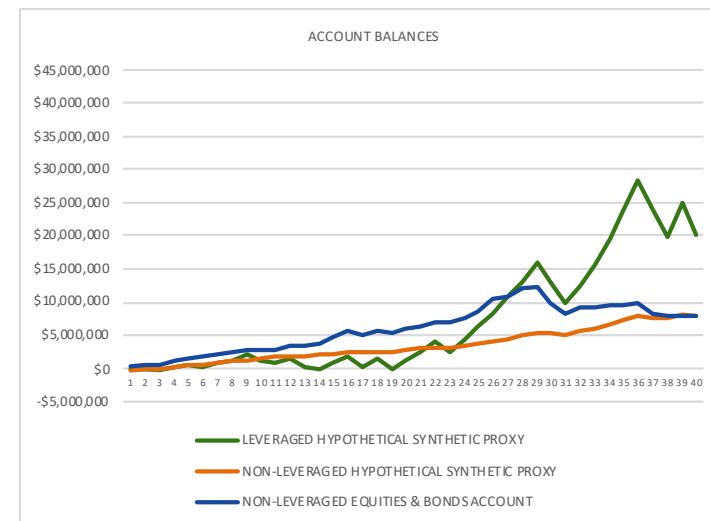
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED EQUITIES & BONDS ACCOUNT



WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

SYNTHEТИCALLY MODELED FOR: M40 - PEIACR \$10MM

ADVISOR: Darren Sugiyama

DATE CREATED: 8/26/2022

\*The following report is a hypothetical proxy that behaves similar to some real-world products, but is not an exact depiction of any specific real-world product and is for educational purposes only. All financial outcomes in this document are hypothetical and are not projections, assumptions, or guarantees of any specific real-world investment or insurance product. The "Best 40" is the historical 40-year period that produced the best Compounded Annual Growth Rate out of 121 different historical 40-year periods analyzed. The "Worst 40" is the historical 40-year period that produced the worst Compounded Annual Growth Rate out of the same 121 different historical 40-year periods analyzed. For an explanation of how these hypothetical backtesting assumptions were created, please refer to the "Backtesting" explanation on page 3 of this document.

## GREATER-OF GRAPHS: BEST 40 vs. WORST 40

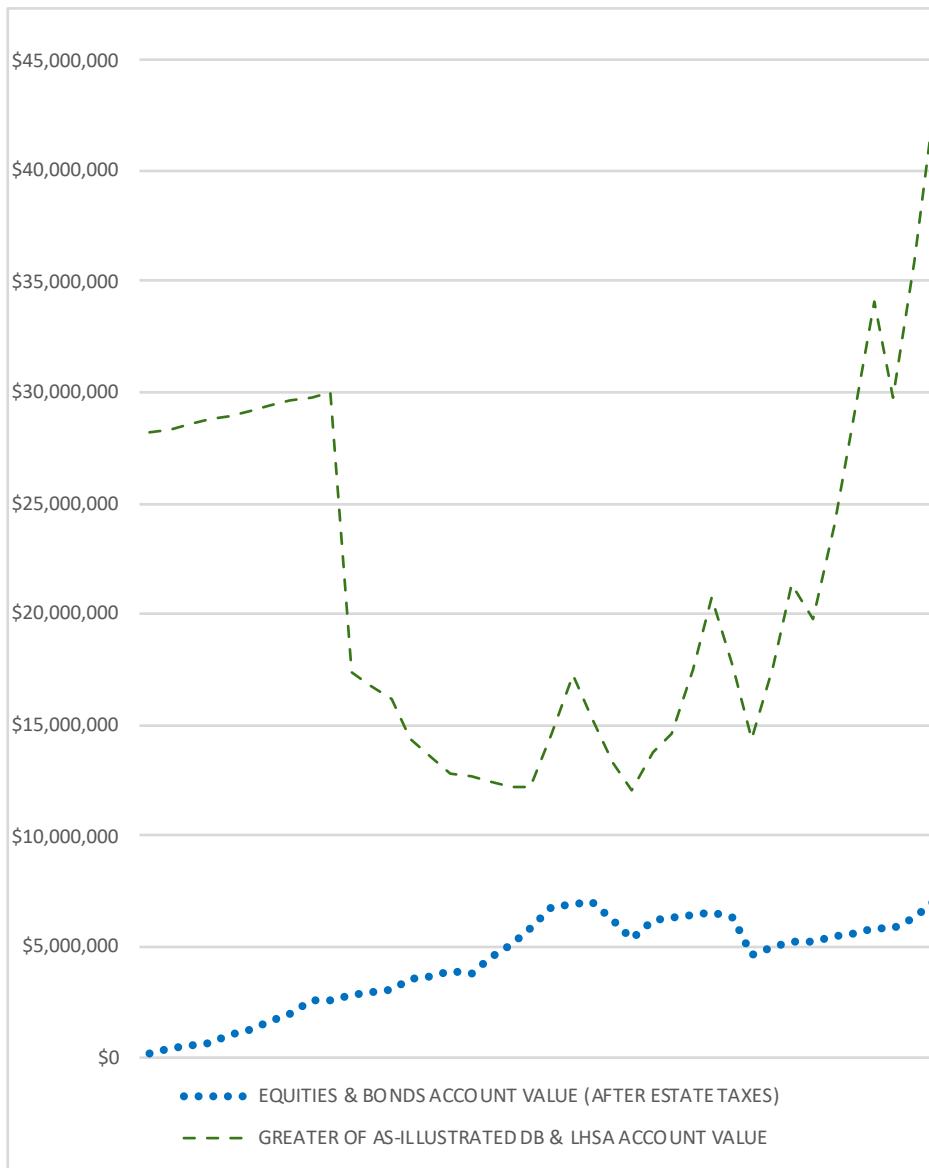
- ✓ The Greater Of The Leveraged Hypothetical Synthetic Asset Value (Proxy) & The As-Illustrated DB

vs...

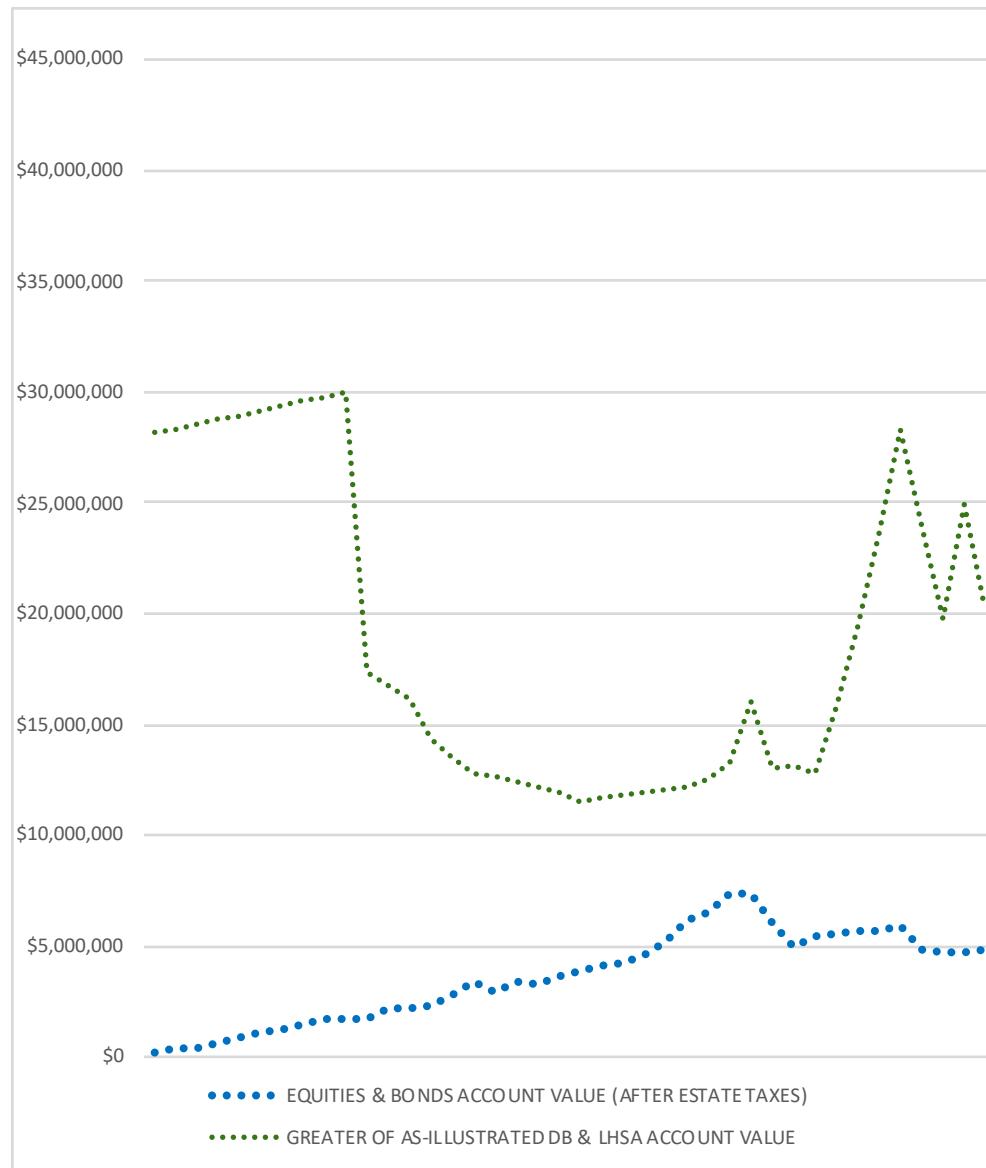
- ✓ Hypothetical Equities & Bonds Account

*\*Proxy is a fictitious synthetically-produced asset, not an actual life insurance product.*

## BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&amp;P PERIODS ANALYZED



## WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&amp;P PERIODS ANALYZED



**DISCLAIMER:** The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only. The "Greater Of DB & LHSA" is the greater of the as-illustrated carrier death benefit (based on a particular index credit assumption, which is not guaranteed) and the net account value of the Leveraged Hypothetical Synthetic Asset that acts as the proxy for a premium financed IUL. The Leveraged Hypothetical Synthetic Asset is not a life insurance illustration, rather it is a fictitious investment account whose charges and crediting methods behave similarly to some real world IUL products.

HYPOTHETICAL SYNTHETIC BACKTESTING REPORT HSBR.2022.07.14

## REALLOCATION OF PORTFOLIO ASSETS

(repeated slide for summary purposes)

- ✓ Life insurance is not an “expense,” rather a “reallocation” of portfolio assets
- ✓ Blue Line = Portfolio (no life insurance)
- ✓ Green Line = Portfolio + Life Insurance Death Benefit

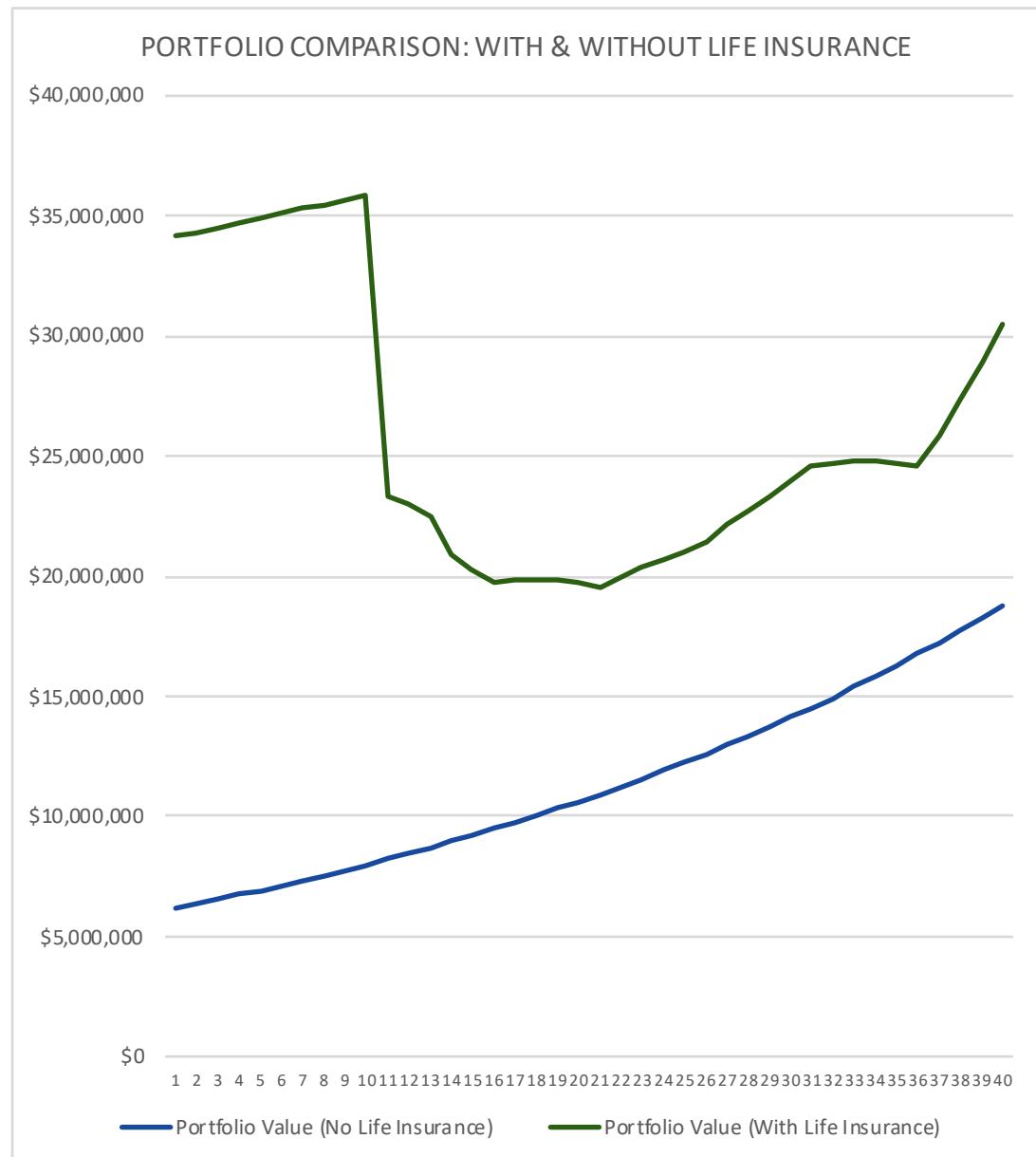
# COMPARISON: YOUR PORTFOLIO WITH & WITHOUT LIFE INSURANCE

PAGE 3 of 6

Starting Account Balance: **\$10,000,000**  
 Investment Gross Return Assumption: **5.64%**  
 All-In Investment Fee Assumption: 1.35%  
 Average Capital Gains Tax Rate\*: 32.60%  
 Estate Tax Rate Assumption\*\*: 40.00%

**TOTAL COST RECOVERY DRAWDOWNS:** **\$3,000,000**  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

Year	Age	CURRENT PORTFOLIO NET VALUE AT DEATH (NO LIFE INSURANCE)		CURRENT PORTFOLIO THAT REPOSITIONS SOME CAPITAL INTO LIFE		TOTAL PORTFOLIO NET VALUE AT DEATH (WITH LIFE)	
		PORTFOLIO NET VALUE AT DEATH	REPOSITIONS INTO LIFE	AMOUNT REPOSITIONED INTO LIFE	PORTFOLIO NET VALUE AT DEATH (WITH LIFE)		
		(NO LIFE INSURANCE)	INTO LIFE	INSURANCE	LIFE		
1	40	<b>\$6,173,488</b>	vs	\$5,988,283	-	\$300,000	= <b>\$34,151,796</b>
2	41	<b>\$6,351,992</b>	vs	\$5,976,227	-	\$300,000	= <b>\$34,318,732</b>
3	42	<b>\$6,535,657</b>	vs	\$5,963,823	-	\$300,000	= <b>\$34,498,136</b>
4	43	<b>\$6,724,633</b>	vs	\$5,951,060	-	\$300,000	= <b>\$34,688,461</b>
5	44	<b>\$6,919,073</b>	vs	\$5,937,928	-	\$300,000	= <b>\$34,887,690</b>
6	45	<b>\$7,119,135</b>	vs	\$5,924,416	-	\$300,000	= <b>\$35,088,298</b>
7	46	<b>\$7,324,982</b>	vs	\$5,910,513	-	\$300,000	= <b>\$35,290,958</b>
8	47	<b>\$7,536,781</b>	vs	\$5,896,209	-	\$300,000	= <b>\$35,490,912</b>
9	48	<b>\$7,754,704</b>	vs	\$5,881,491	-	\$300,000	= <b>\$35,682,679</b>
10	49	<b>\$7,978,928</b>	vs	\$5,866,347	-	\$300,000	= <b>\$35,860,217</b>
11	50	<b>\$8,209,636</b>	vs	\$6,035,970	-	\$0	= <b>\$23,372,354</b>
12	51	<b>\$8,447,014</b>	vs	\$6,210,498	-	\$0	= <b>\$23,004,861</b>
13	52	<b>\$8,691,256</b>	vs	\$6,390,072	-	\$0	= <b>\$22,526,587</b>
14	53	<b>\$8,942,560</b>	vs	\$6,574,838	-	\$0	= <b>\$20,932,906</b>
15	54	<b>\$9,201,131</b>	vs	\$6,764,947	-	\$0	= <b>\$20,315,886</b>
16	55	<b>\$9,467,178</b>	vs	\$6,960,553	-	\$0	= <b>\$19,761,822</b>
17	56	<b>\$9,740,917</b>	vs	\$7,161,814	-	\$0	= <b>\$19,822,262</b>
18	57	<b>\$10,022,572</b>	vs	\$7,368,895	-	\$0	= <b>\$19,834,247</b>
19	58	<b>\$10,312,371</b>	vs	\$7,581,964	-	\$0	= <b>\$19,792,977</b>
20	59	<b>\$10,610,549</b>	vs	\$7,801,193	-	\$0	= <b>\$19,692,942</b>
21	60	<b>\$10,917,349</b>	vs	\$8,026,762	-	\$0	= <b>\$19,528,025</b>
22	61	<b>\$11,233,019</b>	vs	\$8,258,852	-	\$0	= <b>\$19,929,943</b>
23	62	<b>\$11,557,818</b>	vs	\$8,497,654	-	\$0	= <b>\$20,319,973</b>
24	63	<b>\$11,892,007</b>	vs	\$8,743,360	-	\$0	= <b>\$20,695,074</b>
25	64	<b>\$12,235,860</b>	vs	\$8,996,171	-	\$0	= <b>\$21,051,886</b>
26	65	<b>\$12,589,655</b>	vs	\$9,256,291	-	\$0	= <b>\$21,385,817</b>
27	66	<b>\$12,953,680</b>	vs	\$9,523,933	-	\$0	= <b>\$22,115,868</b>
28	67	<b>\$13,328,230</b>	vs	\$9,984,519	-	<b>-\$300,000</b>	= <b>\$22,733,603</b>
29	68	<b>\$13,713,611</b>	vs	\$10,458,422	-	<b>-\$300,000</b>	= <b>\$23,358,661</b>
30	69	<b>\$14,110,134</b>	vs	\$10,946,027	-	<b>-\$300,000</b>	= <b>\$23,992,403</b>
31	70	<b>\$14,518,123</b>	vs	\$11,447,732	-	<b>-\$300,000</b>	= <b>\$24,632,424</b>
32	71	<b>\$14,937,909</b>	vs	\$11,963,943	-	<b>-\$300,000</b>	= <b>\$24,732,505</b>
33	72	<b>\$15,369,832</b>	vs	\$12,495,081	-	<b>-\$300,000</b>	= <b>\$24,785,216</b>
34	73	<b>\$15,814,245</b>	vs	\$13,041,575	-	<b>-\$300,000</b>	= <b>\$24,787,502</b>
35	74	<b>\$16,271,508</b>	vs	\$13,603,872	-	<b>-\$300,000</b>	= <b>\$24,736,473</b>
36	75	<b>\$16,741,992</b>	vs	\$14,182,427	-	<b>-\$300,000</b>	= <b>\$24,629,572</b>
37	76	<b>\$17,226,080</b>	vs	\$14,777,711	-	<b>-\$300,000</b>	= <b>\$25,891,204</b>
38	77	<b>\$17,724,165</b>	vs	\$15,205,003	-	\$0	= <b>\$27,353,177</b>
39	78	<b>\$18,236,652</b>	vs	\$15,644,649	-	\$0	= <b>\$28,899,635</b>
40	79	<b>\$18,763,958</b>	vs	\$16,097,008	-	\$0	= <b>\$30,534,907</b>

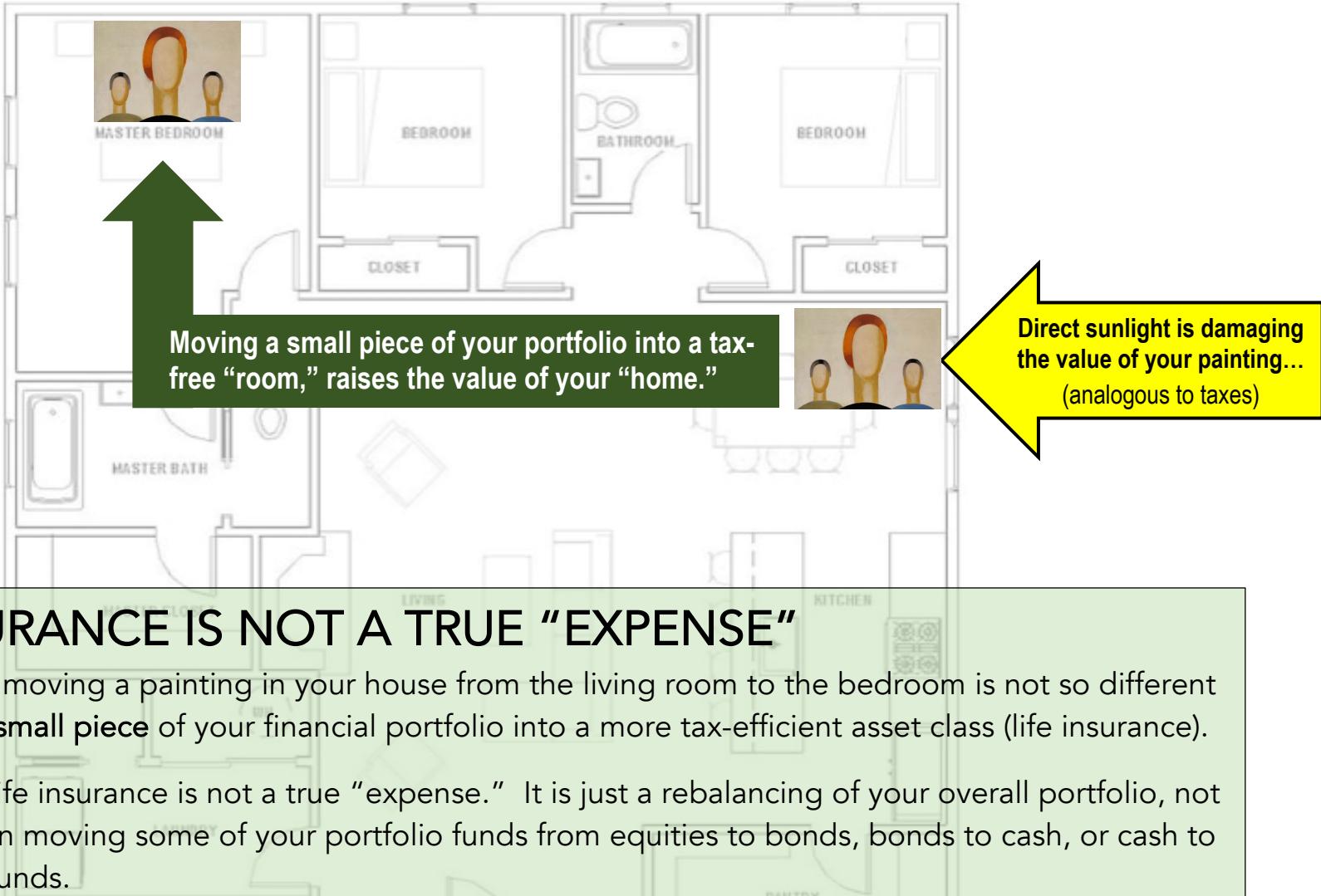


\*Average of Short-Term & Long-Term Capital Gains Tax rate

\*\*Short-Term & Long-Term Capital Gains Tax rates are hypothetical and are not exact calculations for any specific client

MAXIMIZING GENERATIONAL WEALTH TRANSFER





## LIFE INSURANCE IS NOT A TRUE "EXPENSE"

The analogy of moving a painting in your house from the living room to the bedroom is not so different than moving a **small piece** of your financial portfolio into a more tax-efficient asset class (life insurance).

In this regard, life insurance is not a true "expense." It is just a rebalancing of your overall portfolio, not so different than moving some of your portfolio funds from equities to bonds, bonds to cash, or cash to private equity funds.

If you were planning on spending every dollar you have and not passing anything on to the next generation, then life insurance would be an extra expense, cutting into your lifestyle budget. However if you ARE planning to pass some of your estate on to the next generation, life insurance is a very tax efficient way to do it, and can be a valuable piece of your overall financial portfolio.

# FULL ANALYSIS REPORT

PARTIAL-EQUITY INTEREST ACCRUAL with COST RECOVERY

# FULL ANALYSIS REPORT: ESTATE PLANNING



DATE CREATED: 08/26/22

PRIMARY INSURED: M40 - PEIACR \$10MM

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiama

## LIFE INSURANCE COMPARISON:

- 1 Premium Financed Life Insurance Policy  
...vs.  
2 Non-Financed Life Insurance Policy  
...vs.  
3 Non-Insurance Based Investment Account

## ESTATE PLANNING COMPARISON:

- 1 [Equities & Bonds Portfolio](#) inside estate (subject to capital gains tax and estate tax)  
...vs.  
2 Hybrid Portfolio:
  - a. Same [Equities & Bonds Portfolio](#) inside estate (subject to capital gains tax and estate tax)
  - b. Reposition some portfolio funds into a [Premium Financed Life Insurance Policy](#) into an Irrevocable Life Insurance Trust (ILIT) outside the taxable estate

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARISON:

- 1 Leveraged Hypothetical Synthetic Proxy  
...vs.  
2 Non-Leveraged Hypothetical Synthetic Proxy  
...vs.  
3 Non-Leveraged Equities & Bonds Account



DATE CREATED: 08/26/22

PRIMARY INSURED: M40 - PEIACR \$10MM

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## CAPITAL GAINS TAXES:

There are two forms of tax that your investment portfolio is subject to. The first is Capital Gains Tax. For investments held for more than twelve months, your gains will be taxed at Long-Term Capital Gains Tax rates when you sell. For investments bought and sold within a twelve month period, you will be taxed at Short-Term Capital Gains tax rates.

## ESTATE TAXES:

In addition to capital gains taxes, if your net worth is above a certain threshold, when you pass away, every dollar the next generation inherits above this threshold will be taxed at Estate Tax rates (currently 40.00%) and they will have nine months to pay the tax bill.

## THE PROBLEM:

Your estate essentially gets double taxed (Capital Gains Tax while you are alive + Estate Tax when the next generation inherits your estate). The inheriting generation will owe the estate taxes due within nine months of your passing. Your heirs may be forced to sell your estate's illiquid assets (e.g. real estate, businesses, art, etc.) in order to come up with the money to pay the taxes. With a due date of only nine months, your heirs may have to sell your assets at a severe discount just to pay the tax bill.

## POTENTIAL SOLUTIONS:

Option 1: Sell some of your assets now, pay huge taxes on the gains, and set the money aside for your heirs to pay the future tax liability.

Option 2: Buy a life insurance policy in an ILIT (Irrevocable Life Insurance Trust). The ILIT and the life insurance policy would be outside your estate and would not be subject to estate taxes. Due to the life insurance policy's tax-free death benefit and the ILIT not being part of your taxable estate, this can be a far more tax-efficient (and simpler) option.

## WAYS TO BUY LIFE INSURANCE:

Option A: Pay the annual premiums yourself.

Option B: Finance the premiums, similar to buying a house with a mortgage loan. Financing the premiums can be a more prudent (and a more tax-efficient) way to purchase life insurance.

## RE-BALANCING YOUR PORTFOLIO:

In this report, we will analyze the benefits of repositioning some of your investment portfolio funds into a life insurance policy, versus just keeping 100% invested in a taxable investment. Life insurance should not be paid for out of cash flow, and should not be an expense that cuts into your lifestyle expenses. It should be a simple repositioning of capital you already have invested in a different asset. This "repositioning" is just a re-balancing of your portfolio, not an additional "expense."

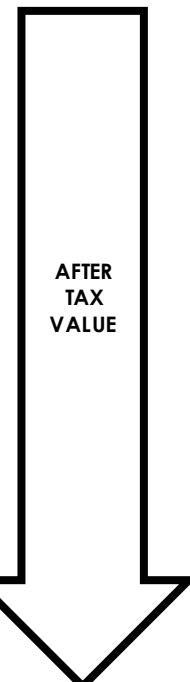
# MAXIMIZING GENERATIONAL WEALTH TRANSFER

REPOSITIONING SOME OF YOUR PORTFOLIO'S CAPITAL INTO A LIFE INSURANCE ASSET

PAGE 2 of 6

## NO LIFE INSURANCE IN YOUR PORTFOLIO:

CREATES DOUBLE TAXATION ON YOUR ASSETS (CAPITAL GAINS TAX + ESTATE TAX)



## ADDING LIFE INSURANCE TO YOUR PORTFOLIO:

REDUCES TAX & INCREASES GENERATIONAL WEALTH TRANSFER



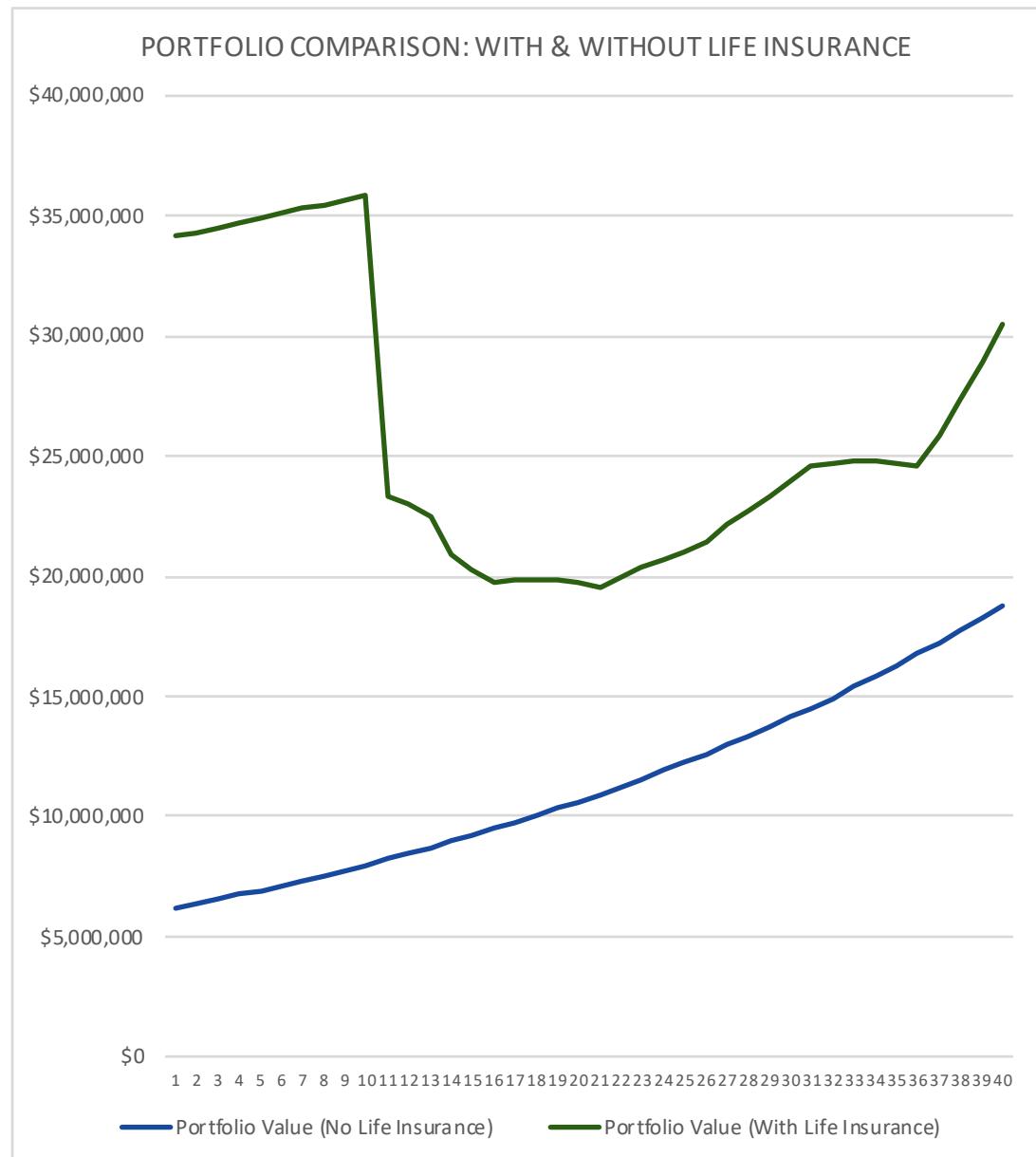
# COMPARISON: YOUR PORTFOLIO WITH & WITHOUT LIFE INSURANCE

PAGE 3 of 6

Starting Account Balance: **\$10,000,000**  
 Investment Gross Return Assumption: **5.64%**  
 All-In Investment Fee Assumption: 1.35%  
 Average Capital Gains Tax Rate\*: 32.60%  
 Estate Tax Rate Assumption\*\*: 40.00%

**TOTAL COST RECOVERY DRAWDOWNS:** **\$3,000,000**  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

Year	Age	CURRENT PORTFOLIO NET VALUE AT DEATH (NO LIFE INSURANCE)		CURRENT PORTFOLIO THAT REPOSITIONS SOME CAPITAL INTO LIFE		TOTAL PORTFOLIO NET VALUE AT DEATH (WITH LIFE)	
		PORTFOLIO NET VALUE AT DEATH	REPOSITIONS INTO LIFE	AMOUNT REPOSITIONED INTO LIFE	PORTFOLIO NET VALUE AT DEATH (WITH LIFE)		
		(NO LIFE INSURANCE)	INTO LIFE	INSURANCE	LIFE		
1	40	<b>\$6,173,488</b>	vs	\$5,988,283	-	\$300,000	= <b>\$34,151,796</b>
2	41	<b>\$6,351,992</b>	vs	\$5,976,227	-	\$300,000	= <b>\$34,318,732</b>
3	42	<b>\$6,535,657</b>	vs	\$5,963,823	-	\$300,000	= <b>\$34,498,136</b>
4	43	<b>\$6,724,633</b>	vs	\$5,951,060	-	\$300,000	= <b>\$34,688,461</b>
5	44	<b>\$6,919,073</b>	vs	\$5,937,928	-	\$300,000	= <b>\$34,887,690</b>
6	45	<b>\$7,119,135</b>	vs	\$5,924,416	-	\$300,000	= <b>\$35,088,298</b>
7	46	<b>\$7,324,982</b>	vs	\$5,910,513	-	\$300,000	= <b>\$35,290,958</b>
8	47	<b>\$7,536,781</b>	vs	\$5,896,209	-	\$300,000	= <b>\$35,490,912</b>
9	48	<b>\$7,754,704</b>	vs	\$5,881,491	-	\$300,000	= <b>\$35,682,679</b>
10	49	<b>\$7,978,928</b>	vs	\$5,866,347	-	\$300,000	= <b>\$35,860,217</b>
11	50	<b>\$8,209,636</b>	vs	\$6,035,970	-	\$0	= <b>\$23,372,354</b>
12	51	<b>\$8,447,014</b>	vs	\$6,210,498	-	\$0	= <b>\$23,004,861</b>
13	52	<b>\$8,691,256</b>	vs	\$6,390,072	-	\$0	= <b>\$22,526,587</b>
14	53	<b>\$8,942,560</b>	vs	\$6,574,838	-	\$0	= <b>\$20,932,906</b>
15	54	<b>\$9,201,131</b>	vs	\$6,764,947	-	\$0	= <b>\$20,315,886</b>
16	55	<b>\$9,467,178</b>	vs	\$6,960,553	-	\$0	= <b>\$19,761,822</b>
17	56	<b>\$9,740,917</b>	vs	\$7,161,814	-	\$0	= <b>\$19,822,262</b>
18	57	<b>\$10,022,572</b>	vs	\$7,368,895	-	\$0	= <b>\$19,834,247</b>
19	58	<b>\$10,312,371</b>	vs	\$7,581,964	-	\$0	= <b>\$19,792,977</b>
20	59	<b>\$10,610,549</b>	vs	\$7,801,193	-	\$0	= <b>\$19,692,942</b>
21	60	<b>\$10,917,349</b>	vs	\$8,026,762	-	\$0	= <b>\$19,528,025</b>
22	61	<b>\$11,233,019</b>	vs	\$8,258,852	-	\$0	= <b>\$19,929,943</b>
23	62	<b>\$11,557,818</b>	vs	\$8,497,654	-	\$0	= <b>\$20,319,973</b>
24	63	<b>\$11,892,007</b>	vs	\$8,743,360	-	\$0	= <b>\$20,695,074</b>
25	64	<b>\$12,235,860</b>	vs	\$8,996,171	-	\$0	= <b>\$21,051,886</b>
26	65	<b>\$12,589,655</b>	vs	\$9,256,291	-	\$0	= <b>\$21,385,817</b>
27	66	<b>\$12,953,680</b>	vs	\$9,523,933	-	\$0	= <b>\$22,115,868</b>
28	67	<b>\$13,328,230</b>	vs	\$9,984,519	-	<b>-\$300,000</b>	= <b>\$22,733,603</b>
29	68	<b>\$13,713,611</b>	vs	\$10,458,422	-	<b>-\$300,000</b>	= <b>\$23,358,661</b>
30	69	<b>\$14,110,134</b>	vs	\$10,946,027	-	<b>-\$300,000</b>	= <b>\$23,992,403</b>
31	70	<b>\$14,518,123</b>	vs	\$11,447,732	-	<b>-\$300,000</b>	= <b>\$24,632,424</b>
32	71	<b>\$14,937,909</b>	vs	\$11,963,943	-	<b>-\$300,000</b>	= <b>\$24,732,505</b>
33	72	<b>\$15,369,832</b>	vs	\$12,495,081	-	<b>-\$300,000</b>	= <b>\$24,785,216</b>
34	73	<b>\$15,814,245</b>	vs	\$13,041,575	-	<b>-\$300,000</b>	= <b>\$24,787,502</b>
35	74	<b>\$16,271,508</b>	vs	\$13,603,872	-	<b>-\$300,000</b>	= <b>\$24,736,473</b>
36	75	<b>\$16,741,992</b>	vs	\$14,182,427	-	<b>-\$300,000</b>	= <b>\$24,629,572</b>
37	76	<b>\$17,226,080</b>	vs	\$14,777,711	-	<b>-\$300,000</b>	= <b>\$25,891,204</b>
38	77	<b>\$17,724,165</b>	vs	\$15,205,003	-	\$0	= <b>\$27,353,177</b>
39	78	<b>\$18,236,652</b>	vs	\$15,644,649	-	\$0	= <b>\$28,899,635</b>
40	79	<b>\$18,763,958</b>	vs	\$16,097,008	-	\$0	= <b>\$30,534,907</b>



\*Average of Short-Term & Long-Term Capital Gains Tax rate

\*\*Short-Term & Long-Term Capital Gains Tax rates are hypothetical and are not exact calculations for any specific client

MAXIMIZING GENERATIONAL WEALTH TRANSFER



# YOUR CURRENT INVESTMENT PORTFOLIO (no life insurance)

PAGE 4 of 6

Starting Account Balance: **\$10,000,000**

Investment Gross Return Assumption: **5.64%**

All-In Investment Fee Assumption: 1.35%

Average Capital Gains Tax Rate\*: 32.60%

Estate Tax Rate Assumption\*\*: 40.00%

Adjusted Gross Income Assumption: **\$250,000**

Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%

Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

YEAR	AGE	BOY ACCOUNT VALUE BEFORE ESTATE TAX	ANNUAL LIFE INSURANCE CONTRIBUTION FROM PORTFOLIO	ACCOUNT VALUE AFTER LIFE INSURANCE CONTRIBUTION	RETURN NET OF FEES	ANNUAL INVESTMENT GAINS	32.60% CAPITAL GAINS TAX SUBTRACTED	EOY ACCOUNT VALUE AFTER CAPITAL GAINS	40.00% ESTATE TAX RATE	EOY ACCOUNT VALUE AFTER ESTATE TAX	DEATH BENEFIT NET OF LOANS	TOTAL EOY PORTFOLIO WITHOUT LIFE INSURANCE	TOTAL EOY PORTFOLIO VALUE + LIFE INSURANCE DEATH BENEFIT				
1	40	\$10,000,000	-	\$0	=	\$10,000,000	x 4.29% =	\$429,000	-	\$139,854	=	\$10,289,146	- 40.00% =	\$6,173,488	+ N/A =	<b>\$6,173,488</b>	vs \$34,151,796
2	41	\$10,289,146	-	\$0	=	\$10,289,146	x 4.29% =	\$441,404	-	\$143,898	=	\$10,586,653	- 40.00% =	\$6,351,992	+ N/A =	<b>\$6,351,992</b>	vs \$34,318,732
3	42	\$10,586,653	-	\$0	=	\$10,586,653	x 4.29% =	\$454,167	-	\$148,059	=	\$10,892,761	- 40.00% =	\$6,535,657	+ N/A =	<b>\$6,535,657</b>	vs \$34,498,136
4	43	\$10,892,761	-	\$0	=	\$10,892,761	x 4.29% =	\$467,299	-	\$152,340	=	\$11,207,721	- 40.00% =	\$6,724,633	+ N/A =	<b>\$6,724,633</b>	vs \$34,688,461
5	44	\$11,207,721	-	\$0	=	\$11,207,721	x 4.29% =	\$480,811	-	\$156,744	=	\$11,531,788	- 40.00% =	\$6,919,073	+ N/A =	<b>\$6,919,073</b>	vs \$34,887,690
6	45	\$11,531,788	-	\$0	=	\$11,531,788	x 4.29% =	\$494,714	-	\$161,277	=	\$11,865,225	- 40.00% =	\$7,119,135	+ N/A =	<b>\$7,119,135</b>	vs \$35,088,298
7	46	\$11,865,225	-	\$0	=	\$11,865,225	x 4.29% =	\$509,018	-	\$165,940	=	\$12,208,303	- 40.00% =	\$7,324,982	+ N/A =	<b>\$7,324,982</b>	vs \$35,290,958
8	47	\$12,208,303	-	\$0	=	\$12,208,303	x 4.29% =	\$523,736	-	\$170,738	=	\$12,561,301	- 40.00% =	\$7,536,781	+ N/A =	<b>\$7,536,781</b>	vs \$35,490,912
9	48	\$12,561,301	-	\$0	=	\$12,561,301	x 4.29% =	\$538,880	-	\$175,675	=	\$12,924,506	- 40.00% =	\$7,754,704	+ N/A =	<b>\$7,754,704</b>	vs \$35,682,679
10	49	\$12,924,506	-	\$0	=	\$12,924,506	x 4.29% =	\$554,461	-	\$180,754	=	\$13,298,213	- 40.00% =	\$7,978,928	+ N/A =	<b>\$7,978,928</b>	vs \$35,860,217
11	50	\$13,298,213	-	\$0	=	\$13,298,213	x 4.29% =	\$570,493	-	\$185,981	=	\$13,682,726	- 40.00% =	\$8,209,636	+ N/A =	<b>\$8,209,636</b>	vs \$23,372,354
12	51	\$13,682,726	-	\$0	=	\$13,682,726	x 4.29% =	\$586,989	-	\$191,358	=	\$14,078,356	- 40.00% =	\$8,447,014	+ N/A =	<b>\$8,447,014</b>	vs \$23,004,861
13	52	\$14,078,356	-	\$0	=	\$14,078,356	x 4.29% =	\$603,961	-	\$196,891	=	\$14,485,427	- 40.00% =	\$8,691,256	+ N/A =	<b>\$8,691,256</b>	vs \$22,526,587
14	53	\$14,485,427	-	\$0	=	\$14,485,427	x 4.29% =	\$621,425	-	\$202,584	=	\$14,904,267	- 40.00% =	\$8,942,560	+ N/A =	<b>\$8,942,560</b>	vs \$20,932,906
15	54	\$14,904,267	-	\$0	=	\$14,904,267	x 4.29% =	\$639,393	-	\$208,442	=	\$15,335,218	- 40.00% =	\$9,201,131	+ N/A =	<b>\$9,201,131</b>	vs \$20,315,886
16	55	\$15,335,218	-	\$0	=	\$15,335,218	x 4.29% =	\$657,881	-	\$214,469	=	\$15,778,629	- 40.00% =	\$9,467,178	+ N/A =	<b>\$9,467,178</b>	vs \$19,761,822
17	56	\$15,778,629	-	\$0	=	\$15,778,629	x 4.29% =	\$676,903	-	\$220,670	=	\$16,234,862	- 40.00% =	\$9,740,917	+ N/A =	<b>\$9,740,917</b>	vs \$19,822,262
18	57	\$16,234,862	-	\$0	=	\$16,234,862	x 4.29% =	\$696,476	-	\$227,051	=	\$16,704,287	- 40.00% =	\$10,022,572	+ N/A =	<b>\$10,022,572</b>	vs \$19,834,247
19	58	\$16,704,287	-	\$0	=	\$16,704,287	x 4.29% =	\$716,614	-	\$233,616	=	\$17,187,284	- 40.00% =	\$10,312,371	+ N/A =	<b>\$10,312,371</b>	vs \$19,792,977
20	59	\$17,187,284	-	\$0	=	\$17,187,284	x 4.29% =	\$737,335	-	\$240,371	=	\$17,684,248	- 40.00% =	\$10,610,549	+ N/A =	<b>\$10,610,549</b>	vs \$19,692,942
21	60	\$17,684,248	-	\$0	=	\$17,684,248	x 4.29% =	\$758,654	-	\$247,321	=	\$18,195,581	- 40.00% =	\$10,917,349	+ N/A =	<b>\$10,917,349</b>	vs \$19,528,025
22	61	\$18,195,581	-	\$0	=	\$18,195,581	x 4.29% =	\$780,590	-	\$254,472	=	\$18,721,699	- 40.00% =	\$11,233,019	+ N/A =	<b>\$11,233,019</b>	vs \$19,929,943
23	62	\$18,721,699	-	\$0	=	\$18,721,699	x 4.29% =	\$803,161	-	\$261,830	=	\$19,263,029	- 40.00% =	\$11,557,818	+ N/A =	<b>\$11,557,818</b>	vs \$20,319,973
24	63	\$19,263,029	-	\$0	=	\$19,263,029	x 4.29% =	\$826,384	-	\$269,401	=	\$19,820,012	- 40.00% =	\$11,892,007	+ N/A =	<b>\$11,892,007</b>	vs \$20,695,074
25	64	\$19,820,012	-	\$0	=	\$19,820,012	x 4.29% =	\$850,279	-	\$277,191	=	\$20,393,100	- 40.00% =	\$12,235,860	+ N/A =	<b>\$12,235,860</b>	vs \$21,051,886
26	65	\$20,393,100	-	\$0	=	\$20,393,100	x 4.29% =	\$874,864	-	\$285,206	=	\$20,982,758	- 40.00% =	\$12,589,655	+ N/A =	<b>\$12,589,655</b>	vs \$21,385,817
27	66	\$20,982,758	-	\$0	=	\$20,982,758	x 4.29% =	\$900,160	-	\$293,452	=	\$21,589,466	- 40.00% =	\$12,953,680	+ N/A =	<b>\$12,953,680</b>	vs \$22,115,868
28	67	\$21,589,466	-	\$0	=	\$21,589,466	x 4.29% =	\$926,188	-	\$301,937	=	\$22,213,717	- 40.00% =	\$13,328,230	+ N/A =	<b>\$13,328,230</b>	vs \$22,733,603
29	68	\$22,213,717	-	\$0	=	\$22,213,717	x 4.29% =	\$952,968	-	\$310,668	=	\$22,856,018	- 40.00% =	\$13,713,611	+ N/A =	<b>\$13,713,611</b>	vs \$23,358,661
30	69	\$22,856,018	-	\$0	=	\$22,856,018	x 4.29% =	\$980,523	-	\$319,651	=	\$23,516,890	- 40.00% =	\$14,110,134	+ N/A =	<b>\$14,110,134</b>	vs \$23,992,403
31	70	\$23,516,890	-	\$0	=	\$23,516,890	x 4.29% =	\$1,008,875	-	\$328,893	=	\$24,196,872	- 40.00% =	\$14,518,123	+ N/A =	<b>\$14,518,123</b>	vs \$24,632,424
32	71	\$24,196,872	-	\$0	=	\$24,196,872	x 4.29% =	\$1,038,046	-	\$338,403	=	\$24,896,515	- 40.00% =	\$14,937,909	+ N/A =	<b>\$14,937,909</b>	vs \$24,732,505
33	72	\$24,896,515	-	\$0	=	\$24,896,515	x 4.29% =	\$1,068,060	-	\$348,188	=	\$25,616,387	- 40.00% =	\$15,369,832	+ N/A =	<b>\$15,369,832</b>	vs \$24,785,216
34	73	\$25,616,387	-	\$0	=	\$25,616,387	x 4.29% =	\$1,098,943	-	\$358,255	=	\$26,357,075	- 40.00% =	\$15,814,245	+ N/A =	<b>\$15,814,245</b>	vs \$24,787,502
35	74	\$26,357,075	-	\$0	=	\$26,357,075	x 4.29% =	\$1,130,719	-	\$368,614	=	\$27,119,179	- 40.00% =	\$16,271,508	+ N/A =	<b>\$16,271,508</b>	vs \$24,736,473
36	75	\$27,119,179	-	\$0	=	\$27,119,179	x 4.29% =	\$1,163,413	-	\$379,273	=	\$27,903,320	- 40.00% =	\$16,741,992	+ N/A =	<b>\$16,741,992</b>	vs \$24,629,572
37	76	\$27,903,320	-	\$0	=	\$27,903,320	x 4.29% =	\$1,197,052	-	\$390,239	=	\$28,710,133	- 40.00% =	\$17,226,080	+ N/A =	<b>\$17,226,080</b>	vs \$25,891,204
38	77	\$28,710,133	-	\$0	=	\$28,710,133	x 4.29% =	\$1,231,665	-	\$401,523	=	\$29,540,275	- 40.00% =	\$17,724,165	+ N/A =	<b>\$17,724,165</b>	vs \$27,353,177
39	78	\$29,540,275	-	\$0	=	\$29,540,275	x 4.29% =	\$1,267,278	-	\$413,133	=	\$30,394,420	- 40.00% =	\$18,236,652	+ N/A =	<b>\$18,236,652</b>	vs \$28,899,635
40	79	\$30,394,420	-	\$0	=	\$30,394,420	x 4.29% =	\$1,303,921	-	\$425,078	=	\$31,273,263	- 40.00% =	\$18,763,958	+ N/A =	<b>\$18,763,958</b>	vs \$30,534,907

\*Average of Short-Term & Long-Term Capital Gains Tax rate

\*\*Short-Term & Long-Term Capital Gains Tax rates are hypothetical and are not exact calculations for any specific client

MAXIMIZING GENERATIONAL WEALTH TRANSFER



# YOUR PORTFOLIO INCORPORATING LIFE INSURANCE AS A SEPARATE ASSET CLASS (maximizing tax-efficiency)

PAGE 5 of 6

Starting Account Balance: \$10,000,000  
 Investment Gross Return Assumption: 5.64%  
 All-In Investment Fee Assumption: 1.35%  
 Average Capital Gains Tax Rate\*: 32.60%  
 Estate Tax Rate Assumption\*\*: 40.00%

**TOTAL COST RECOVERY DRAWDOWNS:** \$3,000,000  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

YEAR	AGE	BOY		ANNUAL		ACCOUNT VALUE		RETURN NET OF FEES	ANNUAL INVESTMENT GAINS	CAPITAL GAINS TAX SUBTRACTED	EOY		ESTATE TAX RATE	EOY ACCOUNT VALUE	DEATH BENEFIT NET OF LOANS	TOTAL EOY PORTFOLIO		TOTAL EOY PORTFOLIO VALUE WITHOUT LIFE INSURANCE				
		ACCOUNT VALUE BEFORE ESTATE TAX	LIFE INSURANCE CONTRIBUTION FROM PORTFOLIO	AFTER LIFE INSURANCE CONTRIBUTION		ACCOUNT VALUE AFTER CAPITAL GAINS	ESTATE TAX RATE				ACCOUNT VALUE AFTER ESTATE TAX	ESTATE TAX RATE				+ LIFE INSURANCE DEATH BENEFIT						
1	40	\$10,000,000	-	\$300,000	=	\$9,700,000	x 4.29%	=	\$416,130	-	\$135,658	=	\$9,980,472	- 40.00%	=	\$5,988,283	+	\$28,163,513	=	\$34,151,796	vs	\$6,173,488
2	41	\$9,980,472	-	\$300,000	=	\$9,680,472	x 4.29%	=	\$415,292	-	\$135,385	=	\$9,960,379	- 40.00%	=	\$5,976,227	+	\$28,342,505	=	\$34,318,732	vs	\$6,351,992
3	42	\$9,960,379	-	\$300,000	=	\$9,660,379	x 4.29%	=	\$414,430	-	\$135,104	=	\$9,939,705	- 40.00%	=	\$5,963,823	+	\$28,534,313	=	\$34,498,136	vs	\$6,535,657
4	43	\$9,939,705	-	\$300,000	=	\$9,639,705	x 4.29%	=	\$413,543	-	\$134,815	=	\$9,918,433	- 40.00%	=	\$5,951,060	+	\$28,737,401	=	\$34,688,461	vs	\$6,724,633
5	44	\$9,918,433	-	\$300,000	=	\$9,618,433	x 4.29%	=	\$412,631	-	\$134,518	=	\$9,896,546	- 40.00%	=	\$5,937,928	+	\$28,949,762	=	\$34,887,690	vs	\$6,919,073
6	45	\$9,896,546	-	\$300,000	=	\$9,596,546	x 4.29%	=	\$411,692	-	\$134,212	=	\$9,874,026	- 40.00%	=	\$5,924,416	+	\$29,163,882	=	\$35,088,298	vs	\$7,119,135
7	46	\$9,874,026	-	\$300,000	=	\$9,574,026	x 4.29%	=	\$410,726	-	\$133,897	=	\$9,850,855	- 40.00%	=	\$5,910,513	+	\$29,380,445	=	\$35,290,958	vs	\$7,324,982
8	47	\$9,850,855	-	\$300,000	=	\$9,550,855	x 4.29%	=	\$409,732	-	\$133,573	=	\$9,827,014	- 40.00%	=	\$5,896,209	+	\$29,594,703	=	\$35,490,912	vs	\$7,536,781
9	48	\$9,827,014	-	\$300,000	=	\$9,527,014	x 4.29%	=	\$408,709	-	\$133,239	=	\$9,802,484	- 40.00%	=	\$5,881,491	+	\$29,801,189	=	\$35,682,679	vs	\$7,754,704
10	49	\$9,802,484	-	\$300,000	=	\$9,502,484	x 4.29%	=	\$407,657	-	\$132,896	=	\$9,777,245	- 40.00%	=	\$5,866,347	+	\$29,993,870	=	\$35,860,217	vs	\$7,978,928
11	50	\$9,777,245	-	\$0	=	\$9,777,245	x 4.29%	=	\$419,444	-	\$136,739	=	\$10,059,950	- 40.00%	=	\$6,035,970	+	\$17,336,384	=	\$23,372,354	vs	\$8,209,636
12	51	\$10,059,950	-	\$0	=	\$10,059,950	x 4.29%	=	\$431,572	-	\$140,692	=	\$10,350,829	- 40.00%	=	\$6,210,498	+	\$16,794,363	=	\$23,004,861	vs	\$8,447,014
13	52	\$10,350,829	-	\$0	=	\$10,350,829	x 4.29%	=	\$444,051	-	\$144,760	=	\$10,650,119	- 40.00%	=	\$6,390,072	+	\$16,136,515	=	\$22,526,587	vs	\$8,691,256
14	53	\$10,650,119	-	\$0	=	\$10,650,119	x 4.29%	=	\$456,890	-	\$148,946	=	\$10,958,063	- 40.00%	=	\$6,574,838	+	\$14,358,068	=	\$20,932,906	vs	\$8,942,560
15	54	\$10,958,063	-	\$0	=	\$10,958,063	x 4.29%	=	\$470,101	-	\$153,253	=	\$11,274,911	- 40.00%	=	\$6,764,947	+	\$13,550,939	=	\$20,315,886	vs	\$9,201,131
16	55	\$11,274,911	-	\$0	=	\$11,274,911	x 4.29%	=	\$483,694	-	\$157,684	=	\$11,600,921	- 40.00%	=	\$6,960,553	+	\$12,801,269	=	\$19,761,822	vs	\$9,467,178
17	56	\$11,600,921	-	\$0	=	\$11,600,921	x 4.29%	=	\$497,680	-	\$162,244	=	\$11,936,357	- 40.00%	=	\$7,161,814	+	\$12,660,448	=	\$19,822,262	vs	\$9,740,917
18	57	\$11,936,357	-	\$0	=	\$11,936,357	x 4.29%	=	\$512,070	-	\$166,935	=	\$12,281,492	- 40.00%	=	\$7,368,895	+	\$12,465,352	=	\$19,834,247	vs	\$10,022,572
19	58	\$12,281,492	-	\$0	=	\$12,281,492	x 4.29%	=	\$526,876	-	\$171,762	=	\$12,636,606	- 40.00%	=	\$7,581,964	+	\$12,211,013	=	\$19,792,977	vs	\$10,312,371
20	59	\$12,636,606	-	\$0	=	\$12,636,606	x 4.29%	=	\$542,110	-	\$176,728	=	\$13,001,989	- 40.00%	=	\$7,801,193	+	\$11,891,748	=	\$19,692,942	vs	\$10,610,549
21	60	\$13,001,989	-	\$0	=	\$13,001,989	x 4.29%	=	\$557,785	-	\$181,838	=	\$13,377,936	- 40.00%	=	\$8,026,762	+	\$11,501,264	=	\$19,528,025	vs	\$10,917,349
22	61	\$13,377,936	-	\$0	=	\$13,377,936	x 4.29%	=	\$573,913	-	\$187,096	=	\$13,764,754	- 40.00%	=	\$8,258,852	+	\$11,671,091	=	\$19,929,943	vs	\$11,233,019
23	62	\$13,764,754	-	\$0	=	\$13,764,754	x 4.29%	=	\$590,508	-	\$192,506	=	\$14,162,756	- 40.00%	=	\$8,497,654	+	\$11,822,319	=	\$20,319,973	vs	\$11,557,818
24	63	\$14,162,756	-	\$0	=	\$14,162,756	x 4.29%	=	\$607,582	-	\$198,072	=	\$14,572,267	- 40.00%	=	\$8,743,360	+	\$11,951,714	=	\$20,695,074	vs	\$11,892,007
25	64	\$14,572,267	-	\$0	=	\$14,572,267	x 4.29%	=	\$625,150	-	\$203,799	=	\$14,993,618	- 40.00%	=	\$8,996,171	+	\$12,055,715	=	\$21,051,886	vs	\$12,235,860
26	65	\$14,993,618	-	\$0	=	\$14,993,618	x 4.29%	=	\$643,226	-	\$209,692	=	\$15,427,152	- 40.00%	=	\$9,256,291	+	\$12,129,526	=	\$21,385,817	vs	\$12,589,655
27	66	\$15,427,152	-	\$0	=	\$15,427,152	x 4.29%	=	\$661,825	-	\$215,755	=	\$15,873,222	- 40.00%	=	\$9,523,933	+	\$12,591,935	=	\$22,115,868	vs	\$12,953,680
28	67	\$15,873,222	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$16,173,222	x 4.29%	=	\$693,831	-	\$226,189	=	\$16,640,864	- 40.00%	=	\$9,984,519	+	\$12,749,084	=	\$22,733,603	vs	\$13,328,230
29	68	\$16,640,864	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$16,940,864	x 4.29%	=	\$726,763	-	\$236,925	=	\$17,430,703	- 40.00%	=	\$10,458,422	+	\$12,900,239	=	\$23,358,661	vs	\$13,713,611
30	69	\$17,430,703	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$17,730,703	x 4.29%	=	\$760,647	-	\$247,971	=	\$18,243,379	- 40.00%	=	\$10,946,027	+	\$13,046,376	=	\$23,992,403	vs	\$14,110,134
31	70	\$18,243,379	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$18,543,379	x 4.29%	=	\$795,511	-	\$259,337	=	\$19,079,553	- 40.00%	=	\$11,447,732	+	\$13,184,692	=	\$24,632,424	vs	\$14,518,123
32	71	\$19,079,553	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$19,379,553	x 4.29%	=	\$831,383	-	\$271,031	=	\$19,939,905	- 40.00%	=	\$11,963,943	+	\$12,768,562	=	\$24,732,505	vs	\$14,937,909
33	72	\$19,939,905	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$20,239,905	x 4.29%	=	\$868,292	-	\$283,063	=	\$20,825,134	- 40.00%	=	\$12,495,081	+	\$12,290,136	=	\$24,785,216	vs	\$15,369,832
34	73	\$20,825,134	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$21,125,134	x 4.29%	=	\$906,268	-	\$295,443	=	\$21,735,959	- 40.00%	=	\$13,041,575	+	\$11,745,926	=	\$24,787,502	vs	\$15,814,245
35	74	\$21,735,959	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$22,035,959	x 4.29%	=	\$945,343	-	\$308,182	=	\$22,673,120	- 40.00%	=	\$13,603,872	+	\$11,132,601	=	\$24,736,473	vs	\$16,271,508
36	75	\$22,673,120	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$22,973,120	x 4.29%	=	\$985,547	-	\$321,288	=	\$23,637,379	- 40.00%	=	\$14,182,427	+	\$10,447,145	=	\$24,629,572	vs	\$16,741,992
37	76	\$23,637,379	-	<span style="background-color: #c0e0c0;">-\$300,000</span>	=	\$23,937,379	x 4.29%	=	\$1,026,914	-	\$334,774	=	\$24,629,518	- 40.00%	=	\$14,777,711	+	\$11,113,493	=	\$25,891,204	vs	\$17,226,080
38	77	\$24,629,518	-	\$0	=	\$24,629,518	x 4.29%	=	\$1,056,606	-	\$344,454	=	\$25,341,671	- 40.00%	=	\$15,205,003	+	\$12,148,174	=	\$27,353,177	vs	\$17,724,165
39	78	\$25,341,671	-	\$0	=	\$25,341,671	x 4.29%	=	\$1,087,158	-	\$354,413	=	\$26,074,415	- 40.00%	=	\$15,644,649	+	\$13,254,986	=	\$28,899,635	vs	\$18,236,652
40	79	\$26,074,415	-	\$0	=	\$26,074,415	x 4.29%	=	\$1,118,592	-	\$364,661	=	\$26,828,346	- 40.00%	=	\$16,097,008	+	\$14,437,899	=	\$30,534,907	vs	\$18,763,958

\*Average of Short-Term & Long-Term Capital Gains Tax rate

\*\*Short-Term & Long-Term Capital Gains Tax rates are hypothetical and are not exact calculations for any specific client

MAXIMIZING GENERATIONAL WEALTH TRANSFER



This document is not intended to give tax advice, as Lionsmark Capital is not a CPA firm nor a tax planning law firm. The purpose of this document is to introduce the concept of repositioning some of a person's taxable estate into a life insurance policy owned by an Irrevocable Life Insurance Trust (ILIT) outside the person's taxable estate. All assumptions made in this document regarding investment fees, tax rates, investment returns, index credits, and financial outcomes are purely hypothetical and do not necessarily reflect any particular person's unique situation.

Neither Lionsmark Capital nor Darren Sugiyama endorse any particular tax strategy that may include life insurance as an integral part of such strategy. Any such tax strategy that a person may employ is done on their own volition without the encouragement, enticement, or coercion by Lionsmark Capital or any of its principals. This does not necessarily mean that Lionsmark Capital or its principals are against any particular tax planning strategy, however Lionsmark recuses itself of any involvement in a person's decision to participate in any such strategy. Such decisions should be solely made by the client and their tax planning professional, CPA, and/or estate planning attorney. Should a person use a premium financed life insurance policy as part of their overall estate plan, Lionsmark shall be held harmless in regards to any issues that may arise from such tax planning with their tax planning attorney. Neither Lionsmark Capital nor its principals provide any tax advice, nor is Lionsmark authorized to do so based on licensure restrictions.

In the coverpage of this document, the "Potential Solutions" a person has in regards to solving any perceived or real estate tax "problem" are not limited to the two solutions mentioned. There are other solutions that a person should explore with their estate planning attorney or trusted tax professional. In addition, there are more than just two "Ways To Buy Life Insurance." The two ways to buy life insurance as depicted in this document are two of many different ways a person may buy life insurance. It is recommended that any person considering buying life insurance should do their own due diligence and consult their trusted financial professional(s) in exploring the most suitable method of purchase and most suitable product.

# 3 DIFFERENT FINANCIAL SOLUTIONS

1 of 10



DATE CREATED: 08/26/22

PRIMARY INSURED: M40 - PEIACR \$10MM  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

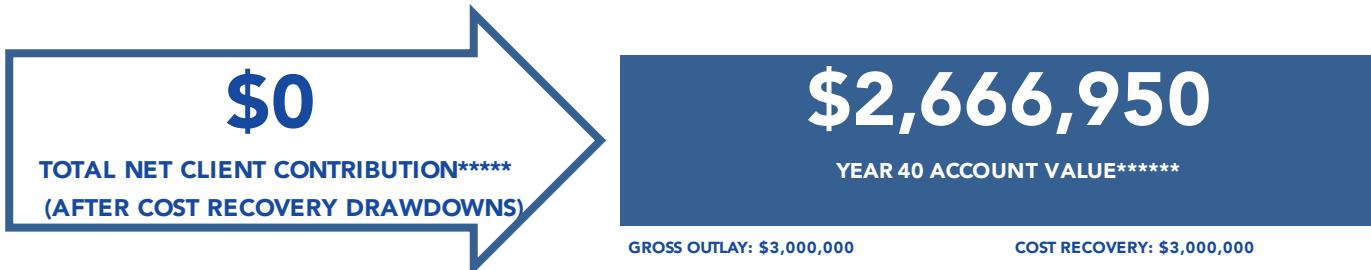
## PREMIUM FINANCED LIFE INSURANCE: PARTIAL-EQUITY INTEREST ACCRUAL



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



\*TOTAL NET CLIENT COST is the total client outlay minus any cost recovery drawdowns from policy values.

\*\*LOWPOINT DEATH BENEFIT (1ST 40 YEARS) assumes a 5.64% index credit. See carrier illustration for details.

\*\*\*TOTAL NET CLIENT COST is the total client-paid premium.

\*\*\*\*LEVEL DEATH BENEFIT assumes a 5.64% index credit. See carrier illustration for details.

\*\*\*\*\*TOTAL NET CLIENT CONTRIBUTION is the same client outlay as the premium financed life insurance solution minus cost recovery drawdowns.

\*\*\*\*\*YEAR 40 ACCOUNT VALUE assumes a 5.64% return, 1.35% investment fees, 32.6% tax on gains, and 40% estate taxes.

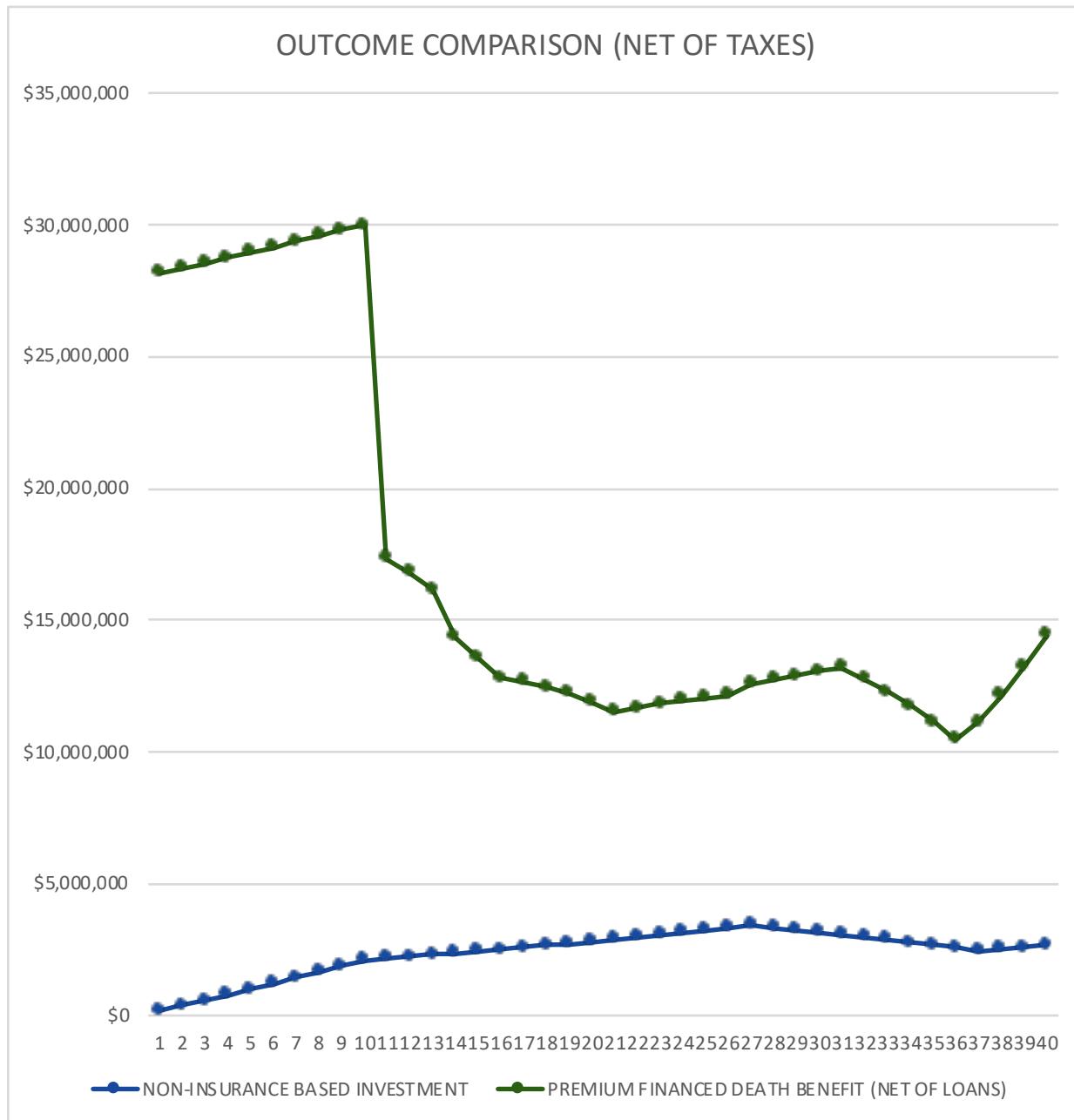
# Is Premium Financed Life Insurance An Effective Estate Planning Tool?

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GROSS RETURN ASSUMPTION: 5.64%  
ALL-IN INVESTMENT FEE ASSUMPTION: 1.35%

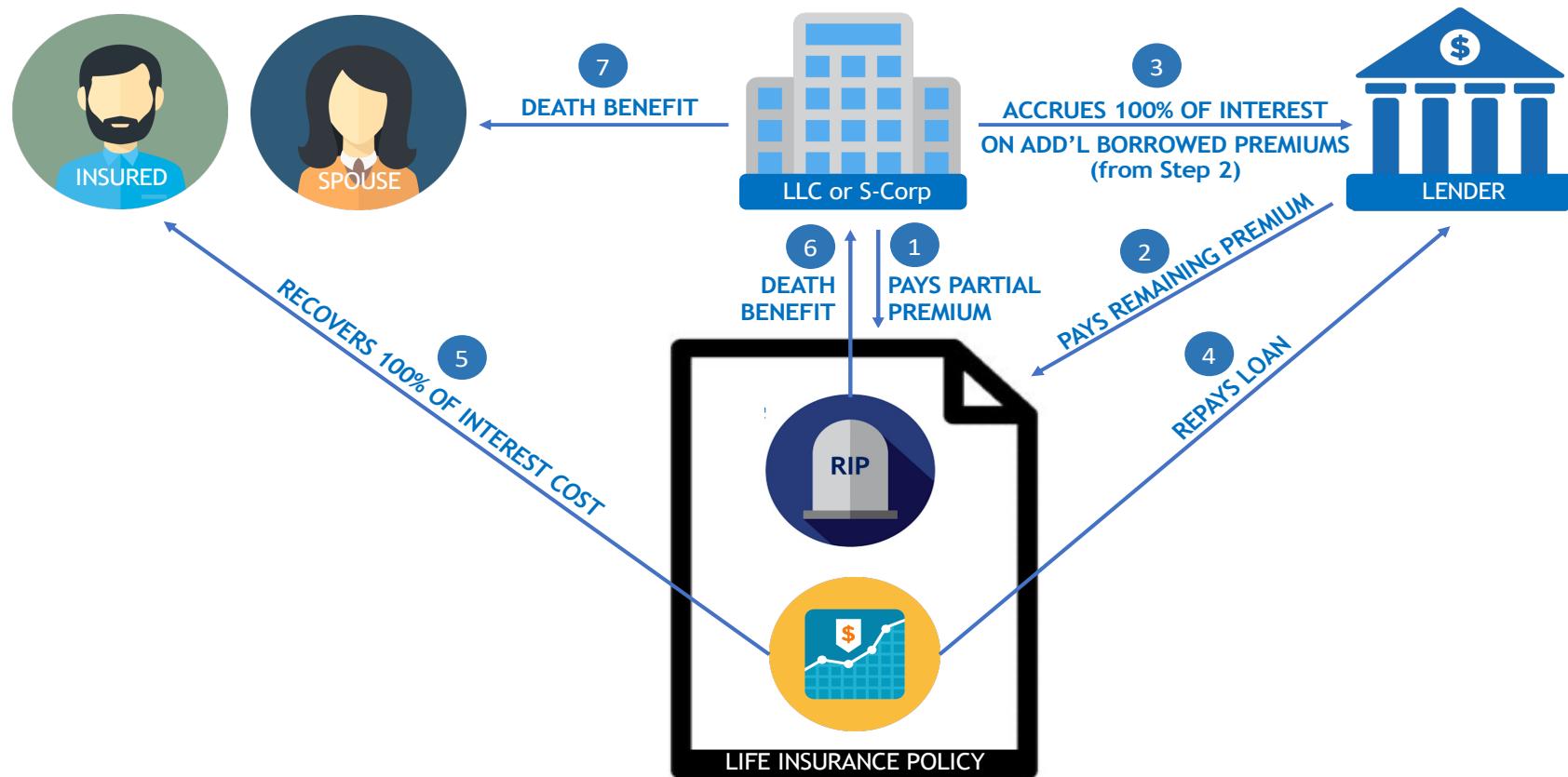
SHORT-TERM CAPITAL GAINS TAX RATE ASSUMPTION: 32.60%  
ESTATE TAX RATE ASSUMPTION: 40.00%

AGE	(+/-) SAME ANNUAL CONTRIBUTION (-) INCOME DRAWDOWNS	NON-INSURANCE BASED INVESTMENT AFTER ESTATE TAX ACCOUNT VALUE	PREMIUM FINANCED LIFE INSURANCE TAX-FREE NET DEATH BENEFIT
1	40	\$300,000	\$185,205
2	41	\$300,000	\$375,764
3	42	\$300,000	\$571,834
4	43	\$300,000	\$773,573
5	44	\$300,000	\$981,145
6	45	\$300,000	\$1,194,719
7	46	\$300,000	\$1,414,469
8	47	\$300,000	\$1,640,572
9	48	\$300,000	\$1,873,213
10	49	\$300,000	\$2,112,581
11	50	\$0	\$2,173,666
12	51	\$0	\$2,236,516
13	52	\$0	\$2,301,184
14	53	\$0	\$2,367,722
15	54	\$0	\$2,436,184
16	55	\$0	\$2,506,625
17	56	\$0	\$2,579,103
18	57	\$0	\$2,653,677
19	58	\$0	\$2,730,407
20	59	\$0	\$2,809,355
21	60	\$0	\$2,890,587
22	61	\$0	\$2,974,167
23	62	\$0	\$3,060,164
24	63	\$0	\$3,148,647
25	64	\$0	\$3,239,689
26	65	\$0	\$3,333,363
27	66	\$0	\$3,429,746
28	67	-\$300,000	\$3,343,711
29	68	-\$300,000	\$3,255,189
30	69	-\$300,000	\$3,164,107
31	70	-\$300,000	\$3,070,391
32	71	-\$300,000	\$2,973,966
33	72	-\$300,000	\$2,874,752
34	73	-\$300,000	\$2,772,670
35	74	-\$300,000	\$2,667,636
36	75	-\$300,000	\$2,559,565
37	76	-\$300,000	\$2,448,369
38	77	\$0	\$2,519,162
39	78	\$0	\$2,592,003
40	79	\$0	\$2,666,950
			\$14,437,899



**FEES & TAXES:** The "Non-Insurance Based Investment" is a fictitious investment that assumes the same net return as the insurance policy's gross index credit, minus hypothetical investment fees, minus hypothetical taxes on gains, minus a hypothetical estate tax rate (both fees and hypothetical tax rates shown at the top of this page). The "Premium Financed Life Insurance" net death benefit includes netting out any third-party loans, internal policy loans, policy fees, and charges. Net death benefit values of the life insurance policy are depicted as tax-free.

# PARTIAL-EQUITY INTEREST ACCRUAL: COST RECOVERY



## PARTIAL-EQUITY INTEREST ACCRUAL PREMIUM FINANCING: COST RECOVERY DESIGN

1. The policy is owned by an entity (either an LLC or an S-corp). The entity pays some of the policy premium.
2. The lender will pay the balance of life insurance premiums due directly to the life insurance carrier.
3. The entity will accrue the interest due each year on the cumulative loan balance and post the policy (and additional outside assets) as collateral.
4. The appreciated policy value will repay the cumulative loan balance (including the additional compounded debt due to accruing the interest due) to the lender.
5. The entity will take policy loans and pass them through to the insured person to recover 100% of their out-of-pocket costs.
6. Upon the insured's death, the policy death benefit will pay to the entity.
7. The surviving spouse shall receive the unlimited step-up in basis, and enjoy the net death benefit on a tax-free basis.

# TWO DIFFERENT LIFE INSURANCE SOLUTIONS (INCLUDING ONE COST RECOVERY SOLUTION)

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## NON-FINANCED SOLUTION

This solution requires the client to pay premiums out of pocket throughout the period shown below in the "Annual Premium" column.

version NF128314

	<b>NON-FINANCED IUL</b>	<b>5.64%</b>	
AGE	ANNUAL PREMIUM	CASH VALUE	DEATH BENEFIT
1	\$159,601	\$39,491	\$10,000,000
2	\$159,601	\$174,149	\$10,000,000
3	\$159,601	\$314,460	\$10,000,000
4	\$159,601	\$461,019	\$10,000,000
5	\$159,601	\$614,350	\$10,000,000
6	\$159,601	\$775,089	\$10,000,000
7	\$159,601	\$943,566	\$10,000,000
8	\$159,601	\$1,120,179	\$10,000,000
9	\$159,601	\$1,305,352	\$10,000,000
10	\$159,601	\$1,499,377	\$10,000,000
11	\$159,601	\$1,727,328	\$10,000,000
12	\$0	\$1,807,261	\$10,000,000
13	\$0	\$1,890,556	\$10,000,000
14	\$0	\$1,977,370	\$10,000,000
15	\$0	\$2,067,861	\$10,000,000
16	\$0	\$2,162,180	\$10,000,000
17	\$0	\$2,260,393	\$10,000,000
18	\$0	\$2,362,432	\$10,000,000
19	\$0	\$2,468,109	\$10,000,000
20	\$0	\$2,577,423	\$10,000,000
21	\$0	\$2,690,484	\$10,000,000
22	\$0	\$2,807,719	\$10,000,000
23	\$0	\$2,929,164	\$10,000,000
24	\$0	\$3,054,962	\$10,000,000
25	\$0	\$3,185,113	\$10,000,000
26	\$0	\$3,319,624	\$10,000,000
27	\$0	\$3,458,451	\$10,000,000
28	\$0	\$3,601,401	\$10,000,000
29	\$0	\$3,748,099	\$10,000,000
30	\$0	\$3,898,324	\$10,000,000
31	\$0	\$4,052,091	\$10,000,000
32	\$0	\$4,209,524	\$10,000,000
33	\$0	\$4,370,617	\$10,000,000
34	\$0	\$4,534,957	\$10,000,000
35	\$0	\$4,702,095	\$10,000,000
36	\$0	\$4,871,888	\$10,000,000
37	\$0	\$5,044,332	\$10,000,000
38	\$0	\$5,219,372	\$10,000,000
39	\$0	\$5,396,910	\$10,000,000
40	\$0	\$5,576,928	\$10,000,000

**\$1,755,611**  
TOTAL NET COST  
(OVER 40 YEARS)

## PREMIUM FINANCED w/ COST RECOVERY

In this solution, the client is paying a portion of the premium, borrowing the remaining premium, and accruing the interest.

version 354368

	<b>PARTIAL-EQUITY INTEREST ACCRUAL</b>	<b>5.64%</b>	
AGE	ANNUAL CONTRIBUTION	CASH VALUE	DEATH BENEFIT
1	\$300,000	\$0	\$28,163,513
2	\$300,000	\$0	\$28,342,505
3	\$300,000	\$191,705	\$28,534,313
4	\$300,000	\$435,757	\$28,737,401
5	\$300,000	\$689,670	\$28,949,762
6	\$300,000	\$945,734	\$29,163,882
7	\$300,000	\$1,204,829	\$29,380,445
8	\$300,000	\$1,462,207	\$29,594,703
9	\$300,000	\$1,712,401	\$29,801,189
10	\$300,000	\$1,949,182	\$29,993,870
11	\$0	\$2,019,420	\$17,336,384
12	\$0	\$2,024,684	\$16,794,363
13	\$0	\$2,005,646	\$16,136,515
14	\$0	\$982,588	\$14,358,068
15	\$0	\$1,039,122	\$13,550,939
16	\$0	\$1,215,178	\$12,801,269
17	\$0	\$1,407,682	\$12,660,448
18	\$0	\$1,618,423	\$12,445,352
19	\$0	\$1,849,407	\$12,211,013
20	\$0	\$2,102,635	\$11,891,748
21	\$0	\$2,380,206	\$11,501,264
22	\$0	\$2,681,433	\$11,671,091
23	\$0	\$3,007,488	\$11,822,319
24	\$0	\$3,359,673	\$11,951,714
25	\$0	\$3,739,312	\$12,055,715
26	\$0	\$4,146,997	\$12,129,526
27	\$0	\$4,585,452	\$12,591,935
28	-\$300,000	\$4,741,264	\$12,749,084
29	-\$300,000	\$4,916,168	\$12,900,239
30	-\$300,000	\$5,113,579	\$13,046,376
31	-\$300,000	\$5,333,898	\$13,184,692
32	-\$300,000	\$5,585,369	\$12,768,562
33	-\$300,000	\$5,872,617	\$12,290,136
34	-\$300,000	\$6,201,199	\$11,745,926
35	-\$300,000	\$6,577,706	\$11,132,601
36	-\$300,000	\$7,010,051	\$10,447,145
37	-\$300,000	\$7,482,687	\$11,113,493
38	\$0	\$8,313,018	\$12,148,174
39	\$0	\$9,204,291	\$13,254,986
40	\$0	\$10,159,900	\$14,437,899

**\$0**  
TOTAL NET COST  
AFTER \$3MM COST RECOVERY DRAWDOWNS

## NON-INSURANCE BASED ALTERNATIVE ASSET

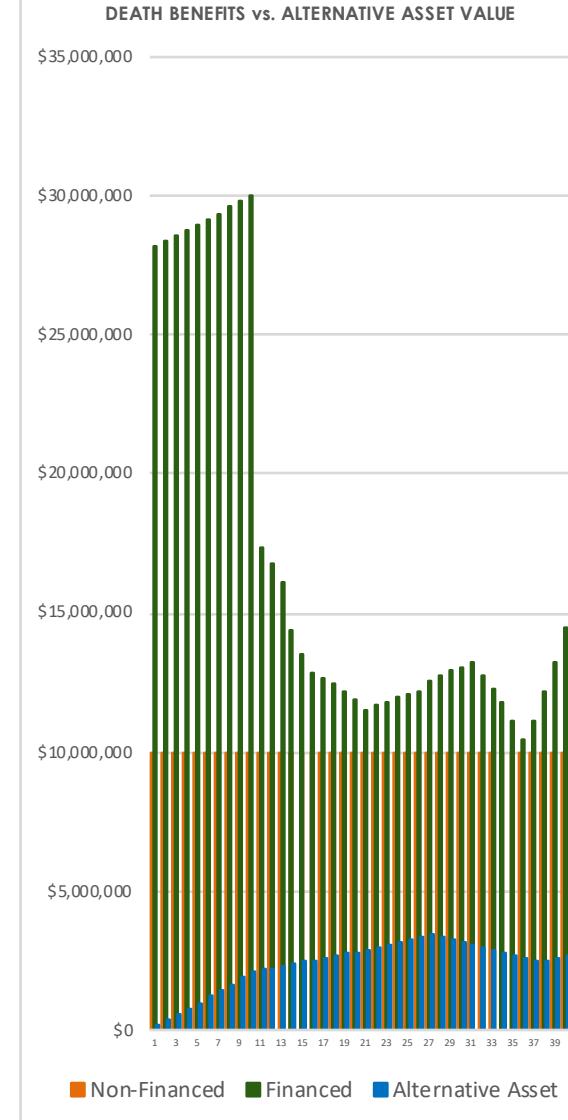
This Alternative Asset (in blue) depicts the same annual contribution invested in a non-insurance based account with the same static gross return as the as-illustrated policy index return, minus taxes (shown at the bottom of this graph in blue font). There are no investment fees assumed in this depiction.

**5.64%**

**ALTERNATIVE**

**ASSET**

**DEATH BENEFITS vs. ALTERNATIVE ASSET VALUE**



Taxable Gains Rate Assumption: 32.60%

Estate Tax Rate Assumption: 40.00%

Investment Fee Assumption: 1.35%



# SUMMARY OF CARRIER-ILLUSTRATED STATIC RETURNS (DESIGNED TO STAY INFORCE UNTIL AGE 120)

version 354368

SL

## PARTIAL-EQUITY INTEREST ACCRUAL

At This Index Credit Assumption, Death Benefit Lasts Until Age:

120

5 of 10

08/26/22

YEAR	AGE	Health Rating:		PREFERRED		Third Party Loan Payoff Type:		PAR LOAN		PLR: 5.14%		Initial Gross Policy Face Amount: \$28,000,000						
		1 TOTAL POLICY PREMIUMS	2 EQUITY PREMIUMS	3 BORROWED PREMIUMS	4 CUMULATIVE PF LOAN BALANCE	5 FINANCING RATE	6 INTEREST DUE	7 INTEREST ACCRUED	8 CLIENT CONTRIBUTION	9 (Cash)	10 HYPOTHETICAL GAP COLLATERAL	11 INDEX CREDIT	12 DRAWDOWNS	13 GROSS POLICY CSV	14 POLICY CSV NET OF LOANS	15 DEATH BENEFIT NET OF LOANS	DEATH BENEFIT + YTY	YEAR
1	40	\$1,500,000	\$300,000	\$1,200,000	\$1,200,000	4.54%	\$54,480	\$54,480	\$300,000	\$375,564	5.64%	\$0	\$940,153	-\$259,847	\$28,163,513	9287.84%	1	40
2	41	\$1,500,000	\$300,000	\$1,200,000	\$2,454,480	4.64%	\$113,766	\$113,766	\$300,000	\$376,585	5.64%	\$0	\$2,413,805	-\$40,675	\$28,342,505	823.27%	2	41
3	42	\$1,500,000	\$300,000	\$1,200,000	\$3,768,246	4.73%	\$178,389	\$178,389	\$300,000	\$378,472	5.64%	\$0	\$3,959,951	\$191,705	\$28,534,313	318.69%	3	42
4	43	\$1,500,000	\$300,000	\$1,200,000	\$5,146,635	4.84%	\$248,948	\$248,948	\$300,000	\$377,868	5.64%	\$0	\$5,582,392	\$435,757	\$28,737,401	181.46%	4	43
5	44	\$1,500,000	\$300,000	\$1,200,000	\$6,595,583	4.94%	\$326,116	\$326,116	\$300,000	\$379,632	5.64%	\$0	\$7,285,253	\$689,670	\$28,949,762	122.11%	5	44
6	45	\$1,500,000	\$300,000	\$1,200,000	\$8,121,700	5.06%	\$410,656	\$410,656	\$300,000	\$391,542	5.64%	\$0	\$9,067,434	\$945,734	\$29,163,882	90.00%	6	45
7	46	\$1,500,000	\$300,000	\$1,200,000	\$9,732,356	5.17%	\$503,430	\$503,430	\$300,000	\$413,524	5.64%	\$0	\$10,937,184	\$1,204,829	\$29,380,445	70.22%	7	46
8	47	\$1,500,000	\$300,000	\$1,200,000	\$11,435,786	5.29%	\$605,415	\$605,415	\$300,000	\$451,127	5.64%	\$0	\$12,897,993	\$1,462,207	\$29,594,703	56.93%	8	47
9	48	\$1,500,000	\$300,000	\$1,200,000	\$13,241,201	5.42%	\$717,722	\$717,722	\$300,000	\$510,361	5.64%	\$0	\$14,953,602	\$1,712,401	\$29,801,189	47.46%	9	48
10	49	\$1,500,000	\$300,000	\$1,200,000	\$15,158,923	5.55%	\$841,614	\$841,614	\$300,000	\$598,082	5.64%	\$0	\$17,108,105	\$1,949,182	\$29,993,870	40.40%	10	49
11	50	\$0	\$0	\$0	\$16,000,537	5.69%	\$910,266	\$910,266	\$0	\$730,693	5.64%	\$0	\$18,019,957	\$2,019,420	\$17,336,384	26.62%	11	50
12	51	\$0	\$0	\$0	\$16,910,802	5.83%	\$986,185	\$986,185	\$0	\$865,661	5.64%	\$0	\$18,935,486	\$2,024,684	\$16,794,363	22.99%	12	51
13	52	\$0	\$0	\$0	\$17,896,987	5.98%	\$1,070,298	\$1,070,298	\$0	\$1,032,126	5.64%	\$0	\$19,902,633	\$2,005,646	\$16,136,515	19.99%	13	52
14	53	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-18,967,286	\$982,958	\$982,958	\$14,358,068	16.72%	14	53
15	54	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,039,122	\$1,039,122	\$13,550,939	14.61%	15	54
16	55	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,215,178	\$1,215,178	\$12,801,269	12.86%	16	55
17	56	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,407,682	\$1,407,682	\$12,660,448	11.76%	17	56
18	57	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,618,423	\$1,618,423	\$12,465,352	10.78%	18	57
19	58	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$1,849,407	\$1,849,407	\$12,211,013	9.89%	19	58
20	59	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,102,635	\$2,102,635	\$11,891,748	9.07%	20	59
21	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,380,206	\$2,380,206	\$11,501,264	8.31%	21	60
22	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,681,433	\$2,681,433	\$11,671,091	7.92%	22	61
23	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,007,488	\$3,007,488	\$11,822,319	7.57%	23	62
24	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,359,673	\$3,359,673	\$11,951,714	7.24%	24	63
25	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,739,312	\$3,739,312	\$12,055,715	6.92%	25	64
26	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,146,997	\$4,146,997	\$12,129,526	6.63%	26	65
27	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,585,452	\$4,585,452	\$12,591,935	6.51%	27	66
28	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$4,741,264	\$4,741,264	\$12,749,084	6.39%	28	67
29	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$4,916,168	\$4,916,168	\$12,900,239	6.28%	29	68
30	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,113,579	\$5,113,579	\$13,046,376	6.18%	30	69
31	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,333,898	\$5,333,898	\$13,184,692	6.09%	31	70
32	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,585,369	\$5,585,369	\$12,768,562	5.86%	32	71
33	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$5,872,617	\$5,872,617	\$12,290,136	5.63%	33	72
34	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$6,201,199	\$6,201,199	\$11,745,926	5.41%	34	73
35	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$6,577,706	\$6,577,706	\$11,132,601	5.18%	35	74
36	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$7,010,051	\$7,010,051	\$10,447,145	4.96%	36	75
37	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$-300,000	\$7,482,687	\$7,482,687	\$11,113,493	5.06%	37	76
38	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$8,313,018	\$8,313,018	\$12,148,174	5.16%	38	77
39	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$9,204,291	\$9,204,291	\$13,254,986	5.25%	39	78
40	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$10,159,900	\$10,159,900	\$14,437,899	5.33%	40	79

-\$15,000,000 -\$3,000,000 -\$12,000,000

\$6,967,286 \$6,967,286 \$3,000,000

TOTAL INCOME DRAWN: -\$3,000,000

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/26/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	2.25%
Total Rate Floor:	2.25%
GLOT S700K-999K Year-1 Rate:	4.54%
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (average of every 25-year run over last 65 years):	5.64%
Reduced Assumed Index Credit:	5.64%

GAP COLLATERAL REQUIREMENTS			
Type Of Gap Collateral:	Cash	Index Credit	
Collateral Valued At:	100.00%	Assumption (ICA)	0.00%
The Gap Collateral (in years3+) is calculated by the cumulative loan balance in a given year, minus 95% of the EOY Gross AV two years prior, plus the sum of the premium paid in the previous year minus policy charges, plus the new premium entering the policy in the current year minus policy charges and surrender charges in the current year + ICA). This calculation is the equivalent of assuming a 0% index credit in the previous year (whose EOY index credit would not have been credited at the time of the current year's loan anniversary and the current year's EOY index credit would not have been credited yet either). This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the type of collateral chosen. The collateral depicted is purely hypothetical and may vary.			
FINANCIAL BENEFIT SUMMARY			
1ST YEAR COLLATERAL REQUIREMENT: \$375,564			
PREMIUMS PAID BY CLIENT: -\$3,000,000			
LOAN INTEREST PAID BY CLIENT: \$0			
TOTAL CLIENT OUTLAY: -\$3,000,000			
TOTAL DRAWDOWNS (excluding loan payoff): \$3,000,000			
40-YEAR PROGRAM NET CASH FLOW: \$0			
YEAR 40 NET CASH SURRENDER VALUE: \$10,159,900			
40-YEAR CASH GAIN (excluding death benefit): \$10,159,900			
40-YEAR NET CSV IRR: 4.53%			

The rates and values shown above are not guaranteed and are subject to change by the insurer. Actual financial outcomes may be less favorable or more favorable than this hypothetical static depiction. For more information regarding Gap Collateral, see the section on the next page of this document titled "Collateral." Please see the full carrier illustration for guaranteed values and other important information. This is only a hypothetical depiction and does not imply any guarantees of outcomes whatsoever. Actual performance is subject to index returns and the carrier's underlying crediting policy charges. The insurance carrier is bound only by the terms of the life insurance contract it issues. Additional loan fees may apply depending on the lender and lender's loan terms. Refer to lender's loan document for details.



### Program Assumptions

I understand that all assumptions made in this document are hypothetical scenarios using hypothetically constructed assumptions of index returns, borrowing rates from a third party premium financing lender, carrier participating loan rates, and carrier policy charges. I understand that these assumptions are merely hypothetical and are not guaranteed by the carrier or the life insurance contract, and that such assumptions may vary based on market performance and a variety of financial variables. I attest that I have been given a copy of the full carrier illustration prior to making any decisions to purchase a life insurance policy. I also understand that this life insurance policy is not an “investment” or a “marketable securities product”; it is an insurance product.

### Financing Premiums

I understand that I am purchasing a life insurance policy. My intention is to pay the premiums depicted in this document out-of-pocket, or finance such premiums through a third-party lender in the arrangement and in the amounts as shown in this document. I understand that there are certain minimum premiums that will be required to keep the policy in force. I attest that the payments depicted in this document are affordable to me and that the death benefit amounts are appropriate and suitable based on my liquid net worth, my current and future cash flow situation, and my aspirational personal financial plan. I acknowledge that I have been shown one or more premium financed options wherein a third party lender funds some or all of the premiums and interest on such third party loan is due each year (whether paid or accrued), as well as one or more non-financed options wherein I would be responsible for paying 100% of the policy premiums myself. I acknowledge that I have not been forced, coerced or incentivized to finance premiums through a lender or bank, however I understand that it is within my right as the policy owner to exercise this right, pending carrier approval and lender approval. I acknowledge that the decision to finance premiums, per carrier and lender parameters, is my own decision based on my own discernment regarding the suitability and appropriateness of such arrangement due to my current financial situation and my own projected future financial situation.

### Collateral

I understand that the policy cash surrender value may be used as some or all of the collateral required in the premium financing loan, and that the third party lender will take a collateral assignment against the policy in such arrangement. I understand that the Loan-To-Value (LTV) requirement is different for each lender, and I may be required to post additional outside collateral (in addition to the policy surrender value) based on the lender's requirements. I understand that such outside collateral amounts shall be determined by the lender (prior to funding the loan in each policy year) based on the type of outside collateral I am posting, and that such collateral requirement amounts shall be fully disclosed in the official loan document. I have been made aware that such collateral amounts depicted in this document are only hypothetical and may vary in real-world scenarios based on lender requirements, actual cumulative loan balances, actual type of funds used as collateral, and actual policy cash surrender values. I acknowledge that I have been advised to analyze scenarios less favorable than the policy values illustrated in this document to anticipate the potential of greater outside collateral amounts I may need to post in this premium financing arrangement. I also acknowledge that Lionsmark Capital, its representatives, and all agents of record on this policy have recommended that I should have (or have access to) a minimum of 2.0 times the peak collateral (the maximum collateral in a given year depicted in this document) in lender-approved assets in the event of potential collateral increases. Though this recommendation is not necessarily a requirement of the lender or carrier, I understand that should the policy cash surrender value become less than what is depicted in this document due to unfavorable index performance, and/or my collateral decreases in value due to unfavorable market conditions, that I may have to post significantly more collateral than what is depicted in this document based on the lender's LTV requirements, hence the recommendation of having (or having access to) the additional collateral-approved assets in reserve.

I understand that should I elect to borrow some or all premiums in this design, interest due on such financed premiums shall be due each year, and I attest that I intend to either pay such interest payments to the lender each year in full, or pay some premium amounts myself and accrue some or all of the interest due. Should I elect to accrue interest, I understand that this decision results in compounding debt, increasing my cumulative loan balance with the third-party lender. I have been made aware by Lionsmark Capital the fundamental risks of interest accrual, and that should the compounding debt outpace the growth of the policy cash values, I may be required to either pay down the third-party loan with outside funds earlier than what is depicted in this document, or infuse more of my own outside capital into the policy than what is depicted in this document to increase the policy cash value and/or pay for the cost of insurance in order to keep the policy inforce. I acknowledge that any decision to accrue interest is my decision and my decision alone, that any such decision is NOT due to my inability to afford paying the interest, rather due to my preference of repositioning such capital in other assets that I feel would yield higher returns, and that I have not been encouraged to accrue interest as a way to reduce my financial contributions to this premium financing program. I acknowledge that Lionsmark Capital has offered me programs - both financed and non-financed life insurance solutions - wherein I would either pay all premiums or all interest due out-of-pocket. Should the carrier and lender allow me to accrue interest due to my liquidity and net worth, and should I elect to do so, I attest that Lionsmark Capital has advised me against any premium financed life insurance strategies wherein 100% of premiums are borrowed, 100% of interest is accrued, and outside collateral is merely posted (sometimes referred to as a "zero cash contribution strategy") because of the substantial risk incurred. I attest than any depiction and/or execution of this aforementioned high-risk premium financing arrangement illustrated was neither endorsed nor encouraged by Lionsmark Capital, and was designed per my specific request, and that Lionsmark Capital was merely taking direct orders from me per my specific request. Should I decide to execute such "zero cash contributions strategy" (or any strategy wherein I pay less than 20.00% of premium and I accrue 100.00% of the interest due), I acknowledge such risk and attest that I intimately understand the mathematical and financial risk associated with such financing design, and hold harmless Lionsmark Capital and the "Released Parties" mentioned later in this document.

**Interest Rates & Loan Fees**

I understand that there are loan fees associated with this program that may include loan origination and arrangement fees, loan document fees, and closing costs, and that such fees will be disclosed in the official loan document that shall be made available to me prior to accepting the third party loan. I understand that the borrowing rates shown in this document are purely hypothetical and do not represent any specific lender or loan agreement and do not guarantee any specific loan terms. I understand that actual borrowing rates may increase and greatly exceed borrowing rates as depicted in this document by 2x, 3x, or greater, and I am prepared to absorb such increases.

**Loan Renewal**

I understand that at the end of each loan term, the lender will require me to produce the most recent tax return of the policy owner or proof of filing an extension, a copy of the life insurance policy inforce illustration, a copy of the most recent life insurance policy statement, an updated personal financial statement signed by the insured person or an updated corporate financial statement (if owned by a company) signed by an authorized company officer.

**Loan Payoff**

Should I use policy values to payoff the third-party loan, I understand that I may elect to do so using either a withdrawal, a fixed policy loan, or a participating policy loan. I acknowledge that Lionsmark Capital has explained the potential benefits and potential risks of each of these options regarding such policy loans. I understand that the example illustrated in this document is a hypothetical example of using one of these policy loan options, and that I may also elect to pay off the third-party lender using outside funds instead of policy values. I understand that the year in which the loan is paid off using policy values as illustrated in this document is a hypothetical example, and that should policy values allow, I may exercise my right to payoff the third-party lender earlier. I also understand that I may elect to pay off the loan at a later date than as illustrated in this

document. It has been communicated to me by Lionsmark Capital that exercising a loan exit strategy using policy values to payoff the third-party lender is largely due to the policy value at such time, and that I should have an inforce policy illustration run by the carrier using a conservative crediting assumption that depicts future hypothetical policy values based on this third-party payoff assumption to evaluate policy sustainability at such time. I acknowledge that it is recommended by Lionsmark Capital that such illustration be run with the goal of keeping the policy in force until it endows with no policy lapse prior to endowment, typically until age 120 (policy endowment may vary from carrier to carrier and product to product), and that this inforce illustration should be done prior to any policy drawdown. I also acknowledge that such figures depicted in any illustration are hypothetical depictions based on certain assumptions that may or may not happen in a real-world scenario, similar to any hypothetical financial projection in any insurance policy or any non-insurance based investment product.

### **Policy Design - Death Benefit**

I understand that my policy allows for a face reduction wherein the death benefit of the life insurance policy may be intentionally designed (or redesigned after the policy is in force) to decrease after a certain number of years in order to maximize the cash value accumulation potential by reducing the cost of insurance within the policy due to a lesser death benefit amount. I understand that although this life insurance policy may be used for cash value accumulation (as a separate asset class within my overall financial portfolio), there is a legitimate and definite insurable need congruent with the death benefit of this policy. I acknowledge that it is both my personal desire and a quantifiable need to have such death benefit amount, and that such death benefit amount is suitable for me based on my income, net worth, earning potential, and the current and future economic value of my life as it pertains to the financial sustenance of my beneficiaries.

### **Policy Design - Crediting Methodology**

I understand that the crediting method used within this policy is based on the returns of a particular index, fixed account, or dividend scale (depending on the product design election that I have made), and that such crediting occurs after all policy charges have been deducted. It has been disclosed to me that even in such cases wherein the credit the policy receives a 0.00% credit in a given year (e.g. IUL policies with a 0.00% floor), the policy net cash surrender value may decrease due to the policy charges, despite the "0.00% floor." I understand that the static annual crediting assumption as illustrated in this document is merely a hypothetical percentage, and that actual future annual returns will vary based on market performance, resulting in a greater or lesser policy cash value, and that should policy cash values be less than illustrated in this document, that I may need to contribute more capital towards this program in the form of premium, interest, or collateral. I understand that such crediting assumptions depicted in this document are not guaranteed and are merely hypothetical depictions. I understand that should I elect to use a *Dollar Cost Averaging* method wherein not all net premium values go into the primary account receiving the annual credit, the net policy value at the policy/loan anniversary will not reflect the annual credit on 100% of the policy gross accumulated value (typically only 1/12 of the value), which may result in a greater collateral requirement than as depicted in this document.

### **Policy Design - Charges Methodology**

I understand that there are policy charges, including but not limited to premium loads that include state taxes, cost of insurance charges, rider charges, and administrative charges. There may also be asset-based charges should I elect to purchase certain crediting/multiplier/high-cap enhancements/bonuses (if available) that may not be depicted in this premium financing document. Such enhancements/bonuses and their associated charges have been transparently articulated to me by Lionsmark Capital. I understand that some of these charges are fixed and some are variable, all of which are disclosed in the full carrier illustration, which I have received. In such cases wherein multiplier or high-cap options that may enhance the annual crediting are available, it has been disclosed to me how such associated asset-based charges may affect outcomes, relative to the crediting

enhancements. I understand that should I elect to purchase such enhancement riders in the policy, that in a given year wherein the policy receives a 0.00% index credit, both the standard policy charges AND the additional asset-based charges would cause the net cash surrender value to decrease in such given year despite a 0.00% floor (if one exists in the policy design). Should I elect any such credit enhancement options, I acknowledge that I have been made aware of such scenarios wherein this cash surrender value loss may occur. I also attest that I have been provided a report that depicts a hypothetical scenario in which similar charges and credits are applied to a hypothetical synthetic asset during different periods wherein volatility exists. I understand that such report does NOT depict a re-creation of this life insurance policy I am purchasing, but rather a proxy - a made up, fictitious asset whose crediting and charges methodology is similar (but not exact) to the crediting method used in this policy, and that such proxy/report is for educational purposes only, used to explain the methodology of how certain credits and charges are calculated. It has been explained to me that such report is NOT a projection or assumption that the future outcomes of the life insurance policy I am purchasing will be similar to the outcomes depicted in the hypothetical synthetic asset (the proxy).

## Crediting & Drawdown Assumptions

I acknowledge that the crediting assumption made in this document has been restricted to "AG 49-A" (Actuarial Guideline 49A) which is a guideline created by the *National Association of Insurance Commissioners (NAIC)*, which limits the maximum allowable index credit to the average of every 25-year period over the last 65 years. It has been explained to me that any *Participating Loan Rate (PLR)* depicted in the carrier illustration cannot be less than 0.50% less than the illustrated crediting assumption despite what the actual current, future, or guaranteed carrier participating loan rate is. I understand that in reality, the potential positive or negative arbitrage between the actual policy crediting rate in a given year and the participating loan rate in a given year may result in a more favorable result or a more less favorable result than as depicted in this document.

## Election To Modify The Program

I understand that there may be a cash surrender value within the policy during certain years, and that I may exercise my right to either make tax-free withdrawals up to basis, and/or tax-free policy loans on my own volition (AFTER the third party loan is paid off completely, or per the lender's approval during the term of the loan). I also understand that the policy - in general - is not designed to take significant withdrawals or policy loans within the first 1-10 years of the policy, regardless of the premiums being financed or not, and that doing so poses great risk to the sustainability of the policy. I understand that the scheduled premium payments as shown in the carrier illustration are one of many ways to fund this life insurance policy. I understand that I may exercise my right to decrease the face amount (death benefit) of the policy and decrease the annual premiums after a certain number of years should I choose to do so, but that by doing so, the cash value of the policy may be substantially less than the numbers as illustrated in this document. I also understand that I may exercise my right to skip premium payments and/or end annual premium payments earlier in the policy than the scheduled premium payments as shown in the carrier illustration, however should I choose to do so, the cash value accumulation and death benefit may not perform as well as depicted in this document and may put the policy in jeopardy of lapsing. I understand that such benefits should be re-evaluated at the time of such policy alterations, and I understand that it is advisable that I should consult my financial professionals including but not limited to my life insurance agent, my financial advisor, and my estate planning attorney when appropriate, prior to independently making such changes despite my right to make such changes independent of any outside counsel. I attest that should I make any modifications to the as-illustrated program that result in any adverse results, including but not limited to reducing or increasing premium amounts funded in any given year, type of collateral posted, dollar cost averaging premium contributions, a different crediting method, a different index or underlying account, accruing more interest than as depicted, or changing the loan terms with a lender, I hereby hold harmless Lionsmark Capital, Darren Sugiyama as an individual, and any entities Darren Sugiyama has a beneficial interest in (hereinafter referred to as the "Released Parties") from any and all claims, causes of action, damages, demands, liens, rights, controversies, losses, costs and expenses (including without limitation attorneys' fees and costs) or charges of whatever nature. I also, on behalf of my agents, attorneys, executors, administrators, legal representative, successors, heirs, next of kin, assigns, and the like, agree to never institute any action or any suit at law or in equity against the Released Parties, or institute or prosecute, or in any way aid in the institution or

prosecution of any claim arising from any unfavorable outcomes that may result from any changes made to the policy design or the third party loan design as illustrated in this document. I also hold harmless the Released Parties for negative outcomes that may come from poor market performance; policy changes instituted by insurance carriers; any future financial hardships incurred by either my business, myself as an individual person or my estate; or any other unforeseen factors that may contribute to an outcome less desirable than what is depicted in this document.

### Acknowledgement Of Suitability

I attest that the Released Parties have not attempted to influence my decision regarding the size of this policy, the death benefit amount, nor the decision to finance premiums versus paying premiums out-of-pocket. I also attest that the overall program depicted in this document, including but not limited to the death benefit amount, the annual program contribution amounts (the premium paid out-of-pocket requirements and/or the interest paid out-of-pocket), the risk of any future borrowing rate increases at the end of each loan term, the risk of interest accrual (should I elect to accrue any interest), the type of life insurance product and its chassis design, the way in which the policy's crediting and charges methods are designed, the third party lender loan terms which I have read in the term sheet and the entire loan document provided to me by the third party lender, and any other assumptions made in this document were designed based on my own requests, my own sound mind and judgement, as well as any outside counsel I may have received from my attorney, CPA, and/or trusted advisors, and not by the Released Parties. I attest that Lionsmark Capital and Darren T. Sugiyama as an individual have merely designed and modeled this program based on my own personal requests and I am purchasing this life insurance policy using the knowledge I have personally procured through my own independent research and due diligence. I attest that I have been given ample time to consult my attorney, CPA and/or my trusted advisors that manage and/or advise me on my estate and financial matters prior to making any decision to purchase this life insurance policy.

#### PROPOSED INSURED:

M40 - PEIACR \$10MM



**X**

Signature

Date Signed

#### ADDITIONAL INSURED (if applicable):

N/A



**X**

Signature

Date Signed

#### POLICY OWNER:



**X**

Signature

Date Signed

As the soliciting agent, I acknowledge that I am not an employee, contractor, partner, representative, nor agent of Lionsmark Capital, and that I am acting on behalf of myself as an independent, licensed insurance agent with my own E&O coverage. I irrevocably and unconditionally release and discharge the Released Parties from all liabilities that may result from my independent actions.

#### SOLICITING AGENT:

Darren Sugiyama



**X**

Signature

Date Signed

This document is only valid if it bears the signature of Darren Sugiyama. Any and all other versions of life insurance designs modeled for or discussed with the proposed insured before the date signed below are not valid and are not approved Lionsmark Capital documents. Lionsmark Capital and the Released Parties shall not be held liable for any representations made or data illustrated in such invalid documents.

#### LIONSMARK CAPITAL:

Darren Sugiyama



**X**

Signature

Date Signed



# HYPOTHETICAL SYNTHETIC PROXIES: BACKTESTING REPORT

PAGE 1

## BEST CAGR IN 40-YEAR PERIOD\*

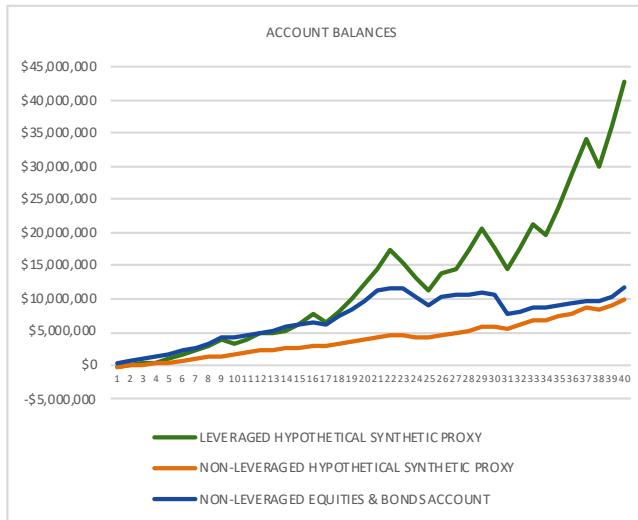
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED EQUITIES & BONDS ACCOUNT



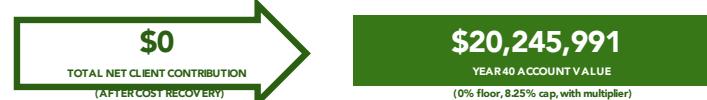
BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

### BACKTESTING MODELS FOR:

1. LEVERAGED HYPOTHETICAL SYNTHETIC PROXY
2. NON-LEVERAGED HYPOTHETICAL SYNTHETIC PROXY
3. NON-LEVERAGED EQUITIES & BONDS ACCOUNT

## WORST CAGR IN 40-YEAR PERIOD\*

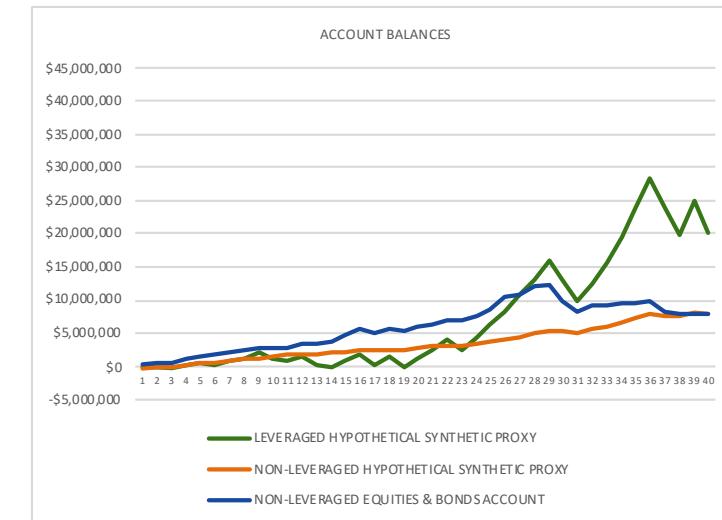
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### NON-LEVERAGED EQUITIES & BONDS ACCOUNT



WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

SYNTHEТИCALLY MODELED FOR: M40 - PEIACR \$10MM

ADVISOR: Darren Sugiyama

DATE CREATED: 8/26/2022

\*The following report is a hypothetical proxy that behaves similar to some real-world products, but is not an exact depiction of any specific real-world product and is for educational purposes only. All financial outcomes in this document are hypothetical and are not projections, assumptions, or guarantees of any specific real-world investment or insurance product. The "Best 40" is the historical 40-year period that produced the best Compounded Annual Growth Rate out of 121 different historical 40-year periods analyzed. The "Worst 40" is the historical 40-year period that produced the worst Compounded Annual Growth Rate out of the same 121 different historical 40-year periods analyzed. For an explanation of how these hypothetical backtesting assumptions were created, please refer to the "Backtesting" explanation on page 3 of this document.

## PURPOSE OF THIS DOCUMENT

The purpose of this document is to educate interested parties how different charges and crediting methods may affect financial outcomes during various historical 40-year sequences of returns with volatility as opposed to the same static average return in each given year. To do so, we have created a "proxy" that behaves similar to some real-world products, but is not an exact depiction of any product. This report is analogous to a scientific experiment wherein one may want to study the behavior of the sun, the behavior of the electromagnetic fields around the sun, and the solar wind. If one was to build a "proxy" for the sun in a laboratory (similar to what the University of Wisconsin-Madison did in their plasma physics laboratory in 2010), some of these behaviors could be observed, creating a better understanding of solar phenomena. At Lionsmark Capital, we have created a "proxy" in our "laboratory" to better understand how certain charges and crediting methods commonly used in real-world indexed products and investment accounts may affect outcomes during different types of 40-year sequences. This report is merely a "laboratory-produced proxy" and is not an actual product or investment. We call this a "Hypothetical Synthetic Proxy." Lionsmark Capital is a third-party analytics company - not an insurance agency, insurance brokerage, investment advisory firm, CPA firm, law firm, or tax advisor - and does not receive any revenue or commission from any insured person or insurance policy owner, and assumes no liability for any financial outcomes related to the purchase of any investments, insurance products, or financial instruments. Lionsmark Capital does not endorse any tax strategies that may include the purchase of a life insurance policy.

### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY

This hypothetical proxy may be funded with client capital, or a third-party lender's capital, or a combination of both. Its returns are correlated with the S&P 500 and models actual historical returns of the S&P 500 (not including dividends) using these parameters:

<b>0.00%</b>	Protective Floor
<b>8.25%</b>	Cap

In this hypothetical asset, the *Protective Floor* is the minimum gross return in a given year, excluding any additional bonuses that may exist. The *cap* is the maximum return allowable in a given year, excluding any additional bonuses that may exist. In some real-world products, floors and caps may not be guaranteed and may increase or decrease within the parameters of the contract.

In some cases, there may be a multiplier bonus factor applied to the after-floor/cap return explained above, depending on the hypothetical charges and crediting design of this fictitious account. For example, if the multiplier bonus factor was 2.00x and the S&P 500 produced a 5.00% return in a given year, the after-floor/cap/multiplier index credit would be 10.00% (5.00% multiplied by 2.00x equals 10.00%). In some real-world products, such bonus features may not be guaranteed and may change over time within the parameters of the contract.

There are account charges applied to this hypothetical model. Some charges are applied in-full at BOY, and some charges are applied monthly. Some charges are static charges, while others may be asset-based charges (a percentage charged to the monthly value of the account). Not all models will include asset-based charges and not all models will include a multiplier bonus credit either. For more information about these variables, go to the *Account Charges+Credits+Bonuses* section of this document.

The *Hypothetical Synthetic Proxy* also allows the client to take loans against the asset's value. In this report, the borrowed amount continues to earn a return that is also correlated with the S&P 500 using the same floor/cap/multiplier crediting method used in the primary index account. The borrowed amount is charged an interest rate (referred to as the *Participating Loan Rate*) and is explained in the *Account Loans* section of this document.

### INTEREST ACCRUAL

Interest accrual is the act of not paying the interest due and capitalizing (rolling) such amount into the cumulative loan balance. Should the client exercise any sort of interest accrual in a real-world situation, they should be aware that the element of compound debt - as a result of accruing any interest due - introduces an additional variable of risk that should be considered - relative to their net worth, liquidity, and risk tolerance. It is recommended that all clients consult their financial professional(s) on such risk factors to determine whether or not interest accrual is appropriate and suitable for their unique situation. Lionsmark Capital may model the concept and hypothetical outcomes of doing so upon the client's request, however should the client decide to accrue interest in any of their own financial strategies, they do so on their own volition at their own risk and hold harmless Lionsmark Capital and all of its principals from any unfavorable outcomes that may arise. Interest accrual does introduce an additional element of risk that may or may not be suitable for some clients, however each client may make their own independent decision to do so based on their relationship with the lender regardless of Lionsmark Capital's subjective opinion on this issue, which is to either pay the interest out-of-pocket each year or pay a minimum of 20% of the premium out-of-pocket if accruing interest. It is important to understand that even paying 20% of the premium does not completely eliminate the risk of accruing interest resulting in compound debt.

### WHAT THIS DOCUMENT IS NOT

This document is not intended to model any specific investment fund, index fund, life insurance policy, annuity policy, or any real-world financial instrument/product. This is merely a tool to teach interested parties how different hypothetical crediting methods, charges, volatility, sequence of returns, drawdowns, and tax consequences may affect outcomes for the purpose of enriching all interest parties' understanding of how these features may affect future financial outcomes. This is not a projection tool for any specific product or a re-creation of any prospectus or insurance illustration whatsoever. This is not intended to be a "sales tool" to sell any specific product or validate any specific product's viability. This report is purely for educational purposes only.

## BACKTESTING

In many hypothetical projections of accumulation/insurance/investment/retirement products, an average rate of return is assumed and credited each year into perpetuity. This assumption of a static (and perpetually positive) annual return is not realistic, for volatility is everpresent in most products. Historically speaking, any type of underlying investment/index/bond portfolio will experience volatility and negative return years. This report models such volatility throughout several different 40-year periods of historical market performance.

In order to illustrate outcomes that may exist in these different market scenarios, we have analyzed 121 different 40-year scenarios using historical returns of a particular index. Such backtested models in the following pages are hypothetical synthetic assets with various charges and crediting methods that may be similar to some real-world products, however these models are purely proxies and are not exact depictions of any specific real-world products. These models are merely constructed to analyze the general concept of how volatility may positively or negatively affect accumulation values over time using hypothetical crediting methods, fixed charges, and asset-based charges in these hypothetically constructed assets.

We have backtested 121 different 40-year historical periods in various annual point-to-point segments using different monthly starting and ending points.

The Compounded Annual Growth Rates (CAGR) has been calculated during each of these 121 different 40-year periods analyzed. This report highlights two of these 40-year periods: The 40-year period with the best CAGR, and the 40-year period with the worst CAGR.

### **1 BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)**

Out of every 121 different 40-year period of S&P 500 performance we analyzed, this 40-year period had the best compounded annual growth rate.  
**9.02%** Compounded Annual Growth Rate (CAGR) of the raw S&P 500 during this 40-year annual point-to-point period

### **2 WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)**

Out of every 121 different 40-year period of S&P 500 performance we analyzed, this 40-year period had the worst compounded annual growth rate.  
**6.30%** Compounded Annual Growth Rate (CAGR) of the raw S&P 500 during this 40-year annual point-to-point period

### **3 MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)**

This is the most recent calendar-year annual point-to-point 40-year period, rolling back 40 years from the most recent December 31st date.  
**9.99%** Compounded Annual Growth Rate (CAGR) of the raw S&P 500 during this 40-year annual point-to-point period

It is important to note that the "Worst 40" only depicts the 40-year period with the worst CAGR of the 121 periods analyzed. It is possible that future 40-year periods could in fact produce an even worse outcome than this "Worst 40" period analyzed, and that this period analyzed is not the "absolute worse case scenario that could ever happen." It is only the 40-year period that produced the worst CAGR of the 40-year periods analyzed in this particular report.

It is also possible that future 40-year periods could in fact produce an even better outcome than the "Best 40" period analyzed.

Neither the "Best 40" nor the "Worst 40" are meant to be benchmarks, expectations, projections, or guarantees of future outcomes, rather they are meant to demonstrate a range of hypothetical outcomes for the purposes of educating all interested parties.

In both 40-year scenarios modeled, in any hypothetical year wherein the EOY INDEX VALUE NET OF INT & EXT LOANS displays a negative balance, in a real-world scenario, the client may be required to post additional collateral, pay additional policy premiums, or pay down the loan balance.

**BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)**

PARTIAL-EQUITY INTEREST ACCRUAL

## HYPOTHETICAL SYNTHETIC PROXY

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

## PARTIAL-EQUITY INTEREST ACCRUAL

PAGE 5

Participation Rate: 100.00%				Floor Modeled: 0.00%				Upside Design: CAPPED				Current Pre-Bonus Cap: 8.75%				Current Post-Bonus Max Cap: 10.90%				Post-Bonus Max Cap Modeled: 10.90%		8/26/2022	
#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	CLIENT INDEX CONTRIBUTIONS	LENDER INDEX CONTRIBUTIONS	CUMULATIVE LOAN BALANCE	THIRD PARTY LOAN PAYOFF	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	TOTAL CLIENT CONTRIBUTION	GAP COLLATERAL (Cash)	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS				
1	40	\$1,500,000	\$300,000	\$1,200,000	\$1,200,000	4.54%	\$54,480	\$54,480	\$300,000	\$375,564	1978	11.97%	8.25%	8.25%	\$0	\$1,381,628	-\$241,732						
2	41	\$1,500,000	\$300,000	\$1,200,000	\$2,454,480	4.64%	\$113,766	\$113,766	\$300,000	\$376,585	1979	14.24%	8.25%	10.90%	\$0	\$2,921,180	\$83,520						
3	42	\$1,500,000	\$300,000	\$1,200,000	\$3,768,246	4.73%	\$178,389	\$178,389	\$300,000	\$361,263	1980	13.48%	8.25%	10.90%	\$0	\$4,599,084	\$488,230						
4	43	\$1,500,000	\$300,000	\$1,200,000	\$5,146,635	4.84%	\$248,948	\$248,948	\$300,000	\$259,883	1981	-7.06%	0.00%	0.00%	\$0	\$5,796,598	\$348,319						
5	44	\$1,500,000	\$300,000	\$1,200,000	\$6,595,583	4.94%	\$326,116	\$326,116	\$300,000	\$97,934	1982	20.68%	8.25%	10.90%	\$0	\$7,729,800	\$874,125						
6	45	\$1,500,000	\$300,000	\$1,200,000	\$8,121,700	5.06%	\$410,656	\$410,656	\$300,000	\$474,608	1983	12.46%	8.25%	10.90%	\$0	\$9,833,099	\$1,493,251						
7	46	\$1,500,000	\$300,000	\$1,200,000	\$9,732,356	5.17%	\$503,430	\$503,430	\$300,000	\$238,292	1984	9.93%	8.25%	10.90%	\$0	\$12,126,697	\$2,218,725						
8	47	\$1,500,000	\$300,000	\$1,200,000	\$11,435,786	5.29%	\$605,415	\$605,415	\$300,000	\$0	1985	17.90%	8.25%	10.90%	\$0	\$14,627,554	\$3,059,272						
9	48	\$1,500,000	\$300,000	\$1,200,000	\$13,241,201	5.42%	\$717,722	\$717,722	\$300,000	\$0	1986	29.42%	8.25%	10.90%	\$0	\$17,354,338	\$4,024,349						
10	49	\$1,500,000	\$300,000	\$1,200,000	\$15,158,923	5.55%	\$841,614	\$841,614	\$300,000	\$0	1987	-6.21%	0.00%	0.00%	\$0	\$18,329,929	\$1,126,318						
11	50	\$0	\$0	\$0	\$16,000,537	5.69%	\$910,266	\$910,266	\$0	\$0	1988	15.72%	8.25%	10.90%	\$0	\$19,980,709	\$3,980,172						
12	51	\$0	\$0	\$0	\$16,910,802	5.83%	\$986,185	\$986,185	\$0	\$0	1989	10.63%	8.25%	10.90%	\$0	\$21,790,528	\$4,879,725						
13	52	\$0	\$0	\$0	\$17,896,987	5.98%	\$1,070,298	\$1,070,298	\$0	\$0	1990	4.51%	4.51%	6.54%	\$0	\$22,841,361	\$4,944,373						
14	53	\$0	\$0	\$0	\$0	-\$18,967,286	0.00%	\$0	\$0	\$0	1991	18.86%	8.25%	10.90%	\$0	\$24,927,388	\$5,011,739						
15	54	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1992	7.34%	7.34%	10.64%	\$0	\$27,153,196	\$6,241,764						
16	55	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1993	9.76%	8.25%	10.90%	\$0	\$29,774,264	\$7,817,260						
17	56	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1994	-2.32%	0.00%	0.00%	\$0	\$29,441,559	\$6,386,705						
18	57	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1995	35.20%	8.25%	10.90%	\$0	\$32,284,624	\$8,077,027						
19	58	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1996	23.61%	8.25%	10.90%	\$0	\$35,405,853	\$9,987,876						
20	59	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1997	24.69%	8.25%	10.90%	\$0	\$38,832,922	\$12,144,047						
21	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1998	30.54%	8.25%	10.90%	\$0	\$42,596,178	\$14,572,858						
22	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.25%	10.90%	\$0	\$46,725,894	\$17,301,409						
23	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	\$0	\$46,219,352	\$15,323,642						
24	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	\$0	\$45,714,866	\$13,274,371						
25	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	\$0	\$45,211,757	\$11,149,237						
26	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2003	32.19%	8.25%	10.90%	\$0	\$49,581,810	\$13,816,164						
27	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	6.43%	\$0	\$52,181,732	\$14,627,804						
28	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.25%	10.90%	-\$300,000	\$57,223,571	\$17,476,946						
29	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2006	12.36%	8.25%	10.90%	-\$300,000	\$62,753,208	\$20,704,252						
30	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$300,000	\$62,054,207	\$17,587,804						
31	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$300,000	\$61,356,474	\$14,351,750						
32	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2009	30.03%	8.25%	10.90%	-\$300,000	\$67,278,418	\$17,608,458						
33	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2010	19.76%	8.25%	10.90%	-\$300,000	\$73,782,376	\$21,313,918						
34	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.98%	-\$300,000	\$75,136,841	\$19,729,960						
35	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2012	14.15%	8.25%	10.90%	-\$300,000	\$82,423,487	\$23,931,262						
36	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2013	18.99%	8.25%	10.90%	-\$300,000	\$90,436,316	\$28,704,480						
37	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2014	11.92%	8.25%	10.90%	-\$300,000	\$99,225,159	\$34,091,732						
38	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	\$0	\$98,164,874	\$29,774,775						
39	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2016	17.45%	8.25%	10.90%	\$0	\$107,689,807	\$35,880,203						
40	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2017	23.91%	8.25%	10.90%	\$0	\$118,135,020	\$42,734,936						

\$3,000,000

\$12,000,000

\$6,967,286

\$6,967,286

\$3,000,000

AVERAGE ANNUAL INCOME DRAWDOWN: \$300,000

BEST 40

BORROWING INTEREST ASSUMPTIONS	
GL01 \$700K-999K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.25%
<b>Starting Borrowing Rate:</b> 4.54%	
Compounded Annual Base Rate Increase:	4.15%
Total Rate Floor:	2.25%
<b>RETIREMENT INCOME DRAWDOWN ASSUMPTIONS</b>	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
<b>THIRD PARTY LENDER PAYOFF ASSUMPTIONS</b>	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$18,967,286
Third Party Loan Paid Off With:	PAR LOAN

GAP COLLATERAL REQUIREMENTS			
Type Of Gap Collateral:	Cash	Credit Assumption:	0.00%
Collateral Valued At: 100.00%			
The Gap Collateral amount (in years 3+) is only an estimation and is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY AV two years prior, plus the Total Index Contribution in the previous year minus all charges, plus the Total Index Contribution in the current year minus all charges and early termination fees associated with current year's Total Index Contribution with the ICA listed above). This calculation is the equivalent of assuming a 0% index credit in the previous year (since the EOY index credit in the previous year would not have credited at the time of the current year's loan anniversary. The current year's EOY index credit would obviously not have credited yet either. This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the "Type Of Gap Collateral" assumed. This is just a hypothetical calculation. Each lender has different collateral			

1ST YEAR COLLATERAL REQUIREMENT: \$375,564
TOTAL CLIENT OUTLAY: -\$3,000,000
AVERAGE ANNUAL INCOME DRAWDOWN: \$300,000
TOTAL INCOME DRAWDOWN: \$3,000,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN): \$42,734,936
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN): \$45,734,936
RAW S&P 500 CAGR: 9.02%
40-YEAR NET ACCOUNT IRR: 8.09%
BEST 40-YEAR S&P CAGR PERIOD (OF 121 PERIODS ANALYZED)

The hypothetical models in this document assume certain crediting methods and index account charges that are purely hypothetical and do not represent any particular investment, life insurance policy or index fund. Hypothetical crediting methods, charges, values and returns are not guaranteed. Hypothetical returns used in this document are based on historical index returns that do not include dividends and are purely modeled as a hypothetical example of index volatility over a period of time for educational purposes and are not intended to convince someone to purchase any particular product.



**WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)**

PARTIAL-EQUITY INTEREST ACCRUAL

## HYPOTHETICAL SYNTHETIC PROXY

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

## PARTIAL-EQUITY INTEREST ACCRUAL

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Participation Rate: 100.00%			Floor Modeled: 0.00%			Upside Design: CAPPED			Current Pre-Bonus Cap: 8.75%			Current Post-Bonus Max Cap: 10.90%			Post-Bonus Max Cap Modeled: 10.90%			8/26/2022	
#	YEAR	AGE	1 TOTAL INDEX CONTRIBUTION	2 CLIENT INDEX CONTRIBUTIONS	3 LENDER INDEX CONTRIBUTIONS	4 CUMULATIVE LOAN BALANCE	5 THIRD PARTY LOAN PAYOFF	6 FINANCING INTEREST RATE	7 INTEREST DUE	8 INTEREST ACCRUED	9 TOTAL CLIENT CONTRIBUTION	10 (Cash) GAP COLLATERAL	11 CALENDAR YEAR	12 INDEX RETURN (GROSS)	13 INDEX RETURN (FLOOR & CAP)	14 INDEX RETURN (EFFECTIVE)	15 ANNUAL INCOME DRAWDOWNS	16 EOY GROSS INDEX ACCUMULATED VALUE	17 EOY INDEX VALUE NET OF INT & EX LOANS
1	40	\$1,500,000	\$300,000	\$1,200,000	\$1,200,000	4.54%	\$54,480	\$54,480	\$300,000	\$375,564	1971	12.42%	8.25%	8.25%	\$0	\$1,381,628	-\$241,732		
2	41	\$1,500,000	\$300,000	\$1,200,000	\$2,454,480	4.64%	\$113,766	\$113,766	\$300,000	\$376,585	1972	-1.92%	0.00%	0.00%	\$0	\$2,634,067	-\$203,593		
3	42	\$1,500,000	\$300,000	\$1,200,000	\$3,768,246	4.73%	\$178,389	\$178,389	\$300,000	\$361,263	1973	-41.40%	0.00%	0.00%	\$0	\$3,862,813	-\$248,041		
4	43	\$1,500,000	\$300,000	\$1,200,000	\$5,146,635	4.84%	\$248,948	\$248,948	\$300,000	\$532,640	1974	32.00%	8.25%	10.90%	\$0	\$5,620,068	\$171,789		
5	44	\$1,500,000	\$300,000	\$1,200,000	\$6,595,583	4.94%	\$326,116	\$326,116	\$300,000	\$797,391	1975	25.48%	8.25%	10.90%	\$0	\$7,535,986	\$680,311		
6	45	\$1,500,000	\$300,000	\$1,200,000	\$8,121,700	5.06%	\$410,656	\$410,656	\$300,000	\$642,311	1976	-8.28%	0.00%	0.00%	\$0	\$8,574,760	\$334,912		
7	46	\$1,500,000	\$300,000	\$1,200,000	\$9,732,356	5.17%	\$503,430	\$503,430	\$300,000	\$422,416	1977	6.23%	9.03%	9.03%	\$0	\$10,671,690	\$763,718		
8	47	\$1,500,000	\$300,000	\$1,200,000	\$11,435,786	5.29%	\$605,415	\$605,415	\$300,000	\$1,031,408	1978	6.61%	6.61%	9.59%	\$0	\$12,875,873	\$1,307,591		
9	48	\$1,500,000	\$300,000	\$1,200,000	\$13,241,201	5.42%	\$717,722	\$717,722	\$300,000	\$929,416	1979	14.76%	8.25%	10.90%	\$0	\$15,431,150	\$2,101,161		
10	49	\$1,500,000	\$300,000	\$1,200,000	\$15,158,923	5.55%	\$841,614	\$841,614	\$300,000	\$744,967	1980	-7.40%	0.00%	0.00%	\$0	\$16,425,973	<b>\$1,222,362</b>		
11	50	\$0	\$0	\$0	\$16,000,537	5.69%	\$910,266	\$910,266	\$0	\$361,371	1981	3.65%	3.65%	5.29%	\$0	\$16,985,622	\$985,085		
12	51	\$0	\$0	\$0	\$16,910,802	5.83%	\$986,185	\$986,185	\$0	\$1,556,140	1982	37.91%	8.25%	10.90%	\$0	\$18,502,192	\$1,591,389		
13	52	\$0	\$0	\$0	\$17,896,987	5.98%	\$1,070,298	\$1,070,298	\$0	\$2,014,745	1983	0.02%	0.02%	0.03%	\$0	\$18,187,892	\$290,904		
14	53	\$0	\$0	\$0	\$0	-\$18,967,286	0.00%	\$0	\$0	\$102,219	1984	9.62%	8.25%	10.90%	\$0	\$19,818,298	-\$97,351		
15	54	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1985	27.04%	8.25%	10.90%	\$0	\$21,607,335	\$695,903		
16	55	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1986	39.13%	8.25%	10.90%	\$0	\$23,685,407	\$1,728,403		
17	56	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	\$0	\$23,413,591	\$358,737		
18	57	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1988	28.41%	8.25%	10.90%	\$0	\$25,666,458	\$1,458,861		
19	58	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$46,236	1989	-12.34%	0.00%	0.00%	\$0	\$25,373,942	-\$44,035		
20	59	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1990	26.73%	8.25%	10.90%	\$0	\$27,818,787	<b>\$1,129,911</b>		
21	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	10.90%	\$0	\$30,503,648	\$2,480,329		
22	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1992	9.84%	8.25%	10.90%	\$0	\$33,449,385	\$4,024,900		
23	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	1.19%	\$0	\$33,470,629	\$2,574,920		
24	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1994	26.30%	8.25%	10.90%	\$0	\$36,700,836	\$4,260,342		
25	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1995	17.61%	8.25%	10.90%	\$0	\$40,243,246	\$6,180,726		
26	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1996	37.82%	8.25%	10.90%	\$0	\$44,126,831	\$8,361,186		
27	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	10.67%	\$0	\$48,286,757	\$10,732,829		
28	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1998	26.13%	8.25%	10.90%	-\$300,000	\$52,947,238	\$13,200,614		
29	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1999	11.99%	8.25%	10.90%	-\$300,000	\$58,058,180	\$16,009,224		
30	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$300,000	\$57,406,129	<b>\$12,939,726</b>		
31	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$300,000	\$56,754,877	\$9,750,153		
32	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2002	22.16%	8.25%	10.90%	-\$300,000	\$62,226,279	\$12,556,319		
33	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2003	11.91%	8.25%	10.90%	-\$300,000	\$68,235,582	\$15,767,124		
34	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2004	10.25%	8.25%	10.90%	-\$300,000	\$74,838,171	\$19,431,290		
35	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.25%	10.90%	-\$300,000	\$82,095,574	\$23,603,350		
36	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2006	14.29%	8.25%	10.90%	-\$300,000	\$90,076,297	\$28,344,461		
37	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	-\$300,000	\$89,116,223	\$23,982,795		
38	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	\$0	\$88,157,027	\$19,766,928		
39	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	10.90%	\$0	\$96,702,092	\$24,892,488		
40	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	\$0	\$95,646,075	<b>\$20,245,991</b>		

\$3,000,000

\$12,000,000

\$6,967,286

\$6,967,286

**\$3,148,455**

AVERAGE ANNUAL INCOME DRAWDOWN: \$300,000

WORST 40

BORROWING INTEREST ASSUMPTIONS	
GL01 \$700K-999K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.25%
Starting Borrowing Rate:	4.54%
Compounded Annual Base Rate Increase:	4.15%
Total Rate Floor:	2.25%
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$18,967,286
Third Party Loan Paid Off With:	PAR LOAN

Type Of Gap Collateral:	Cash	Credit Assumption:	0.00%
Collateral Valued At:	100.00%		
The Gap Collateral amount (in years 3+) is only an estimation and is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY AV two years prior, plus the Total Index Contribution in the previous year minus all charges, plus the Total Index Contribution in the current year minus all charges and early termination fees associated with current year's Total Index Contribution with the ICA listed above). This calculation is the equivalent of assuming a 0% index credit in the previous year (since the EOY index credit in the previous year would not have credited at the time of the current year's loan anniversary. The current year's EOY index credit would obviously not have credited yet either. This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the "Type Of Gap Collateral" assumed. This is just a hypothetical calculation. Each lender has different collateral			

1ST YEAR COLLATERAL REQUIREMENT:	\$375,564
TOTAL CLIENT OUTLAY:	-\$3,148,455
AVERAGE ANNUAL INCOME DRAWDOWN:	\$300,000
TOTAL INCOME DRAWDOWN:	\$3,000,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$20,245,991
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$23,245,991
RAW S&P 500 CAGR: 6.30%	40-YEAR NET ACCOUNT IRR: 6.06%
WORST 40-YEAR S&P CAGR PERIOD (OF 121 PERIODS ANALYZED)	

The hypothetical models in this document assume certain crediting methods and index account charges that are purely hypothetical and do not represent any particular investment, life insurance policy or index fund. Hypothetical crediting methods, charges, values and returns are not guaranteed. Hypothetical returns used in this document are based on historical index returns that do not include dividends and are purely modeled as a hypothetical example of index volatility over a period of time for educational purposes and are not intended to convince someone to purchase any particular product.

**MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)**  
PARTIAL-EQUITY INTEREST ACCRUAL

## HYPOTHETICAL SYNTHETIC PROXY

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

## PARTIAL-EQUITY INTEREST ACCRUAL

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Participation Rate: 100.00%				Floor Modeled: 0.00%				Upside Design: CAPPED				Current Pre-Bonus Cap: 8.75%				Current Post-Bonus Max Cap: 10.90%				Post-Bonus Max Cap Modeled: 10.90%		8/26/2022	
#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	CLIENT INDEX CONTRIBUTIONS	LENDER INDEX CONTRIBUTIONS	CUMULATIVE LOAN BALANCE	THIRD PARTY LOAN PAYOFF	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	TOTAL CLIENT CONTRIBUTION	(Cash) GAP COLLATERAL	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS				
1	40	\$1,500,000	\$300,000	\$1,200,000	\$1,200,000	9.40%	\$112,800	\$112,800	\$300,000	\$375,564	1982	20.68%	8.25%	8.25%	\$0	\$1,381,628	\$-241,732						
2	41	\$1,500,000	\$300,000	\$1,200,000	\$2,512,800	9.40%	\$236,203	\$236,203	\$300,000	\$434,905	1983	12.46%	8.25%	10.90%	\$0	\$2,921,180	\$25,200						
3	42	\$1,500,000	\$300,000	\$1,200,000	\$3,949,003	9.15%	\$361,334	\$361,334	\$300,000	\$542,020	1984	9.93%	8.25%	10.90%	\$0	\$4,599,084	\$307,473						
4	43	\$1,500,000	\$300,000	\$1,200,000	\$5,510,337	7.90%	\$435,317	\$435,317	\$300,000	\$623,584	1985	17.90%	8.25%	10.90%	\$0	\$6,428,428	\$616,447						
5	44	\$1,500,000	\$300,000	\$1,200,000	\$7,145,654	5.90%	\$421,594	\$421,594	\$300,000	\$648,004	1986	29.42%	8.25%	10.90%	\$0	\$8,423,492	\$1,017,746						
6	45	\$1,500,000	\$300,000	\$1,200,000	\$8,767,247	7.15%	\$626,858	\$626,858	\$300,000	\$519,918	1987	-6.21%	0.00%	0.00%	\$0	\$9,553,390	\$567,995						
7	46	\$1,500,000	\$300,000	\$1,200,000	\$10,594,105	8.90%	\$942,875	\$942,875	\$300,000	\$441,035	1988	15.72%	8.25%	10.90%	\$0	\$11,819,602	\$1,049,881						
8	47	\$1,500,000	\$300,000	\$1,200,000	\$12,736,981	9.90%	\$1,260,961	\$1,260,961	\$300,000	\$1,497,904	1989	10.63%	8.25%	10.90%	\$0	\$14,290,391	\$1,420,914						
9	48	\$1,500,000	\$300,000	\$1,200,000	\$15,197,942	8.40%	\$1,276,627	\$1,276,627	\$300,000	\$1,795,640	1990	4.51%	4.51%	6.54%	\$0	\$16,316,934	\$1,030,204						
10	49	\$1,500,000	\$300,000	\$1,200,000	\$17,674,569	6.90%	\$1,219,545	\$1,219,545	\$300,000	\$1,916,821	1991	18.86%	8.25%	10.90%	\$0	\$19,188,915	\$1,469,658						
11	50	\$0	\$0	\$0	\$18,894,114	4.40%	\$831,341	\$831,341	\$0	\$2,413,454	1992	7.34%	7.34%	10.64%	\$0	\$20,875,011	\$1,980,897						
12	51	\$0	\$0	\$0	\$19,725,455	4.65%	\$917,234	\$917,234	\$0	\$1,745,998	1993	9.76%	8.25%	10.90%	\$0	\$22,772,391	\$3,046,935						
13	52	\$0	\$0	\$0	\$20,642,689	4.65%	\$959,885	\$959,885	\$0	\$1,065,527	1994	-2.32%	0.00%	0.00%	\$0	\$22,410,626	\$1,767,937						
14	53	\$0	\$0	\$0	\$0	-\$21,602,574	0.00%	\$0	\$0	\$0	1995	35.20%	8.25%	10.90%	\$0	\$24,454,481	\$1,771,778						
15	54	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1996	23.61%	8.25%	10.90%	\$0	\$26,697,446	\$2,880,608						
16	55	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1997	24.69%	8.25%	10.90%	\$0	\$29,273,891	\$4,266,211						
17	56	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1998	30.54%	8.25%	10.90%	\$0	\$32,101,324	\$5,843,261						
18	57	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.25%	10.90%	\$0	\$35,204,807	\$7,633,840						
19	58	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	\$0	\$34,816,908	\$5,867,393						
20	59	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	\$0	\$34,433,105	\$4,036,114						
21	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	\$0	\$34,053,719	\$2,136,879						
22	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2003	32.19%	8.25%	10.90%	\$0	\$37,347,044	\$3,834,361						
23	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	6.43%	\$0	\$39,308,229	\$4,119,913						
24	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.25%	10.90%	\$0	\$43,109,996	\$6,162,263						
25	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2006	12.36%	8.25%	10.90%	\$0	\$47,279,926	\$8,484,807						
26	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	\$0	\$46,756,062	\$6,021,187						
27	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	\$0	\$46,232,833	\$3,461,214						
28	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2009	30.03%	8.25%	10.90%	-\$300,000	\$50,692,216	\$5,467,016						
29	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2010	19.76%	8.25%	10.90%	-\$300,000	\$55,582,368	\$7,780,908						
30	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.96%	-\$300,000	\$56,583,942	\$6,077,409						
31	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2012	14.15%	8.25%	10.90%	-\$300,000	\$62,038,471	\$8,691,612						
32	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2013	18.99%	8.25%	10.90%	-\$300,000	\$68,027,189	\$11,697,987						
33	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2014	11.92%	8.25%	10.90%	-\$300,000	\$74,604,459	\$15,143,797						
34	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	-\$300,000	\$73,787,760	\$11,039,064						
35	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2016	17.45%	8.25%	10.90%	-\$300,000	\$80,942,317	\$14,741,187						
36	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2017	23.91%	8.25%	10.90%	-\$300,000	\$88,810,124	\$18,983,938						
37	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2018	-4.41%	0.00%	0.00%	-\$300,000	\$87,862,712	\$14,230,216						
38	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2019	31.74%	8.25%	10.90%	\$0	\$96,389,901	\$19,075,780						
39	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2020	18.38%	8.25%	10.90%	\$0	\$105,741,046	\$24,561,219						
40	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2021	28.83%	8.25%	10.90%	\$0	\$115,995,456	\$30,756,637						

\$3,000,000

\$12,000,000

\$9,602,574

\$9,602,574

\$3,000,000

AVERAGE ANNUAL INCOME DRAWDOWN: \$300,000

MOST RECENT 40

BORROWING INTEREST ASSUMPTIONS	
Hypothetical Loan Rate	Prime: 2.29%
Lender Spread:	-1.60%
Starting Borrowing Rate: 0.69%	
Borrowing Rate Volatility:	HistoricalRates
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$21,602,574
Third Party Loan Paid Off With:	PAR LOAN

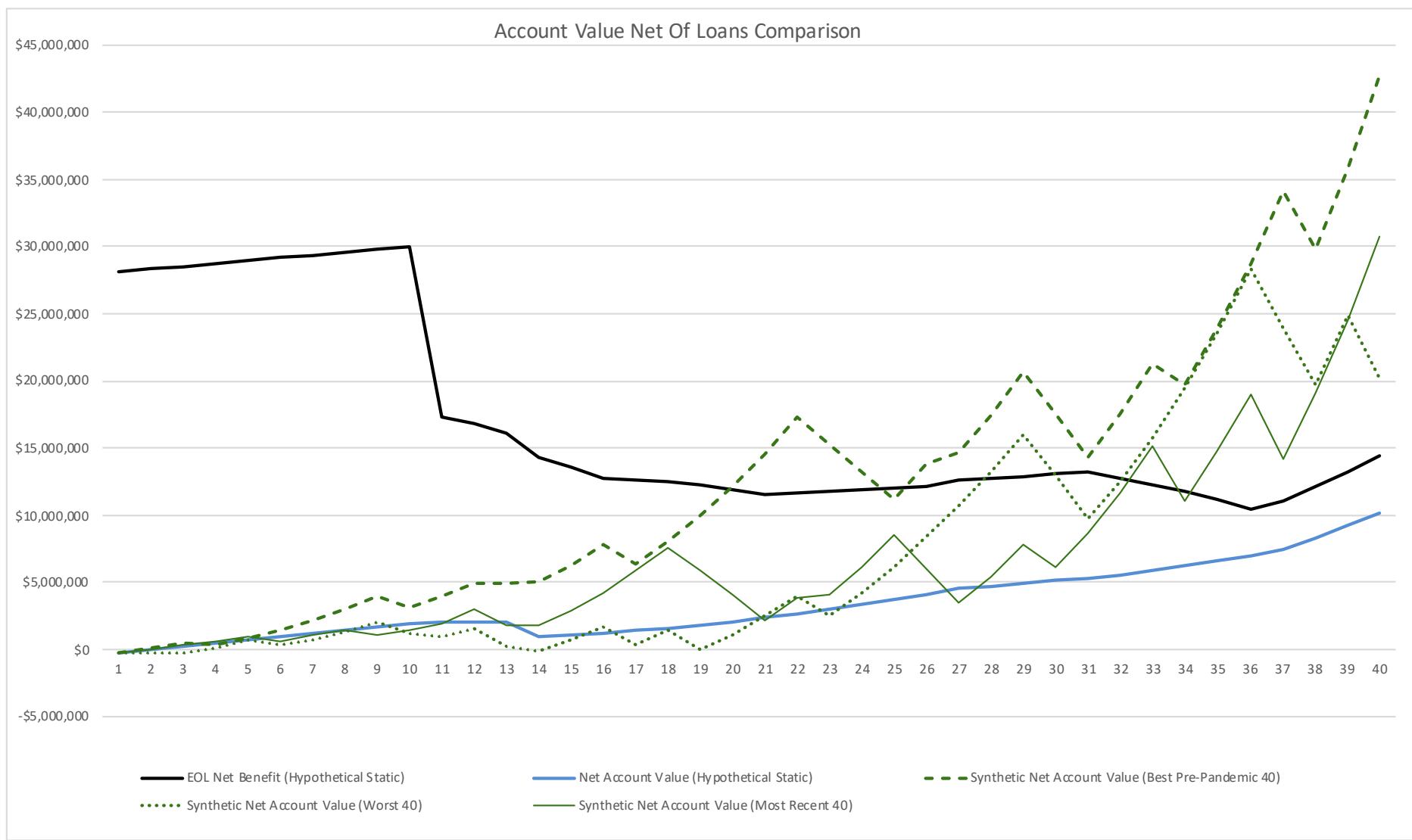
The hypothetical models in this document assume certain crediting methods and index account charges that are purely hypothetical and do not represent any particular investment, life insurance policy or index fund. Hypothetical crediting methods, charges, values and returns are not guaranteed. Hypothetical returns used in this document are based on historical index returns that do not include dividends and are purely modeled as a hypothetical example of index volatility over a period of time for educational purposes and are not intended to convince someone to purchase any particular product.

HYPOTHETICAL SYNTHETIC BACKTESTING REPORT - DOCUMENT 20.22.09.25

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash
Collateral Valued At:	100.00%
The Gap Collateral amount (in years 3+) is only an estimation and is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY AV two years prior, plus the Total Index Contribution in the previous year minus all charges, plus the Total Index Contribution in the current year minus all charges and early termination fees associated with current year's Total Index Contribution with the ICA listed above). This calculation is the equivalent of assuming a 0% index credit in the previous year (since the EOY index credit in the previous year would not have credited at the time of the current year's loan anniversary. The current year's EOY index credit would obviously not have credited yet either. This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the "Type Of Gap Collateral" assumed. This is just a hypothetical calculation. Each lender has different collateral	

1ST YEAR COLLATERAL REQUIREMENT: \$375,564
TOTAL CLIENT OUTLAY: -\$3,000,000
AVERAGE ANNUAL INCOME DRAWDOWN: \$300,000
TOTAL INCOME DRAWDOWN: \$3,000,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN): \$30,756,637
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN): \$33,756,637
RAW S&P 500 CAGR: 9.99%
40-YEAR NET ACCOUNT IRR: 7.21%
MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)





SCENARIO MODELED	PAYOUT YEAR	TOTAL OUTLAY	TOTAL INCOME DRAWDOWN	NET ACCOUNT VALUE IN YEAR40	RETURNS DEPICTED	VOLATILITY MODELED	CAGR	PARLOAN RATE	40-YEARIRR
Hypothetical Static:	14	-\$3,148,455	\$3,000,000	\$10,159,900	hypothetical static	no	5.64%	5.14%	4.53%
Synthetic Best 40*:	14	-\$3,000,000	\$3,000,000	\$42,734,936	actual historical*	yes	9.02%	5.00%	8.09%
Synthetic Worst 40*:	14	-\$3,148,455	\$3,000,000	\$20,245,991	actual historical*	yes	6.30%	5.00%	6.06%
Synthetic (1982-2021):	14	-\$3,000,000	\$3,000,000	\$30,756,637	actual historical*	yes	9.99%	5.00%	7.21%

*\*In modeling every 40-year annual point-to-point period between 1/1/1970 and 12/31/2019, there were 121 different 40-year periods. Each of these 121 different 40-year periods have been analyzed and ranked based on their Compounded Annual Growth Rate (CAGR). This report highlights the Best and Worst 40-year periods limited to this sampling of 121 different 40-year periods. In real-world scenarios, it is possible for a 40-year period to produce a worse CAGR than the Worst 40 in this report. In such case, outcomes could be significantly worse than as depicted in this hypothetical report.*

## ACCOUNT CHARGES + INDEX CREDITS + BONUSES

AN ANNUAL EXPLANATION OF POSITIVE & NEGATIVE ARBITRAGE

## HYPOTHETICAL SYNTHETIC PROXY

CHARGES + CREDITS + BONUSES

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

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## CHARGES &amp; CREDITS

#	YEAR	1 ASSET-BASED CHARGES (%)	2 ASSET-BASED CHARGES (\$)	3 FIXED CHARGES (\$)	4 BACKTESTED INDEX YEAR	5 GROSS RETURN	6 INDEX CREDIT	7 MULTIPLIER BONUS (x)	8 INDEX CREDIT w/ MULTIPLIER	9 PERSISTENCY BONUS (+)	10 TOTAL INDEX CREDIT (%)	11 TOTAL INDEX CREDITS (\$)	12 TOTAL CHARGES (\$)	13 YEAR-END GAIN/LOSS (\$)	14 EOY VALUE AFTER CHARGES B4 CREDIT	15 EOY GROSS INDEX ACCUMULATED VALUE	16 EOY INDEX VALUE NET OF INT & EXT LOANS
1	1.00%	\$14,856	\$208,813	1978	11.97%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$105,297	-\$223,669	-\$118,372	\$1,276,331	\$1,381,628	-\$241,732	
2	1.00%	\$26,813	\$220,749	1979	14.24%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$287,113	-\$247,562	\$39,552	\$2,634,067	\$2,921,180	\$83,520	
3	1.00%	\$42,152	\$231,973	1980	13.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$452,029	-\$274,125	\$177,904	\$4,147,055	\$4,599,084	\$488,230	
4	1.00%	\$58,873	\$243,613	1981	-7.06%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$302,486	-\$302,486	\$5,796,598	\$5,796,598	\$348,319	
5	1.00%	\$70,787	\$255,748	1982	20.68%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$759,737	-\$326,535	\$433,202	\$6,970,063	\$7,729,800	\$874,125	
6	1.00%	\$90,032	\$273,132	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$966,463	-\$363,164	\$603,299	\$8,866,636	\$9,833,099	\$1,493,251	
7	1.00%	\$110,994	\$287,301	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,191,894	-\$398,295	\$793,598	\$10,934,804	\$12,126,697	\$2,218,725	
8	1.00%	\$133,852	\$302,986	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,437,695	-\$436,838	\$1,000,857	\$13,189,859	\$14,627,554	\$3,059,272	
9	1.00%	\$158,775	\$320,142	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,705,701	-\$478,917	\$1,226,785	\$15,648,637	\$17,354,338	\$4,024,349	
10	1.00%	\$185,951	\$338,458	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$524,409	-\$524,409	\$18,329,929	\$18,329,929	\$3,126,318	
11	1.00%	\$182,647	\$130,412	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,963,839	-\$313,059	\$1,650,780	\$18,016,870	\$19,980,709	\$3,980,172	
12	1.00%	\$199,143	\$132,758	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,141,720	-\$331,901	\$1,809,819	\$19,648,808	\$21,790,528	\$4,879,725	
13	1.00%	\$217,232	\$134,714	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$1,402,779	-\$351,946	\$1,050,833	\$21,438,582	\$22,841,361	\$4,944,373	
14	1.00%	\$227,732	\$136,272	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,450,032	-\$364,004	\$2,086,028	\$22,477,356	\$24,927,388	\$5,011,739	
15	1.00%	\$248,588	\$137,181	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$2,611,577	-\$385,769	\$2,225,808	\$24,541,619	\$27,153,196	\$6,241,764	
16	1.00%	\$271,362	\$33,986	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,926,415	-\$305,348	\$2,621,067	\$26,847,848	\$29,774,264	\$7,817,260	
17	1.00%	\$297,567	\$35,138	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$332,705	-\$332,705	\$29,441,559	\$29,441,559	\$6,386,705	
18	1.00%	\$294,236	\$35,849	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,173,151	-\$330,085	\$2,843,065	\$29,111,473	\$32,284,624	\$8,077,027	
19	1.00%	\$322,666	\$36,031	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,479,926	-\$358,697	\$3,121,229	\$31,925,927	\$35,405,853	\$9,987,876	
20	1.00%	\$353,879	\$35,813	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,816,762	-\$389,692	\$3,427,069	\$35,016,161	\$38,832,922	\$12,144,047	
21	1.00%	\$388,153	\$35,231	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,186,640	-\$423,384	\$3,763,256	\$38,409,538	\$42,596,178	\$14,572,858	
22	1.00%	\$425,777	\$37,043	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,592,536	-\$462,820	\$4,129,716	\$42,133,358	\$46,725,894	\$17,301,409	
23	1.00%	\$467,062	\$39,481	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$506,543	\$506,543	\$46,219,352	\$46,219,352	\$15,323,642	
24	1.00%	\$461,981	\$42,505	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$504,486	\$504,486	\$45,714,866	\$45,714,866	\$13,274,371	
25	1.00%	\$456,918	\$46,191	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$503,109	\$503,109	\$45,211,757	\$45,211,757	\$11,149,237	
26	1.00%	\$451,861	\$51,321	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,873,235	-\$503,182	\$4,370,053	\$44,708,575	\$49,581,810	\$13,816,164	
27	1.00%	\$495,538	\$55,948	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$3,151,408	-\$551,486	\$2,599,922	\$49,030,323	\$52,181,732	\$14,627,804	
28	1.00%	\$521,512	\$60,967	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,624,318	-\$582,479	\$5,041,839	\$51,599,252	\$57,223,571	\$17,476,946	
29	1.00%	\$571,904	\$66,267	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,167,809	-\$638,171	\$5,529,637	\$56,585,399	\$62,753,208	\$20,704,252	
30	1.00%	\$627,173	\$71,828	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$699,001	-\$699,001	\$62,054,207	\$62,054,207	\$17,587,804	
31	1.00%	\$620,154	\$77,579	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$697,733	-\$697,733	\$61,356,474	\$61,356,474	\$14,351,750	
32	1.00%	\$613,177	\$77,455	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,612,577	-\$690,632	\$5,921,944	\$60,665,841	\$67,278,418	\$17,608,458	
33	1.00%	\$672,407	\$75,465	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,251,830	-\$747,872	\$6,503,958	\$66,530,546	\$73,782,376	\$21,313,918	
34	1.00%	\$737,469	\$71,010	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$2,162,944	-\$808,479	\$1,354,465	\$72,973,897	\$75,136,841	\$19,729,960	
35	1.00%	\$751,051	\$63,439	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,101,136	-\$814,490	\$7,286,646	\$74,322,351	\$82,423,487	\$23,931,262	
36	1.00%	\$823,975	\$51,887	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,888,691	-\$875,862	\$8,012,829	\$81,547,625	\$90,436,316	\$28,704,480	
37	1.00%	\$904,065	\$59,609	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,752,518	-\$963,674	\$8,788,844	\$89,472,641	\$99,225,159	\$34,091,732	
38	1.00%	\$991,910	\$68,376	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,060,286	-\$1,060,286	\$98,164,874	\$98,164,874	\$29,774,775	
39	1.00%	\$981,257	\$78,290	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$10,584,481	-\$1,059,547	\$9,524,933	\$97,105,326	\$107,689,807	\$35,880,203	
40	1.00%	\$1,076,451	\$89,443	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$11,611,107	-\$1,165,894	\$10,445,213	\$106,523,913	\$118,135,020	\$42,734,936	

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

ASSET-BASED CHARGES (%) Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

ASSET-BASED CHARGES (\$) The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

FIXED CHARGES (\$) Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

INDEX CREDIT The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

INDEX CREDIT w/ MULTIPLIER The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

PERSISTENCY BONUS (+) A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

TOTAL INDEX CREDIT (%) The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

TOTAL INDEX CREDITS (\$) The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

TOTAL CHARGES (\$) The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

YEAR-END GAIN/LOSS (\$) The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

EOY VALUE AFTER CHARGES B4 CREDIT The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

EOY GROSS INDEX ACCUMULATED VALUE The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

EOY INDEX VALUE NET OF INT &amp; EXT LOANS The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

## HYPOTHETICAL SYNTHETIC PROXY

## CHARGES + CREDITS + BONUSES

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

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## CHARGES &amp; CREDITS

#	YEAR	1 ASSET-BASED CHARGES (%)	2 ASSET-BASED CHARGES (\$)	3 FIXED CHARGES (\$)	4 BACKTESTED YEAR	5 INDEX GROSS RETURN	6 INDEX CREDIT	7 MULTIPLIER BONUS (x)	8 INDEX CREDIT w/ MULTIPLIER	9 PERSISTENCY BONUS (+)	10 TOTAL INDEX CREDIT (%)	11 TOTAL INDEX CREDITS (\$)	12 TOTAL CHARGES (\$)	13 YEAR-END GAINLOSS (\$)	14 EOY VALUE AFTER CHARGES B4 CREDIT	15 EOY GROSS INDEX ACCUMULATED VALUE	16 EOY INDEX VALUE NET OF INT & EXT LOANS
1	1.00%	\$14,856	\$208,813	1971	12.42%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$105,297	-\$223,669	-\$118,372	\$1,276,331	\$1,381,628	-\$241,732	
2	1.00%	\$26,813	\$220,749	1972	-1.92%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$247,562	-\$247,562	\$2,634,067	\$2,634,067	-\$203,593	
3	1.00%	\$39,281	\$231,973	1973	-41.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$271,254	-\$271,254	\$3,862,813	\$3,862,813	-\$248,041	
4	1.00%	\$51,510	\$243,613	1974	32.00%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$552,378	-\$295,123	-\$257,255	\$5,067,690	\$5,620,068	\$171,789	
5	1.00%	\$69,022	\$255,748	1975	25.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$740,688	-\$324,770	-\$415,918	\$6,795,298	\$7,535,986	\$680,311	
6	1.00%	\$88,094	\$273,132	1976	-8.28%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$361,226	-\$361,226	\$8,674,760	\$8,674,760	-\$334,912	
7	1.00%	\$99,411	\$287,301	1977	6.23%	6.23%	x 1.45	= 9.03%	+ 0.00%	= 9.03%	\$883,642	-\$386,712	-\$496,930	\$9,788,047	\$10,671,690	\$763,718	
8	1.00%	\$119,302	\$302,986	1978	6.61%	6.61%	x 1.45	= 9.59%	+ 0.00%	= 9.59%	\$1,126,471	-\$422,288	-\$704,183	\$11,749,402	\$12,875,873	\$1,307,591	
9	1.00%	\$141,258	\$320,142	1979	14.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,516,678	-\$461,400	-\$1,055,278	\$13,914,473	\$15,431,150	\$2,101,161	
10	1.00%	\$166,719	\$338,458	1980	-7.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$505,177	-\$505,177	\$16,425,973	\$16,425,973	\$1,222,362	
11	1.00%	\$163,608	\$130,412	1981	3.65%	3.65%	x 1.45	= 5.29%	+ 0.00%	= 5.29%	\$853,668	-\$294,020	-\$559,649	\$16,131,953	\$16,985,622	\$985,085	
12	1.00%	\$169,192	\$132,758	1982	37.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,818,520	-\$301,950	-\$1,516,570	\$16,683,671	\$18,502,192	\$1,591,389	
13	1.00%	\$184,348	\$134,714	1983	0.02%	0.02%	x 1.45	= 0.03%	+ 0.00%	= 0.03%	\$4,763	-\$319,062	-\$314,300	\$18,183,129	\$18,187,892	\$290,904	
14	1.00%	\$181,198	\$136,272	1984	9.62%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,947,876	-\$317,470	-\$1,630,406	\$17,870,422	\$19,818,298	-\$97,351	
15	1.00%	\$197,497	\$137,181	1985	27.04%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,123,715	-\$334,678	-\$1,789,037	\$19,483,620	\$21,607,335	\$695,903	
16	1.00%	\$215,903	\$33,986	1986	39.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,327,962	-\$249,889	-\$2,078,072	\$21,357,445	\$23,685,407	\$1,728,403	
17	1.00%	\$236,678	\$35,138	1987	-15.51%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$271,816	-\$271,816	\$23,413,591	\$23,413,591	\$358,737	
18	1.00%	\$233,957	\$35,849	1988	28.41%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,522,673	-\$269,806	-\$2,252,867	\$23,143,785	\$25,666,458	\$1,458,861	
19	1.00%	\$256,484	\$36,031	1989	-12.34%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$292,515	-\$292,515	\$25,373,942	\$25,373,942	\$44,035	
20	1.00%	\$253,560	\$35,813	1990	26.73%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,734,218	-\$289,373	-\$2,444,845	\$25,084,569	\$27,818,787	\$1,129,911	
21	1.00%	\$278,012	\$35,231	1991	7.72%	7.72%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,998,104	-\$313,243	-\$2,684,862	\$27,505,544	\$30,503,648	\$2,480,329	
22	1.00%	\$304,851	\$37,043	1992	9.84%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,287,631	-\$341,894	-\$2,945,737	\$30,161,754	\$33,449,385	\$4,024,900	
23	1.00%	\$334,296	\$39,481	1993	0.82%	0.82%	x 1.45	= 1.19%	+ 0.00%	= 1.19%	\$395,022	-\$373,777	-\$21,244	\$33,075,608	\$33,470,629	\$2,574,920	
24	1.00%	\$334,494	\$42,505	1994	26.30%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,607,206	-\$376,999	-\$3,230,207	\$33,093,631	\$36,700,836	\$4,260,342	
25	1.00%	\$366,777	\$46,191	1995	17.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,955,378	-\$412,968	-\$3,542,409	\$36,287,868	\$40,243,246	\$6,180,726	
26	1.00%	\$402,176	\$51,321	1996	37.82%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,337,083	-\$453,497	-\$3,883,586	\$39,789,749	\$44,126,831	\$8,361,186	
27	1.00%	\$440,989	\$55,948	1997	7.36%	7.36%	x 1.45	= 10.67%	+ 0.00%	= 10.67%	\$4,656,862	-\$496,937	-\$4,159,925	\$43,629,895	\$48,286,757	\$10,732,829	
28	1.00%	\$482,563	\$60,967	1998	26.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,204,012	-\$543,530	-\$4,660,482	\$47,743,227	\$52,947,238	\$13,200,614	
29	1.00%	\$529,141	\$66,267	1999	11.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,706,350	-\$595,408	-\$5,110,941	\$52,351,830	\$58,058,180	\$16,009,224	
30	1.00%	\$580,223	\$71,828	2000	-27.54%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$652,051	-\$652,051	\$57,406,129	\$57,406,129	\$12,939,726	
31	1.00%	\$573,673	\$77,579	2001	-21.68%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$651,252	-\$651,252	\$56,754,877	\$56,754,877	\$9,750,153	
32	1.00%	\$567,161	\$77,455	2002	22.16%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,116,018	-\$644,616	-\$5,471,402	\$56,110,260	\$62,226,279	\$12,556,319	
33	1.00%	\$621,885	\$75,465	2003	11.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,706,653	-\$697,350	-\$6,009,303	\$61,528,928	\$68,235,582	\$15,767,124	
34	1.00%	\$682,001	\$71,010	2004	10.25%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,355,600	-\$753,011	-\$6,602,589	\$67,482,571	\$74,838,171	\$19,431,290	
35	1.00%	\$748,065	\$63,439	2005	8.71%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,068,907	-\$811,504	-\$7,257,403	\$74,026,667	\$82,095,574	\$23,603,350	
36	1.00%	\$820,696	\$51,887	2006	14.29%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,853,306	-\$872,583	-\$7,980,723	\$81,222,991	\$90,076,297	\$28,344,461	
37	1.00%	\$900,465	\$59,609	2007	-23.61%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$960,074	-\$960,074	\$89,116,223	\$89,116,223	\$23,982,795	
38	1.00%	\$890,820	\$68,376	2008	-9.37%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$959,196	-\$959,196	\$88,157,027	\$88,157,027	\$19,766,928	
39	1.00%	\$881,179	\$78,290	2009	7.96%	7.96%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,504,534	-\$959,469	-\$8,545,065	\$87,197,558	\$96,702,092	\$24,892,488	
40	1.00%	\$966,574	\$89,443	2010	-0.86%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	\$1,056,017	-\$1,056,017	\$95,646,075	\$95,646,075	\$20,245,991	

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

ASSET-BASED CHARGES (%) Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

ASSET-BASED CHARGES (\$) The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

FIXED CHARGES (\$) Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

INDEX CREDIT The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

INDEX CREDIT w/ MULTIPLIER The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

PERSISTENCY BONUS (+) A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

TOTAL INDEX CREDIT (%) The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

TOTAL INDEX CREDITS (\$) The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

TOTAL CHARGES (\$) The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

YEAR-END GAIN/LOSS (\$) The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

EOY VALUE AFTER CHARGES B4 CREDIT The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

EOY GROSS INDEX ACCUMULATED VALUE The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

EOY INDEX VALUE NET OF INT &amp; EXT LOANS The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

## HYPOTHETICAL SYNTHETIC PROXY

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

## CHARGES + CREDITS + BONUSES

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### CHARGES & CREDITS

#	1 YEAR	2 ASSET-BASED CHARGES (%)	3 ASSET-BASED CHARGES (\$)	4 FIXED CHARGES (\$)	5 BACKTESTED INDEX YEAR	6 GROSS RETURN	7 INDEX CREDIT	8 MULTIPLIER BONUS (x)	9 PERSISTENCY BONUS (+)	10 TOTAL INDEX CREDIT (%)	11 TOTAL INDEX CREDITS (\$)	12 TOTAL CHARGES (\$)	13 YEAR-END GAINLOSS (\$)	14 EOY VALUE AFTER CHARGES B4 CREDIT	15 EOY GROSS INDEX ACCUMULATED VALUE	16 EOY INDEX VALUE NET OF INT & EXT LOANS
1	1.00%	\$14,856	\$208,813	1982	20.68%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$105,297	-\$223,669	-\$118,372	\$1,276,331	\$1,381,628	-\$241,732
2	1.00%	\$26,813	\$220,749	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$287,113	-\$247,562	\$39,552	\$2,634,067	\$2,921,180	\$25,200
3	1.00%	\$42,152	\$231,973	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$452,029	-\$274,125	\$177,904	\$4,147,055	\$4,599,084	\$307,473
4	1.00%	\$58,873	\$243,613	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$631,829	-\$302,486	\$329,343	\$5,796,598	\$6,428,428	\$616,447
5	1.00%	\$77,106	\$255,748	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$827,918	-\$332,854	\$495,064	\$7,595,574	\$8,423,492	\$1,017,746
6	1.00%	\$96,969	\$273,132	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$370,101	-\$370,101	\$9,553,390	\$9,553,390	\$567,995
7	1.00%	\$108,197	\$287,301	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,161,710	-\$395,498	\$766,212	\$10,657,892	\$11,819,602	\$1,049,881
8	1.00%	\$130,781	\$302,986	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,404,556	-\$433,767	\$970,789	\$12,885,835	\$14,290,391	\$1,420,914
9	1.00%	\$155,403	\$320,142	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$1,002,088	-\$475,545	\$526,543	\$15,314,846	\$16,316,934	\$1,030,204
10	1.00%	\$175,577	\$338,458	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,886,016	-\$514,035	\$1,371,981	\$17,302,899	\$19,188,915	\$1,469,658
11	1.00%	\$191,237	\$130,412	1992	7.34%	8.25%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$2,007,745	-\$321,649	\$1,686,096	\$18,867,266	\$20,875,011	\$1,980,897
12	1.00%	\$208,086	\$132,758	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,238,224	-\$340,844	\$1,897,380	\$20,534,167	\$22,772,391	\$3,046,935
13	1.00%	\$227,050	\$134,714	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$361,764	-\$361,764	\$22,410,626	\$22,410,626	\$1,767,937
14	1.00%	\$223,425	\$136,272	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,403,551	-\$359,697	\$2,043,854	\$22,050,929	\$24,454,481	\$1,771,778
15	1.00%	\$243,859	\$137,181	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,624,005	-\$381,040	\$2,242,965	\$24,073,441	\$26,697,446	\$2,880,608
16	1.00%	\$266,805	\$33,986	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,877,235	-\$300,791	\$2,576,445	\$26,396,655	\$29,273,891	\$4,266,211
17	1.00%	\$292,563	\$35,138	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,155,135	-\$327,701	\$2,827,433	\$28,946,190	\$32,101,324	\$5,843,261
18	1.00%	\$320,834	\$35,849	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,460,166	-\$356,683	\$3,103,483	\$31,744,641	\$35,204,807	\$7,633,840
19	1.00%	\$351,868	\$36,031	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$387,899	-\$387,899	\$34,816,908	\$34,816,908	\$5,867,393
20	1.00%	\$347,990	\$35,813	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$383,803	-\$383,803	\$34,433,105	\$34,433,105	\$4,036,114
21	1.00%	\$344,155	\$35,231	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$379,386	-\$379,386	\$34,053,719	\$34,053,719	\$2,136,879
22	1.00%	\$340,352	\$37,043	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,670,719	-\$377,395	\$3,293,324	\$33,676,324	\$37,347,044	\$3,834,361
23	1.00%	\$373,273	\$39,481	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$2,373,940	-\$412,754	\$1,961,186	\$36,934,290	\$39,308,229	\$4,119,913
24	1.00%	\$392,870	\$42,505	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,237,141	-\$435,375	\$3,801,766	\$38,872,855	\$43,109,996	\$6,162,263
25	1.00%	\$430,869	\$46,191	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,646,990	-\$477,060	\$4,169,930	\$42,632,936	\$47,279,926	\$8,484,807
26	1.00%	\$472,543	\$51,321	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$523,864	-\$523,864	\$46,756,062	\$46,756,062	\$6,021,187
27	1.00%	\$467,281	\$55,948	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$523,229	-\$523,229	\$46,232,833	\$46,232,833	\$3,461,214
28	1.00%	\$462,023	\$60,967	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,982,373	-\$522,990	\$4,459,382	\$45,709,843	\$50,692,216	\$5,467,016
29	1.00%	\$506,591	\$66,267	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,463,010	-\$572,858	\$4,890,152	\$50,119,358	\$55,582,368	\$7,780,908
30	1.00%	\$555,465	\$71,828	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$1,628,867	-\$627,293	\$1,001,574	\$54,955,075	\$56,583,942	\$6,077,409
31	1.00%	\$565,452	\$77,579	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,097,559	-\$643,031	\$5,454,529	\$55,940,911	\$62,038,471	\$8,691,612
32	1.00%	\$619,997	\$77,455	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,686,171	-\$697,452	\$5,988,719	\$61,341,018	\$68,027,189	\$11,697,987
33	1.00%	\$679,895	\$75,465	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,332,629	-\$755,360	\$6,577,270	\$67,271,830	\$74,604,459	\$15,143,797
34	1.00%	\$745,690	\$71,010	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$816,700	-\$816,700	\$73,787,760	\$73,787,760	\$11,039,064
35	1.00%	\$737,560	\$63,439	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,955,557	-\$800,999	\$7,154,557	\$72,986,760	\$80,942,317	\$14,741,187
36	1.00%	\$809,164	\$51,887	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,728,858	-\$861,051	\$7,867,807	\$80,081,266	\$88,810,124	\$18,983,938
37	1.00%	\$887,803	\$59,609	2018	-4.41%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$947,412	-\$947,412	\$87,862,712	\$87,862,712	\$14,230,216
38	1.00%	\$878,285	\$68,376	2019	31.74%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,473,850	-\$946,661	\$8,527,188	\$86,916,051	\$96,389,901	\$19,075,780
39	1.00%	\$963,508	\$78,290	2020	18.38%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$10,392,943	-\$1,041,798	\$9,351,146	\$95,348,103	\$105,741,046	\$24,561,219
40	1.00%	\$1,056,963	\$89,443	2021	28.83%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$11,400,816	-\$1,146,406	\$10,254,410	\$104,594,640	\$115,995,456	\$30,756,637

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

**ASSET-BASED CHARGES (%)** Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

**ASSET-BASED CHARGES (\$)** The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

**FIXED CHARGES (\$)** Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

**INDEX CREDIT** The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

**INDEX CREDIT w/ MULTIPLIER** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

**PERSISTENCY BONUS (+)** A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

**TOTAL INDEX CREDIT (%)** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

**TOTAL INDEX CREDITS (\$)** The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

**TOTAL CHARGES (\$)** The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

**YEAR-END GAIN/LOSS (\$)** The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

**EOY VALUE AFTER CHARGES B4 CREDIT** The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

**EOY GROSS INDEX ACCUMULATED VALUE** The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

**EOY INDEX VALUE NET OF INT & EXT LOANS** The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

## ACCOUNT LOANS

AN ANNUAL EXPLANATION OF INDEX LOAN DEBT ACCRUAL

## HYPOTHETICAL SYNTHETIC PROXY

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

PARTICIPATING LOANS

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INTERNAL ACCOUNT LOANS: PARTICIPATING				PLR: 5.00%						
1 YEAR	2 3RD PARTY PAYOFF USING PARTICIPATING LOAN	3 INCOME DRAWDOWNS PARTICIPATING LOANS	4 CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	5 ACCURED INTERNAL LOAN INTEREST	6 INDEX CREDIT AFTER CHARGES	7 CUMULATIVE INTERNAL DEBT BALANCE	8 CUMULATIVE INDEXED LOAN ACCOUNT VALUE	9 CUMULATIVE PAR LOAN GAIN/LOSS	10 EOY GROSS INDEX ACCUMULATED VALUE	10 EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,381,628	-\$241,732
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,921,180	\$83,520
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,599,084	\$488,230
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,796,598	\$348,319
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,729,800	\$874,125
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,833,099	\$1,493,251
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,126,697	\$2,218,725
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,627,554	\$3,059,272
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,354,338	\$4,024,349
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,329,929	\$3,126,318
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,980,709	\$3,980,172
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,790,528	\$4,879,725
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,841,361	\$4,944,373
14	-\$18,967,286	\$0	-\$18,967,286	-\$948,364	\$1,539,864	-\$19,915,650	\$20,699,506	\$783,857	\$24,927,388	\$5,011,739
15	\$0	\$0	-\$19,915,650	-\$995,782	\$1,495,609	-\$20,911,432	\$22,547,800	\$1,636,367	\$27,153,196	\$6,241,764
16	\$0	\$0	-\$20,911,432	-\$1,045,572	\$1,839,275	-\$21,957,004	\$24,724,313	\$2,767,310	\$29,774,264	\$7,817,260
17	\$0	\$0	-\$21,957,004	-\$1,097,850	\$0	-\$23,054,854	\$24,448,038	\$1,393,184	\$29,441,559	\$6,386,705
18	\$0	\$0	-\$23,054,854	-\$1,152,743	\$1,994,350	-\$24,207,597	\$26,808,897	\$2,601,300	\$32,284,624	\$8,077,027
19	\$0	\$0	-\$24,207,597	-\$1,210,380	\$2,187,161	-\$25,417,977	\$29,400,741	\$3,982,764	\$35,405,853	\$9,987,876
20	\$0	\$0	-\$25,417,977	-\$1,270,899	\$2,398,864	-\$26,688,875	\$32,246,552	\$5,557,676	\$38,832,922	\$12,144,047
21	\$0	\$0	-\$26,688,875	-\$1,334,444	\$2,631,336	-\$28,023,319	\$35,371,529	\$7,348,210	\$42,596,178	\$14,572,858
22	\$0	\$0	-\$28,023,319	-\$1,401,166	\$2,886,445	-\$29,424,485	\$38,800,813	\$9,376,328	\$46,725,894	\$17,301,409
23	\$0	\$0	-\$29,424,485	-\$1,471,224	\$0	-\$30,895,709	\$38,380,184	\$7,484,475	\$46,219,352	\$15,323,642
24	\$0	\$0	-\$30,895,709	-\$1,544,785	\$0	-\$32,440,495	\$37,961,263	\$5,520,768	\$45,714,866	\$13,274,371
25	\$0	\$0	-\$32,440,495	-\$1,622,025	\$0	-\$34,062,520	\$37,543,486	\$3,480,966	\$45,211,757	\$11,149,237
26	\$0	\$0	-\$34,062,520	-\$1,703,126	\$3,062,866	-\$35,765,646	\$41,172,343	\$5,406,697	\$49,581,810	\$13,816,164
27	\$0	\$0	-\$35,765,646	-\$1,788,282	\$1,804,762	-\$37,553,928	\$43,331,298	\$5,777,370	\$52,181,732	\$14,627,804
28	\$0	-\$300,000	-\$37,853,928	-\$1,892,696	\$3,559,402	-\$39,746,624	\$47,846,987	\$8,100,363	\$57,223,571	\$17,476,946
29	\$0	-\$300,000	-\$40,046,624	-\$2,002,331	\$3,927,828	-\$42,048,956	\$52,799,535	\$10,750,579	\$62,753,208	\$20,704,252
30	\$0	-\$300,000	-\$42,348,956	-\$2,117,448	\$0	-\$44,466,403	\$52,508,065	\$8,041,662	\$62,054,207	\$17,587,804
31	\$0	-\$300,000	-\$44,766,403	-\$2,238,320	\$0	-\$47,004,724	\$52,214,295	\$5,209,571	\$61,356,474	\$14,351,750
32	\$0	-\$300,000	-\$47,304,724	-\$2,365,236	\$4,283,663	-\$49,669,960	\$57,582,818	\$7,912,858	\$67,278,418	\$17,608,458
33	\$0	-\$300,000	-\$49,969,960	-\$2,498,498	\$4,722,250	-\$52,468,458	\$63,478,482	\$11,010,024	\$73,782,376	\$21,313,918
34	\$0	-\$300,000	-\$52,768,458	-\$2,638,423	\$1,289,433	-\$55,406,881	\$64,949,300	\$9,542,419	\$75,136,841	\$19,729,960
35	\$0	-\$300,000	-\$55,706,881	-\$2,785,344	\$5,324,714	-\$58,492,225	\$71,577,069	\$13,084,844	\$82,423,487	\$23,931,262
36	\$0	-\$300,000	-\$58,792,225	-\$2,939,611	\$5,866,845	-\$61,731,836	\$78,864,623	\$17,132,788	\$90,436,316	\$28,704,480
37	\$0	-\$300,000	-\$62,031,836	-\$3,101,592	\$6,461,487	-\$65,133,428	\$86,858,054	\$21,724,626	\$99,225,159	\$34,091,732
38	\$0	\$0	-\$65,133,428	-\$3,256,671	\$0	-\$68,390,099	\$85,929,919	\$17,539,820	\$98,164,874	\$29,774,775
39	\$0	\$0	-\$68,390,099	-\$3,419,505	\$7,012,700	-\$71,809,604	\$94,267,695	\$22,458,091	\$107,689,807	\$35,880,203
40	\$0	\$0	-\$71,809,604	-\$3,590,480	\$7,692,887	-\$75,400,084	\$103,411,050	\$28,010,966	\$118,135,020	\$42,734,936

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

3RD PARTY PAYOFF USING PARTICIPATING LOAN The index value used to payoff the 3rd party premium financing loan. This can be done with either a withdrawal or a participating loan.

INCOME DRAWDOWNS PARTICIPATING LOANS These are drawdown modeling requests made by the client for supplemental retirement income. These can be done with either fixed loans or participating loans.

CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL The running YTD total internal loan, including all drawdowns, plus the accrued interest on the drawdowns.

ACCURRED INTERNAL LOAN INTEREST The interest due each year on the internal loans, including the drawdown principal AND the accrued/compounded interest from previous years.

INDEX CREDIT AFTER CHARGES The net dollar interest gained each year on the funds moved to the INDEX LOAN ACCOUNT (after charges) assuming participating loans are credited based on the INDEX CREDIT with no bonuses.

CUMULATIVE INTERNAL DEBT BALANCE The running YTD total of accrued internal debt from internal loans, including the accrued interest.

CUMULATIVE INDEXED LOAN ACCOUNT VALUE The running YTD total of accumulated funds in the INDEX LOAN ACCOUNT as a result of the participating loans leaving the primary index account, including index credit gains, minus charges on these particular funds.

CUMULATIVE PAR LOAN GAIN/LOSS The running YTD cumulative net gain or loss as a result of Participating Loans (the CUMULATIVE INTERNAL DEBT BALANCE plus the CUMULATIVE INDEXED LOAN ACCOUNT VALUE).

EOY GROSS INDEX ACCUMULATED VALUE The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

EOY INDEX VALUE NET OF INT & EXT LOANS The indexed accumulated value, minus any surrender charges, internal loans, and 3rd party lender debt.



## HYPOTHETICAL SYNTHETIC PROXY

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

PARTICIPATING LOANS

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	INTERNAL ACCOUNT LOANS: PARTICIPATING	PLR: 5.00%								
YEAR	1 3RD PARTY PAYOFF USING PARTICIPATING LOAN	2 INCOME DRAWDOWNS PARTICIPATING LOANS	3 CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	4 ACCURRED INTERNAL LOAN INTEREST	5 INDEX CREDIT AFTER CHARGES	6 CUMULATIVE INTERNAL DEBT BALANCE	7 CUMULATIVE INDEXED LOAN ACCOUNT VALUE	8 CUMULATIVE PAR LOAN GAIN/LOSS	9 EOY GROSS INDEX ACCUMULATED VALUE	10 EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,381,628	-\$241,732
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,634,067	-\$203,593
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,862,813	-\$248,041
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,620,068	\$171,789
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,535,986	\$680,311
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,674,760	\$334,912
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,671,690	\$763,718
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,875,873	\$1,307,591
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,431,150	\$2,101,161
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,425,973	\$1,222,362
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,985,622	\$985,085
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,502,192	\$1,591,389
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,187,892	\$290,904
14	-\$18,967,286	\$0	-\$18,967,286	-\$948,364	\$1,537,487	-\$19,915,650	\$20,667,559	\$751,909	\$19,818,298	-\$97,351
15	\$0	\$0	-\$19,915,650	-\$995,782	\$1,676,279	-\$20,911,432	\$22,533,260	\$1,621,827	\$21,607,335	\$695,903
16	\$0	\$0	-\$20,911,432	-\$1,045,572	\$1,837,495	-\$21,957,004	\$24,700,382	\$2,743,378	\$23,685,407	\$1,728,403
17	\$0	\$0	-\$21,957,004	-\$1,097,850	\$0	-\$23,054,854	\$24,416,918	\$1,362,064	\$23,413,591	\$358,737
18	\$0	\$0	-\$23,054,854	-\$1,152,743	\$1,991,183	-\$24,207,597	\$26,766,325	\$2,558,728	\$25,666,458	\$1,458,861
19	\$0	\$0	-\$24,207,597	-\$1,210,380	\$0	-\$25,417,977	\$26,461,275	\$1,043,298	\$25,373,942	-\$44,035
20	\$0	\$0	-\$25,417,977	-\$1,270,899	\$2,158,159	-\$26,688,875	\$29,010,887	\$2,322,011	\$27,818,787	\$1,129,911
21	\$0	\$0	-\$26,688,875	-\$1,334,444	\$2,214,216	-\$28,023,319	\$31,810,801	\$3,787,482	\$30,503,648	\$2,480,329
22	\$0	\$0	-\$28,023,319	-\$1,401,166	\$2,594,976	-\$29,424,485	\$34,882,770	\$5,458,284	\$33,449,385	\$4,024,900
23	\$0	\$0	-\$29,424,485	-\$1,471,224	\$284,103	-\$30,895,709	\$34,904,924	\$4,009,215	\$33,470,629	\$2,574,920
24	\$0	\$0	-\$30,895,709	-\$1,544,785	\$2,847,221	-\$32,440,495	\$38,273,553	\$5,833,058	\$36,700,836	\$4,260,342
25	\$0	\$0	-\$32,440,495	-\$1,622,025	\$3,122,038	-\$34,062,520	\$41,967,763	\$7,905,243	\$40,243,246	\$6,180,726
26	\$0	\$0	-\$34,062,520	-\$1,703,126	\$3,423,324	-\$35,765,646	\$46,017,769	\$10,252,124	\$44,126,831	\$8,361,186
27	\$0	\$0	-\$35,765,646	-\$1,788,282	\$3,349,255	-\$37,553,928	\$50,355,957	\$12,802,029	\$48,286,757	\$10,732,829
28	\$0	-\$300,000	-\$37,853,928	-\$1,892,696	\$4,132,075	-\$39,746,624	\$55,545,106	\$15,798,482	\$52,947,238	\$13,200,614
29	\$0	-\$300,000	-\$40,046,624	-\$2,002,331	\$4,555,412	-\$42,048,956	\$61,235,776	\$19,186,820	\$58,058,180	\$16,009,224
30	\$0	-\$300,000	-\$42,348,956	-\$2,117,448	\$0	-\$44,466,403	\$60,844,669	\$16,378,265	\$57,406,129	\$12,939,726
31	\$0	-\$300,000	-\$44,766,403	-\$2,238,320	\$0	-\$47,004,724	\$60,451,004	\$13,446,280	\$56,754,877	\$9,750,153
32	\$0	-\$300,000	-\$47,304,724	-\$2,365,236	\$4,955,032	-\$49,669,960	\$66,607,649	\$16,937,689	\$62,226,279	\$12,556,319
33	\$0	-\$300,000	-\$49,969,960	-\$2,498,498	\$5,458,021	-\$52,468,458	\$73,369,040	\$20,900,582	\$68,235,582	\$15,767,124
34	\$0	-\$300,000	-\$52,768,458	-\$2,638,423	\$6,010,626	-\$55,406,881	\$80,797,379	\$25,390,499	\$74,838,171	\$19,431,290
35	\$0	-\$300,000	-\$55,706,881	-\$2,785,344	\$6,617,985	-\$58,492,225	\$88,961,767	\$30,469,543	\$82,095,574	\$23,603,350
36	\$0	-\$300,000	-\$58,792,225	-\$2,939,611	\$7,285,824	-\$61,731,836	\$97,939,134	\$36,207,298	\$90,076,297	\$28,344,461
37	\$0	-\$300,000	-\$62,031,836	-\$3,101,592	\$0	-\$65,133,428	\$97,192,057	\$32,058,629	\$89,116,223	\$23,982,795
38	\$0	\$0	-\$65,133,428	-\$3,256,671	\$0	-\$68,390,099	\$96,145,937	\$27,755,838	\$88,157,027	\$19,766,928
39	\$0	\$0	-\$68,390,099	-\$3,419,505	\$7,567,801	-\$71,809,604	\$105,465,367	\$33,655,763	\$96,702,092	\$24,892,488
40	\$0	\$0	-\$71,809,604	-\$3,590,480	\$0	-\$75,400,084	\$104,313,653	\$28,913,569	\$95,646,075	\$20,245,991

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

3RD PARTY PAYOFF USING PARTICIPATING LOAN The index value used to payoff the 3rd party premium financing loan. This can be done with either a withdrawal or a participating loan.

INCOME DRAWDOWNS PARTICIPATING LOANS These are drawdown modeling requests made by the client for supplemental retirement income. These can be done with either fixed loans or participating loans.

CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL The running YTD total internal loan, including all drawdowns, plus the accrued interest on the drawdowns.

ACCURRED INTERNAL LOAN INTEREST The interest due each year on the internal loans, including the drawdown principal AND the accrued/compounded interest from previous years.

INDEX CREDIT AFTER CHARGES The net dollar interest gained each year on the funds moved to the INDEX LOAN ACCOUNT (after charges) assuming participating loans are credited based on the INDEX CREDIT with no bonuses.

CUMULATIVE INTERNAL DEBT BALANCE The running YTD total of accrued internal debt from internal loans, including the accrued interest.

CUMULATIVE INDEXED LOAN ACCOUNT VALUE The running YTD total of accumulated funds in the INDEX LOAN ACCOUNT as a result of the participating loans leaving the primary index account, including index credit gains, minus charges on these particular funds.

CUMULATIVE PAR LOAN GAIN/LOSS The running YTD cumulative net gain or loss as a result of Participating Loans (the CUMULATIVE INTERNAL DEBT BALANCE plus the CUMULATIVE INDEXED LOAN ACCOUNT VALUE).

EOY GROSS INDEX ACCUMULATED VALUE The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

EOY INDEX VALUE NET OF INT & EXT LOANS The indexed accumulated value, minus any surrender charges, internal loans, and 3rd party lender debt.



## HYPOTHETICAL SYNTHETIC PROXY

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

PARTICIPATING LOANS

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YEAR	INTERNAL ACCOUNT LOANS: PARTICIPATING		PLR: 5.00%		PARTICIPATING LOANS					
	1 3RD PARTY PAYOFF USING PARTICIPATING LOAN	2 INCOME DRAWDOWNS PARTICIPATING LOANS	3 CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	4 ACCRUED INTERNAL LOAN INTEREST	5 INDEX CREDIT AFTER CHARGES	6 CUMULATIVE INTERNAL DEBT BALANCE	7 CUMULATIVE INDEXED LOAN ACCOUNT VALUE	8 CUMULATIVE PAR LOAN GAIN/LOSS	9 EOY GROSS INDEX ACCUMULATED VALUE	10 EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,381,628	-\$241,732
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,921,180	\$25,200
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,599,084	\$307,473
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,428,428	\$616,447
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,423,492	\$1,017,746
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,553,390	\$567,995
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,819,602	\$1,049,881
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,290,391	\$1,420,914
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,316,934	\$1,030,204
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,188,915	\$1,469,658
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,875,011	\$1,980,897
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,772,391	\$3,046,935
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,410,626	\$1,767,937
14	-\$21,602,574	\$0	-\$21,602,574	-\$1,080,129	\$1,753,607	-\$22,682,703	\$23,572,734	\$890,031	\$24,454,481	\$1,771,778
15	\$0	\$0	-\$22,682,703	-\$1,134,135	\$1,914,448	-\$23,816,838	\$25,734,825	\$1,917,987	\$26,697,446	\$2,880,608
16	\$0	\$0	-\$23,816,838	-\$1,190,842	\$2,099,203	-\$25,007,680	\$28,218,372	\$3,210,692	\$29,273,891	\$4,266,211
17	\$0	\$0	-\$25,007,680	-\$1,250,384	\$2,301,955	-\$26,258,064	\$30,943,858	\$4,685,794	\$32,101,324	\$5,843,261
18	\$0	\$0	-\$26,258,064	-\$1,312,903	\$2,524,503	-\$27,570,967	\$33,935,439	\$6,364,472	\$35,204,807	\$7,633,840
19	\$0	\$0	-\$27,570,967	-\$1,378,548	\$0	-\$28,949,515	\$33,561,527	\$4,612,012	\$34,816,908	\$5,867,393
20	\$0	\$0	-\$28,949,515	-\$1,447,476	\$0	-\$30,396,991	\$33,191,562	\$2,794,571	\$34,433,105	\$4,036,114
21	\$0	\$0	-\$30,396,991	-\$1,519,850	\$0	-\$31,916,840	\$32,825,856	\$909,015	\$34,053,719	\$2,136,879
22	\$0	\$0	-\$31,916,840	-\$1,595,842	\$2,678,121	-\$33,512,682	\$36,000,434	\$2,487,751	\$37,347,044	\$3,834,361
23	\$0	\$0	-\$33,512,682	-\$1,675,634	\$1,578,168	-\$35,188,317	\$37,890,906	\$2,702,589	\$39,308,229	\$4,119,913
24	\$0	\$0	-\$35,188,317	-\$1,759,416	\$3,091,376	-\$36,947,732	\$41,555,593	\$4,607,861	\$43,109,996	\$6,162,263
25	\$0	\$0	-\$36,947,732	-\$1,847,387	\$3,390,398	-\$38,795,119	\$45,575,169	\$6,780,050	\$47,279,926	\$8,484,807
26	\$0	\$0	-\$38,795,119	-\$1,939,756	\$0	-\$40,734,875	\$45,070,194	\$4,335,320	\$46,756,062	\$6,021,187
27	\$0	\$0	-\$40,734,875	-\$2,036,744	\$0	-\$42,771,619	\$44,565,832	\$1,794,213	\$46,232,833	\$3,461,214
28	\$0	-\$300,000	-\$43,071,619	-\$2,153,581	\$3,659,560	-\$45,225,200	\$49,193,360	\$3,968,160	\$50,692,216	\$5,467,016
29	\$0	-\$300,000	-\$45,525,200	-\$2,276,260	\$4,037,059	-\$47,801,460	\$54,267,861	\$6,466,402	\$55,582,368	\$7,780,908
30	\$0	-\$300,000	-\$48,101,460	-\$2,405,073	\$1,102,853	-\$50,506,533	\$55,551,155	\$5,044,622	\$56,583,942	\$6,077,409
31	\$0	-\$300,000	-\$50,806,533	-\$2,540,327	\$4,555,357	-\$53,346,859	\$61,235,045	\$7,888,186	\$62,038,471	\$8,691,612
32	\$0	-\$300,000	-\$53,646,859	-\$2,682,343	\$5,019,568	-\$56,329,202	\$67,475,166	\$11,145,964	\$68,027,189	\$11,697,987
33	\$0	-\$300,000	-\$56,629,202	-\$2,831,460	\$5,529,365	-\$59,460,662	\$74,328,069	\$14,867,407	\$74,604,459	\$15,143,797
34	\$0	-\$300,000	-\$59,760,662	-\$2,988,033	\$0	-\$62,748,695	\$73,811,111	\$11,062,416	\$73,787,760	\$11,039,064
35	\$0	-\$300,000	-\$63,048,695	-\$3,152,435	\$6,047,795	-\$66,201,130	\$81,297,021	\$15,095,891	\$80,942,317	\$14,741,187
36	\$0	-\$300,000	-\$66,501,130	-\$3,325,057	\$6,660,143	-\$69,826,187	\$89,528,468	\$19,702,281	\$88,810,124	\$18,983,938
37	\$0	-\$300,000	-\$70,126,187	-\$3,506,309	\$0	-\$73,632,496	\$88,870,192	\$15,237,696	\$87,862,712	\$14,230,216
38	\$0	\$0	-\$73,632,496	-\$3,681,625	\$7,252,796	-\$77,314,121	\$97,495,157	\$20,181,037	\$96,389,901	\$19,075,780
39	\$0	\$0	-\$77,314,121	-\$3,865,706	\$7,956,417	-\$81,179,827	\$106,953,528	\$25,773,701	\$105,741,046	\$24,561,219
40	\$0	\$0	-\$81,179,827	-\$4,058,991	\$8,728,003	-\$85,238,818	\$117,325,520	\$32,086,702	\$115,995,456	\$30,756,637

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

3RD PARTY PAYOFF USING PARTICIPATING LOAN The index value used to payoff the 3rd party premium financing loan. This can be done with either a withdrawal or a participating loan.

INCOME DRAWDOWNS PARTICIPATING LOANS These are drawdown modeling requests made by the client for supplemental retirement income. These can be done with either fixed loans or participating loans.

CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL The running YTD total internal loan, including all drawdowns, plus the accrued interest on the drawdowns.

ACCRUED INTERNAL LOAN INTEREST The interest due each year on the internal loans, including the drawdown principal AND the accrued/compounded interest from previous years.

INDEX CREDIT AFTER CHARGES The net dollar interest gained each year on the funds moved to the INDEX LOAN ACCOUNT (after charges) assuming participating loans are credited based on the INDEX CREDIT with no bonuses.

CUMULATIVE INTERNAL DEBT BALANCE The running YTD total of accrued internal debt from internal loans, including the accrued interest.

CUMULATIVE INDEXED LOAN ACCOUNT VALUE The running YTD total of accumulated funds in the INDEX LOAN ACCOUNT as a result of the participating loans leaving the primary index account, including index credit gains, minus charges on these particular funds.

CUMULATIVE PAR LOAN GAIN/LOSS The running YTD cumulative net gain or loss as a result of Participating Loans (the CUMULATIVE INTERNAL DEBT BALANCE plus the CUMULATIVE INDEXED LOAN ACCOUNT VALUE).

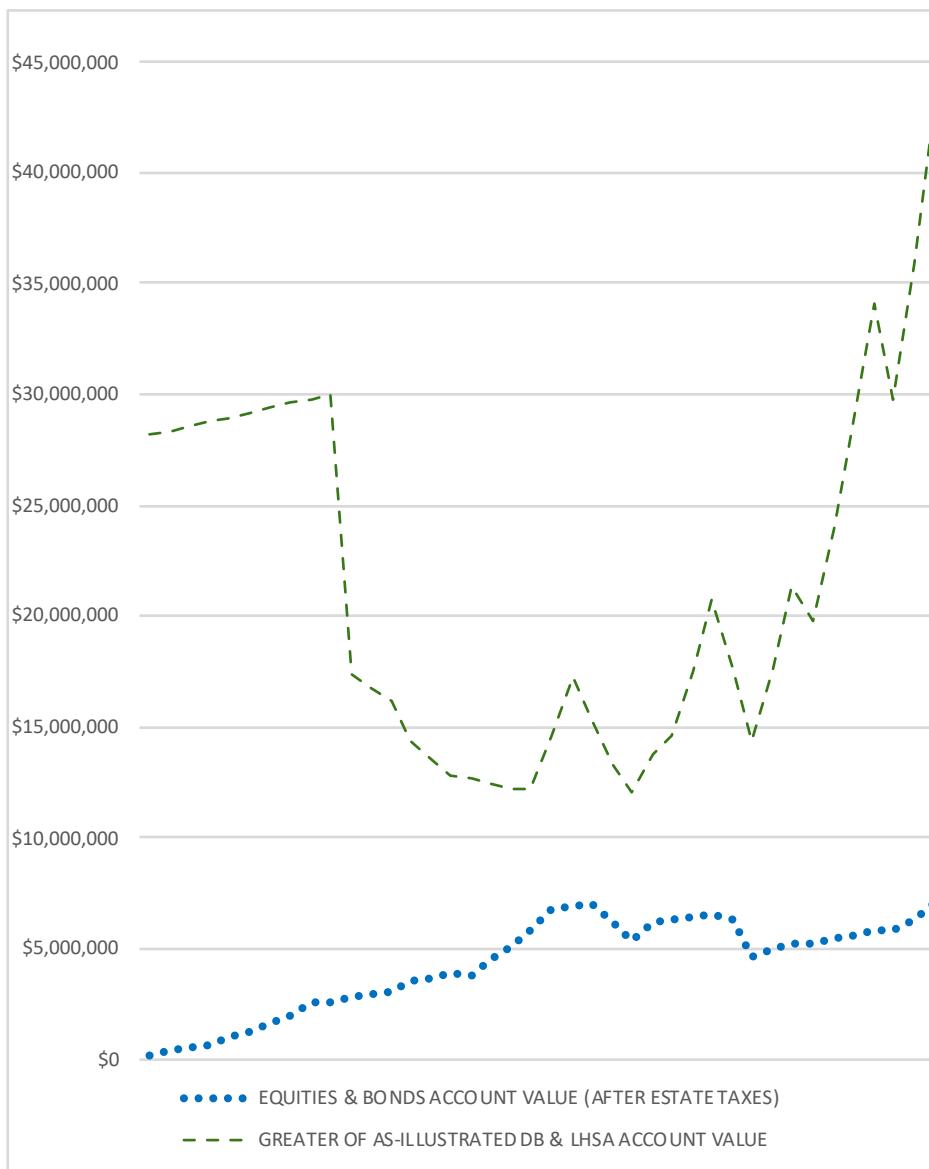
EOY GROSS INDEX ACCUMULATED VALUE The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

EOY INDEX VALUE NET OF INT & EXT LOANS The indexed accumulated value, minus any surrender charges, internal loans, and 3rd party lender debt.

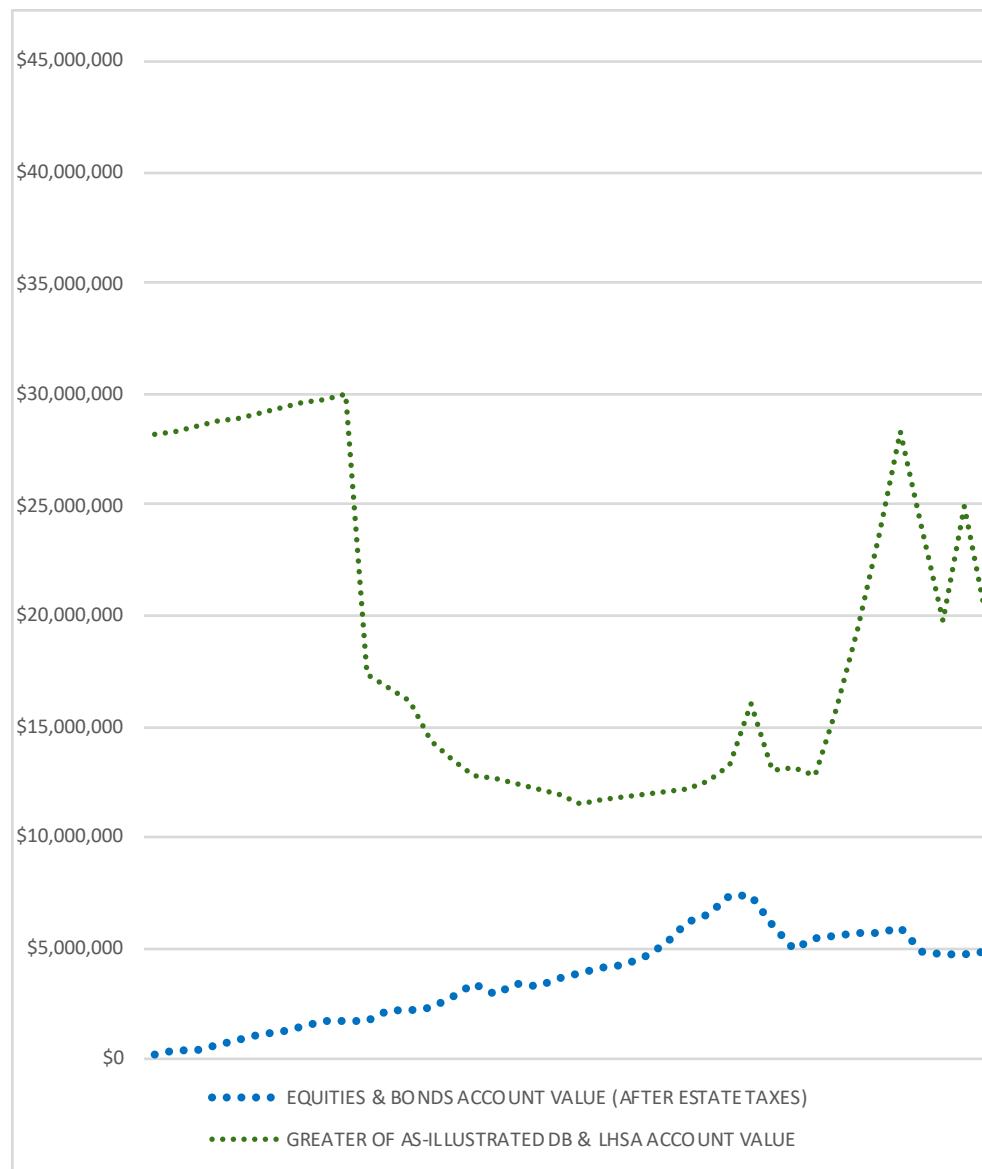
## **PARTIAL-EQUITY INTEREST ACCRUAL vs. EQUITIES & BONDS PORTFOLIO**

AFTER ESTATE-TAX COMPARISON

## BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&amp;P PERIODS ANALYZED



## WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&amp;P PERIODS ANALYZED



**DISCLAIMER:** The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only. The "Greater Of DB & LHSA" is the greater of the as-illustrated carrier death benefit (based on a particular index credit assumption, which is not guaranteed) and the net account value of the Leveraged Hypothetical Synthetic Asset that acts as the proxy for a premium financed IUL. The Leveraged Hypothetical Synthetic Asset is not a life insurance illustration, rather it is a fictitious investment account whose charges and crediting methods behave similarly to some real world IUL products.

HYPOTHETICAL SYNTHETIC BACKTESTING REPORT HSBR.2022.07.14

# HYPOTHETICAL EQUITIES & BONDS ACCOUNT vs. LEVERAGED HYPOTHETICAL SYNTHETIC ASSET (LHSA)

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## BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

	EQUITIES	BONDS	Current Adjusted Gross Income (AGI): \$250,000	% of Equities Taxed at STCG Tax Rates: 0.00%	Advisor Fee: 0.50%														
<AGE 56:	70.00%	30.00%	Current Income Tax Rate: 37.10%	% of Equities Taxed at LTCG Tax Rates: 100.00%	Fund Manager Fee: 0.70%														
AGE 56+:	70.00%	30.00%	Long-Term Capital Gains Tax Rate: 28.10%	% of Bonds Taxed at STCG Tax Rates: 100.00%	Broker Dealer Fee: 0.15%														
		State of Residence: CA		Estate Tax Rates: 40.00%	Investment Fees (All-In): 1.35%														
#	YEAR	ANNUAL INVESTED	1 CALENDAR YEAR	2 GROSS EQUITIES RETURN	3 AFTER-FEE EQUITIES RETURN	4 CALENDAR YEAR	5 GROSS EQUITIES RETURN	6 AFTER-FEE & TAX EQUITIES RETURN	7 CALENDAR YEAR	8 GROSS BOND RETURN	9 AFTER-FEE BOND RETURN	10 AFTER-FEE & TAX BOND RETURN	11 TOTAL CHARGES	12 NET RETURN	13 INCOME DRAWDOWNS	14 AFTER-TAX ACCOUNT VALUE	15 AFTER-ESTATE TAX ACCOUNT VALUE	16 GREATER OF DB & LHSA ACCOUNT VALUE INCREASE	
1	40	\$300,000	1978	13.97%	12.62%	1978	-7.81%	-9.16%	1978	1.35%	3.60%	\$0	\$310,803	=	\$186,482	vs	\$28,163,513 <b>15002.54%</b>		
2	41	\$300,000	1979	16.24%	14.89%	1979	-9.51%	-10.86%	1979	1.35%	4.24%	\$0	\$636,672	=	\$382,003	vs	\$28,342,505 <b>7319.44%</b>		
3	42	\$300,000	1980	15.48%	14.13%	1980	-14.57%	-15.92%	1980	1.35%	2.34%	\$0	\$958,567	=	\$575,140	vs	\$28,534,313 <b>4861.28%</b>		
4	43	\$300,000	1981	-5.06%	-6.41%	1981	-1.94%	-3.29%	1981	1.35%	-5.47%	\$0	\$1,189,665	=	\$713,799	vs	\$28,737,401 <b>3925.98%</b>		
5	44	\$300,000	1982	22.68%	21.33%	1982	15.34%	25.14%	1982	23.79%	14.96%	1.35%	15.23%	\$0	\$1,716,472	=	\$1,029,883	vs	\$28,949,762 <b>2710.98%</b>
6	45	\$300,000	1983	14.46%	13.11%	1983	9.43%	13.01%	1983	-1.36%	-1.36%	1.35%	6.19%	\$0	\$2,141,325	=	\$1,284,795	vs	\$29,163,882 <b>2169.93%</b>
7	46	\$300,000	1984	11.93%	10.58%	1984	7.60%	9.04%	1984	7.69%	4.84%	1.35%	6.77%	\$0	\$2,606,718	=	\$1,564,031	vs	\$29,380,445 <b>1778.51%</b>
8	47	\$300,000	1985	19.90%	18.55%	1985	13.34%	21.41%	1985	20.06%	12.62%	1.35%	13.12%	\$0	\$3,288,081	=	\$1,972,849	vs	\$29,594,703 <b>1400.10%</b>
9	48	\$300,000	1986	31.42%	30.07%	1986	21.62%	21.97%	1986	20.62%	12.97%	1.35%	19.02%	\$0	\$4,270,667	=	\$2,562,400	vs	\$29,801,189 <b>1063.02%</b>
10	49	\$300,000	1987	-4.21%	-5.56%	1987	-5.56%	-8.32%	1987	-9.67%	-9.67%	1.35%	-6.79%	\$0	\$4,260,301	=	<b>\$2,556,180</b>	vs	<b>\$29,993,870</b> <b>1073.39%</b>
11	50	\$0	1988	17.72%	16.37%	1988	11.77%	3.98%	1988	2.63%	1.66%	1.35%	8.73%	\$0	\$4,632,383	=	\$2,779,430	vs	\$17,336,384 <b>523.74%</b>
12	51	\$0	1989	12.63%	11.28%	1989	8.11%	12.27%	1989	10.92%	6.87%	1.35%	7.74%	\$0	\$4,990,779	=	\$2,994,467	vs	\$16,794,363 <b>460.85%</b>
13	52	\$0	1990	6.51%	5.16%	1990	3.71%	0.79%	1990	-0.56%	-0.56%	1.35%	2.43%	\$0	\$5,112,139	=	\$3,067,283	vs	\$16,136,515 <b>426.08%</b>
14	53	\$102,219	1991	20.86%	19.51%	1991	14.02%	10.33%	1991	8.98%	5.65%	1.35%	11.51%	\$0	\$5,814,638	=	\$3,488,783	vs	\$14,358,068 <b>311.55%</b>
15	54	\$0	1992	9.34%	7.99%	1992	5.74%	6.15%	1992	4.80%	3.02%	1.35%	4.93%	\$0	\$6,101,064	=	\$3,660,638	vs	\$13,550,939 <b>270.18%</b>
16	55	\$0	1993	11.76%	10.41%	1993	7.49%	10.94%	1993	9.59%	6.03%	1.35%	7.05%	\$0	\$6,531,122	=	\$3,918,673	vs	\$12,801,269 <b>226.67%</b>
17	56	\$0	1994	-0.32%	-1.67%	1994	-1.67%	-10.37%	1994	-11.72%	-11.72%	1.35%	-4.69%	\$0	\$6,224,910	=	\$3,734,946	vs	\$12,660,448 <b>238.97%</b>
18	57	\$0	1995	37.20%	35.85%	1995	25.78%	20.11%	1995	18.76%	11.80%	1.35%	21.58%	\$0	\$7,568,547	=	\$4,541,128	vs	\$12,465,352 <b>174.50%</b>
19	58	\$46,236	1996	25.61%	24.26%	1996	17.44%	-1.46%	1996	-2.81%	-2.81%	1.35%	11.37%	\$0	\$8,480,218	=	\$5,088,131	vs	\$12,211,013 <b>139.99%</b>
20	59	\$0	1997	26.69%	25.34%	1997	18.22%	7.43%	1997	6.08%	3.82%	1.35%	13.90%	\$0	\$9,659,104	=	<b>\$5,795,463</b>	vs	<b>\$12,144,047</b> <b>109.54%</b>
21	60	\$0	1998	32.54%	31.19%	1998	22.42%	13.16%	1998	11.81%	7.43%	1.35%	17.93%	\$0	\$11,390,641	=	\$6,834,385	vs	\$14,572,858 <b>113.23%</b>
22	61	\$0	1999	10.97%	9.62%	1999	6.92%	-10.22%	1999	-11.57%	-11.57%	1.35%	1.37%	\$0	\$11,546,986	=	\$6,928,192	vs	\$17,301,409 <b>149.72%</b>
23	62	\$0	2000	-0.04%	-1.39%	2000	-1.39%	12.84%	2000	11.49%	7.23%	1.35%	1.20%	\$0	\$11,685,076	=	\$7,011,046	vs	\$15,323,642 <b>118.56%</b>
24	63	\$0	2001	-15.26%	-16.61%	2001	-16.61%	2.67%	2001	1.32%	0.83%	1.35%	-11.38%	\$0	\$10,355,350	=	\$6,213,210	vs	\$13,274,371 <b>113.65%</b>
25	64	\$0	2002	-22.29%	-23.64%	2002	-23.64%	13.32%	2002	11.97%	7.53%	1.35%	-14.29%	\$0	\$8,875,794	=	\$5,325,477	vs	\$12,055,715 <b>126.38%</b>
26	65	\$0	2003	34.19%	32.84%	2003	23.61%	-1.85%	2003	-3.20%	-3.20%	1.35%	15.57%	\$0	\$10,257,435	=	\$6,154,461	vs	\$13,816,164 <b>124.49%</b>
27	66	\$0	2004	6.43%	5.08%	2004	3.65%	1.77%	2004	0.42%	0.26%	1.35%	2.64%	\$0	\$10,527,890	=	\$6,316,734	vs	\$14,627,804 <b>131.57%</b>
28	67	\$0	2005	10.36%	9.01%	2005	6.48%	-0.51%	2005	-1.86%	-1.86%	1.35%	3.98%	-\$300,000	\$10,634,931	=	\$6,380,958	vs	\$17,476,946 <b>173.89%</b>
29	68	\$0	2006	14.36%	13.01%	2006	9.35%	-1.23%	2006	-2.58%	-2.58%	1.35%	5.77%	-\$300,000	\$10,931,570	=	\$6,558,942	vs	\$20,704,252 <b>215.66%</b>
30	69	\$0	2007	-2.15%	-3.50%	2007	-3.50%	7.15%	2007	5.80%	3.65%	1.35%	-1.36%	-\$300,000	\$10,487,503	=	<b>\$6,292,502</b>	vs	<b>\$17,587,804</b> <b>179.50%</b>
31	70	\$0	2008	-38.09%	-39.44%	2008	-39.44%	15.66%	2008	14.31%	9.00%	1.35%	-24.91%	-\$300,000	\$7,650,000	=	\$4,590,000	vs	\$14,351,750 <b>212.67%</b>
32	71	\$0	2009	32.03%	30.68%	2009	22.06%	-10.80%	2009	-12.15%	-12.15%	1.35%	11.80%	-\$300,000	\$8,216,937	=	\$4,930,162	vs	\$17,608,458 <b>257.16%</b>
33	72	\$0	2010	21.76%	20.41%	2010	14.68%	6.71%	2010	5.36%	3.37%	1.35%	11.29%	-\$300,000	\$8,810,506	=	\$5,286,304	vs	\$21,313,918 <b>303.19%</b>
34	73	\$0	2011	4.04%	2.69%	2011	1.94%	12.48%	2011	11.13%	7.00%	1.35%	3.46%	-\$300,000	\$8,804,716	=	\$5,282,830	vs	\$19,729,960 <b>273.47%</b>
35	74	\$0	2012	16.15%	14.80%	2012	10.64%	0.88%	2012	-0.47%	-0.47%	1.35%	7.31%	-\$300,000	\$9,126,308	=	\$5,475,785	vs	\$23,931,262 <b>337.04%</b>
36	75	\$0	2013	20.99%	19.64%	2013	14.12%	-10.42%	2013	-11.77%	-11.77%	1.35%	6.35%	-\$300,000	\$9,387,166	=	\$5,632,300	vs	\$28,704,480 <b>409.64%</b>
37	76	\$0	2014	13.92%	12.57%	2014	9.03%	8.98%	2014	7.63%	4.80%	1.35%	7.76%	-\$300,000	\$9,792,653	=	\$5,875,592	vs	\$34,091,732 <b>480.23%</b>
38	77	\$0	2015	-0.74%	-2.09%	2015	-2.09%	1.16%	2015	-0.19%	-0.19%	1.35%	-1.52%	\$0	\$9,643,631	=	\$5,786,178	vs	\$29,774,775 <b>414.58%</b>
39	78	\$0	2016	19.45%	18.10%	2016	13.02%	-0.56%	2016	-1.91%	-1.91%	1.35%	8.54%	\$0	\$10,466,914	=	\$6,280,148	vs	\$35,880,203 <b>471.33%</b>
40	79	\$0	2017	25.91%	24.56%	2017	17.66%	0.66%	2017	-0.69%	-0.69%	1.35%	12.15%	\$0	\$11,739,136	=	<b>\$7,043,482</b>	vs	<b>\$42,734,936</b> <b>506.73%</b>

Average Equities Return: 12.23%      Average T-Bond Return: 3.94%      Average Net Portfolio Return: 5.16%

BEST 40

**DISCLAIMER:** The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only. The "Greater Of DB & LHSA" is the greater of the as-illustrated carrier death benefit (based on a particular index credit assumption, which is not guaranteed) and the net account value of the Leveraged Hypothetical Synthetic Asset that acts as the proxy for a premium financed IUL. The Leveraged Hypothetical Synthetic Asset is not a life insurance illustration, rather it is a fictitious investment account whose charges and crediting methods behave similarly to some real world IUL products.



# HYPOTHETICAL EQUITIES & BONDS ACCOUNT vs. LEVERAGED HYPOTHETICAL SYNTHETIC ASSET (LHSA)

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## WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

	EQUITIES <AGE 56: AGE 56+:	BONDS 30.00% 30.00%	Current Adjusted Gross Income (AGI): \$250,000	% of Equities Taxed at STCG Tax Rates: 0.00%	Advisor Fee: 0.50%												
			Current Income Tax Rate: 37.10%	% of Equities Taxed at LTCG Tax Rates: 100.00%	Fund Manager Fee: 0.70%												
			Long-Term Capital Gains Tax Rate: 28.10%	% of Bonds Taxed at STCG Tax Rates: 100.00%	Broker Dealer Fee: 0.15%												
			State of Residence: CA	Estate Tax Rates: 40.00%	Investment Fees (All-In): 1.35%												
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
YEAR	ANNUAL INVESTED	CALENDAR YEAR	GROSS EQUITIES RETURN	AFTER-FEE EQUITIES RETURN	AFTER-FEE & TAX EQUITIES RETURN	CALENDAR YEAR	GROSS BOND RETURN	AFTER-FEE BOND RETURN	AFTER-FEE & TAX BOND RETURN	TOTAL CHARGES	NET RETURN	DRAWDOWNS	INCOME ACCOUNT VALUE	AFTER-TAX ACCOUNT VALUE	AFTER-ESTATE TAX ACCOUNT VALUE	GREATER OF DB & LHSA ACCOUNT VALUE	LHSA INCREASE
1	40	\$300,000	1971	14.42%	13.07%	9.39%	1971	5.27%	3.92%	2.46%	1.35%	7.32%	\$0	\$321,946	=	\$193,168	vs \$28,163,513 <b>14479.81%</b>
2	41	\$300,000	1972	0.08%	-1.27%	-1.27%	1972	-0.44%	-1.79%	-1.79%	1.35%	-1.42%	\$0	\$613,089	=	\$367,853	vs \$28,342,505 <b>7604.84%</b>
3	42	\$300,000	1973	-39.40%	-40.75%	-40.75%	1973	-2.37%	-3.72%	-3.72%	1.35%	-29.64%	\$0	\$642,433	=	\$385,460	vs \$28,534,313 <b>7302.67%</b>
4	43	\$300,000	1974	34.00%	32.65%	23.47%	1974	-8.16%	-9.51%	-9.51%	1.35%	13.58%	\$0	\$1,070,382	=	\$642,229	vs \$28,737,401 <b>4374.63%</b>
5	44	\$300,000	1975	27.48%	26.13%	18.79%	1975	-5.07%	-6.42%	-6.42%	1.35%	11.22%	\$0	\$1,524,193	=	\$914,516	vs \$28,949,762 <b>3065.58%</b>
6	45	\$300,000	1976	-6.28%	-7.63%	-7.63%	1976	9.68%	8.33%	5.24%	1.35%	-3.77%	\$0	\$1,755,496	=	\$1,053,298	vs \$29,163,882 <b>2668.82%</b>
7	46	\$300,000	1977	8.23%	6.88%	4.94%	1977	-4.89%	-6.24%	-6.24%	1.35%	1.59%	\$0	\$2,088,130	=	\$1,252,878	vs \$29,380,445 <b>2245.04%</b>
8	47	\$300,000	1978	8.61%	7.26%	5.22%	1978	-7.81%	-9.16%	-9.16%	1.35%	0.91%	\$0	\$2,409,773	=	\$1,445,864	vs \$29,594,703 <b>1946.85%</b>
9	48	\$300,000	1979	16.76%	15.41%	11.08%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.50%	\$0	\$2,831,684	=	\$1,699,010	vs \$29,801,189 <b>1654.03%</b>
10	49	\$300,000	1980	-5.40%	-6.75%	-6.75%	1980	-14.57%	-15.92%	-15.92%	1.35%	-9.50%	\$0	\$2,834,256	=	<b>\$1,700,554</b>	vs \$29,993,870 <b>1663.77%</b>
11	50	\$0	1981	5.65%	4.30%	3.09%	1981	-1.94%	-3.29%	-3.29%	1.35%	1.18%	\$0	\$2,867,652	=	\$1,720,591	vs \$17,336,384 <b>907.58%</b>
12	51	\$0	1982	39.91%	38.56%	27.72%	1982	25.14%	23.79%	14.96%	1.35%	23.90%	\$0	\$3,552,912	=	\$2,131,747	vs \$16,794,363 <b>687.82%</b>
13	52	\$0	1983	2.02%	0.67%	0.48%	1983	-0.01%	-1.36%	-1.36%	1.35%	-0.07%	\$0	\$3,550,343	=	\$2,130,206	vs \$16,136,515 <b>657.51%</b>
14	53	\$102,219	1984	11.62%	10.27%	7.38%	1984	9.04%	7.69%	4.84%	1.35%	6.62%	\$0	\$3,894,401	=	\$2,336,641	vs \$14,358,068 <b>514.47%</b>
15	54	\$0	1985	29.04%	27.69%	19.91%	1985	21.41%	20.06%	12.62%	1.35%	17.72%	\$0	\$4,584,599	=	\$2,750,760	vs \$13,550,939 <b>392.63%</b>
16	55	\$0	1986	41.13%	39.78%	28.60%	1986	21.97%	20.62%	12.97%	1.35%	23.91%	\$0	\$5,680,818	=	\$3,408,491	vs \$12,801,269 <b>275.57%</b>
17	56	\$0	1987	-13.51%	-14.86%	-14.86%	1987	-8.32%	-9.67%	-9.67%	1.35%	-13.30%	\$0	\$4,925,045	=	\$2,955,027	vs \$12,660,448 <b>328.44%</b>
18	57	\$0	1988	30.41%	29.06%	20.89%	1988	3.98%	2.63%	1.66%	1.35%	15.12%	\$0	\$5,669,763	=	\$3,401,858	vs \$12,465,352 <b>266.43%</b>
19	58	\$46,236	1989	-10.34%	-11.69%	-11.69%	1989	12.27%	10.92%	6.87%	1.35%	-6.12%	\$0	\$5,365,917	=	\$3,219,550	vs \$12,211,013 <b>279.28%</b>
20	59	\$0	1990	28.73%	27.38%	19.69%	1990	0.79%	-0.56%	-0.56%	1.35%	13.61%	\$0	\$6,096,443	=	<b>\$3,657,866</b>	vs \$11,891,748 <b>225.10%</b>
21	60	\$0	1991	9.72%	8.37%	6.02%	1991	10.33%	8.98%	5.65%	1.35%	5.91%	\$0	\$6,456,570	=	\$3,873,942	vs \$11,501,264 <b>196.89%</b>
22	61	\$0	1992	11.84%	10.49%	7.55%	1992	6.15%	4.80%	3.02%	1.35%	6.19%	\$0	\$6,856,036	=	\$4,113,622	vs \$11,671,091 <b>183.72%</b>
23	62	\$0	1993	2.82%	1.47%	1.06%	1993	10.94%	9.59%	6.03%	1.35%	2.55%	\$0	\$7,030,910	=	\$4,218,546	vs \$11,822,319 <b>180.25%</b>
24	63	\$0	1994	28.30%	26.95%	19.38%	1994	-10.37%	-11.72%	-11.72%	1.35%	10.05%	\$0	\$7,737,351	=	\$4,642,410	vs \$11,951,714 <b>157.45%</b>
25	64	\$0	1995	19.61%	18.26%	13.13%	1995	20.11%	18.76%	11.80%	1.35%	12.73%	\$0	\$8,722,390	=	\$5,233,434	vs \$12,055,715 <b>130.36%</b>
26	65	\$0	1996	39.82%	38.47%	27.66%	1996	-1.46%	-2.81%	-2.81%	1.35%	18.52%	\$0	\$10,337,701	=	\$6,202,621	vs \$12,129,526 <b>95.55%</b>
27	66	\$0	1997	9.36%	8.01%	5.76%	1997	7.43%	6.08%	3.82%	1.35%	5.18%	\$0	\$10,873,076	=	\$6,523,845	vs \$12,591,935 <b>93.01%</b>
28	67	\$0	1998	28.13%	26.78%	19.25%	1998	13.16%	11.81%	7.43%	1.35%	15.71%	-\$300,000	\$12,233,642	=	\$7,340,185	vs \$13,200,614 <b>79.84%</b>
29	68	\$0	1999	13.99%	12.64%	9.09%	1999	-10.22%	-11.57%	-11.57%	1.35%	2.89%	-\$300,000	\$12,278,672	=	\$7,367,203	vs \$16,009,224 <b>117.30%</b>
30	69	\$0	2000	-25.54%	-26.89%	-26.89%	2000	12.84%	11.49%	7.23%	1.35%	-16.65%	-\$300,000	\$9,984,010	=	<b>\$5,990,406</b>	vs \$13,046,376 <b>117.79%</b>
31	70	\$0	2001	-19.68%	-21.03%	-21.03%	2001	2.67%	1.32%	0.83%	1.35%	-14.47%	-\$300,000	\$8,282,662	=	\$4,969,597	vs \$13,184,692 <b>165.31%</b>
32	71	\$0	2002	24.16%	22.81%	16.40%	2002	13.32%	11.97%	7.53%	1.35%	13.74%	-\$300,000	\$9,079,505	=	\$5,447,703	vs \$12,768,562 <b>134.38%</b>
33	72	\$0	2003	13.91%	12.56%	9.03%	2003	-1.85%	-3.20%	-3.20%	1.35%	5.36%	-\$300,000	\$9,250,098	=	\$5,550,059	vs \$15,767,124 <b>184.09%</b>
34	73	\$0	2004	12.25%	10.90%	7.84%	2004	1.77%	0.42%	0.26%	1.35%	5.56%	-\$300,000	\$9,448,068	=	\$5,668,841	vs \$19,431,290 <b>242.77%</b>
35	74	\$0	2005	10.71%	9.36%	6.73%	2005	-0.51%	-1.86%	-1.86%	1.35%	4.15%	-\$300,000	\$9,528,072	=	\$5,716,843	vs \$23,603,350 <b>312.87%</b>
36	75	\$0	2006	16.29%	14.94%	10.74%	2006	-1.23%	-2.58%	-2.58%	1.35%	6.75%	-\$300,000	\$9,850,685	=	\$5,910,411	vs \$28,344,461 <b>379.57%</b>
37	76	\$0	2007	-21.61%	-22.96%	-22.96%	2007	7.15%	5.80%	3.65%	1.35%	-14.97%	-\$300,000	\$8,120,616	=	\$4,872,370	vs \$23,982,795 <b>392.22%</b>
38	77	\$0	2008	-7.37%	-8.72%	-8.72%	2008	15.66%	14.31%	9.00%	1.35%	-3.40%	\$0	\$7,844,267	=	\$4,706,560	vs \$19,766,928 <b>319.99%</b>
39	78	\$0	2009	9.96%	8.61%	6.19%	2009	-10.80%	-12.15%	-12.15%	1.35%	0.69%	\$0	\$7,898,191	=	\$4,738,915	vs \$24,892,488 <b>425.28%</b>
40	79	\$0	2010	1.14%	-0.21%	-0.21%	2010	6.71%	5.36%	3.37%	1.35%	0.87%	\$0	\$7,966,674	=	<b>\$4,780,004</b>	vs \$20,245,991 <b>323.56%</b>

Average Equities Return: 10.02%      Average T-Bond Return: 3.46%      Average Net Portfolio Return: 3.62%

WORST 40

**DISCLAIMER:** The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only. The "Greater Of DB & LHSA" is the greater of the as-illustrated carrier death benefit (based on a particular index credit assumption, which is not guaranteed) and the net account value of the Leveraged Hypothetical Synthetic Asset that acts as the proxy for a premium financed IUL. The Leveraged Hypothetical Synthetic Asset is not a life insurance illustration, rather it is a fictitious investment account whose charges and crediting methods behave similarly to some real world IUL products.



# HYPOTHETICAL SYNTHETIC PROXIES: BACKTESTING REPORT

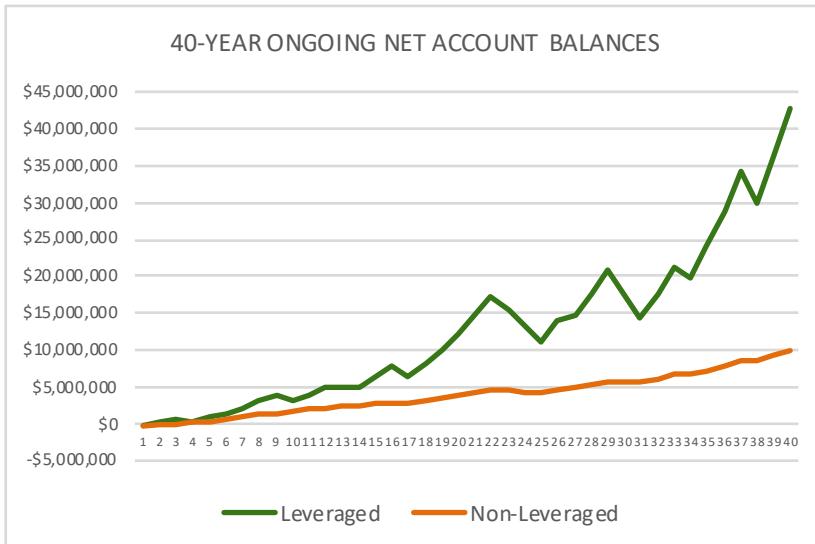
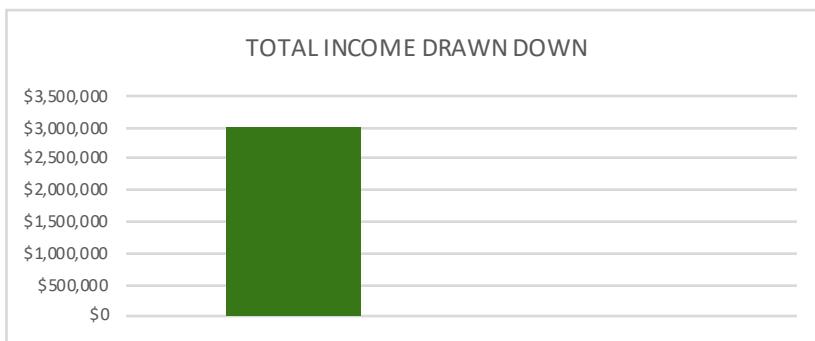
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## BEST CAGR IN 40-YEAR PERIOD\*

### LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

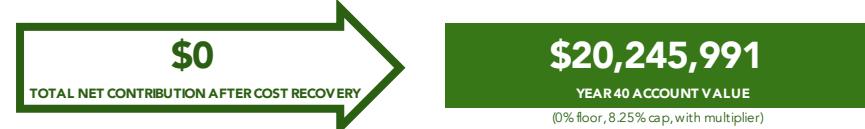


### NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

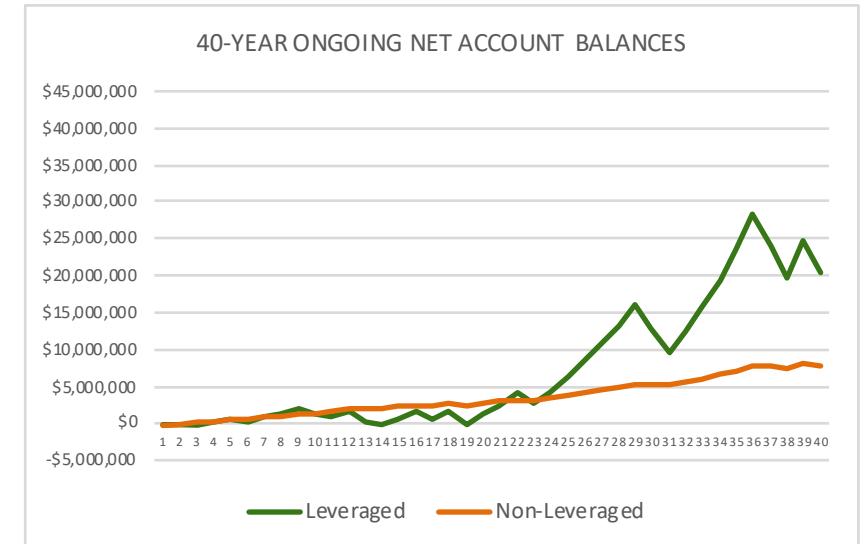
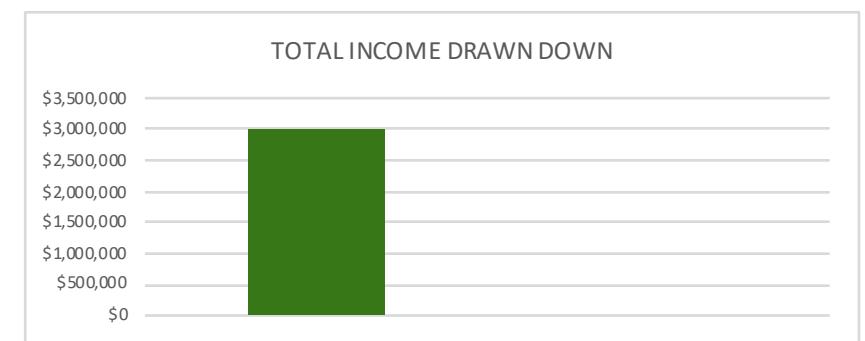


## WORST CAGR IN 40-YEAR PERIOD\*

### LEVERAGED HYPOTHETICAL SYNTHETIC ASSET



### NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET



\*40-year periods with the best and worst CAGR out of 121 different 40-year periods analyzed  
HYPOTHETICAL SYNTHETIC BACKTESTING REPORT - DOCUMENT 20.22.07.14

**BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)**

NON-FINANCED HYPOTHETICAL SYNTHETIC ASSET

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

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Participation Rate: 100.00%

Floor Modeled: 0.00%

Current Pre-Bonus Cap: 8.75%

Current Post-Bonus Max Cap: 10.90%

8/26/2022

Pre-Bonus Cap Modeled: 8.25%

Post-Bonus Max Cap Modeled: 10.90%

#	TOTAL INDEX			CALENDAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
YEAR	AGE	CONTRIBUTION		YEAR						
1	40	\$159,601		1978	11.97%	8.25%	8.25%	\$0	\$120,406	-\$302,954
2	41	\$159,601		1979	14.24%	8.25%	10.90%	\$0	\$256,556	-\$126,624
3	42	\$159,601		1980	13.48%	8.25%	10.90%	\$0	\$405,077	\$62,469
4	43	\$159,601		1981	-7.06%	0.00%	0.00%	\$0	\$511,726	\$210,082
5	44	\$159,601		1982	20.68%	8.25%	10.90%	\$0	\$684,267	\$424,175
6	45	\$159,601		1983	12.46%	8.25%	10.90%	\$0	\$873,479	\$655,331
7	46	\$159,601		1984	9.93%	8.25%	10.90%	\$0	\$1,081,039	\$905,423
8	47	\$159,601		1985	17.90%	8.25%	10.90%	\$0	\$1,308,735	\$1,176,239
9	48	\$159,601		1986	29.42%	8.25%	10.90%	\$0	\$1,558,539	\$1,469,751
10	49	\$159,601		1987	-6.21%	0.00%	0.00%	\$0	\$1,652,432	\$1,607,744
11	50	\$159,601		1988	15.72%	8.25%	10.90%	\$0	\$1,970,256	\$1,970,256
12	51	\$0		1989	10.63%	8.25%	10.90%	\$0	\$2,152,367	\$2,152,367
13	52	\$0		1990	4.51%	4.51%	6.54%	\$0	\$2,259,068	\$2,259,068
14	53	\$0		1991	18.86%	8.25%	10.90%	\$0	\$2,467,715	\$2,467,715
15	54	\$0		1992	7.34%	7.34%	10.64%	\$0	\$2,689,597	\$2,689,597
16	55	\$0		1993	9.76%	8.25%	10.90%	\$0	\$2,938,537	\$2,938,537
17	56	\$0		1994	-2.32%	0.00%	0.00%	\$0	\$2,895,181	\$2,895,181
18	57	\$0		1995	35.20%	8.25%	10.90%	\$0	\$3,161,770	\$3,161,770
19	58	\$0		1996	23.61%	8.25%	10.90%	\$0	\$3,452,659	\$3,452,659
20	59	\$0		1997	24.69%	8.25%	10.90%	\$0	\$3,770,024	\$3,770,024
21	60	\$0		1998	30.54%	8.25%	10.90%	\$0	\$4,116,371	\$4,116,371
22	61	\$0		1999	8.97%	8.25%	10.90%	\$0	\$4,494,787	\$4,494,787
23	62	\$0		2000	-2.04%	0.00%	0.00%	\$0	\$4,425,804	\$4,425,804
24	63	\$0		2001	-17.26%	0.00%	0.00%	\$0	\$4,355,600	\$4,355,600
25	64	\$0		2002	-24.29%	0.00%	0.00%	\$0	\$4,283,970	\$4,283,970
26	65	\$0		2003	32.19%	8.25%	10.90%	\$0	\$4,669,679	\$4,669,679
27	66	\$0		2004	4.43%	4.43%	6.43%	\$0	\$4,884,978	\$4,884,978
28	67	\$0		2005	8.36%	8.25%	10.90%	\$0	\$5,323,305	\$5,323,305
29	68	\$0		2006	12.36%	8.25%	10.90%	\$0	\$5,800,579	\$5,800,579
30	69	\$0		2007	-4.15%	0.00%	0.00%	\$0	\$5,698,977	\$5,698,977
31	70	\$0		2008	-40.09%	0.00%	0.00%	\$0	\$5,594,244	\$5,594,244
32	71	\$0		2009	30.03%	8.25%	10.90%	\$0	\$6,084,365	\$6,084,365
33	72	\$0		2010	19.76%	8.25%	10.90%	\$0	\$6,617,600	\$6,617,600
34	73	\$0		2011	2.04%	2.04%	2.96%	\$0	\$6,682,465	\$6,682,465
35	74	\$0		2012	14.15%	8.25%	10.90%	\$0	\$7,262,550	\$7,262,550
36	75	\$0		2013	18.99%	8.25%	10.90%	\$0	\$7,892,934	\$7,892,934
37	76	\$0		2014	11.92%	8.25%	10.90%	\$0	\$8,578,389	\$8,578,389
38	77	\$0		2015	-2.74%	0.00%	0.00%	\$0	\$8,407,666	\$8,407,666
39	78	\$0		2016	17.45%	8.25%	10.90%	\$0	\$9,129,555	\$9,129,555
40	79	\$0		2017	23.91%	8.25%	10.90%	\$0	\$9,914,856	\$9,914,856

AVERAGE ANNUAL INCOME DRAWDOWN: \$0

BEST 40

## CASH FLOW SUMMARY

TOTAL CLIENT OUTLAY:

-\$1,755,611

AVERAGE ANNUAL INCOME DRAWDOWN:

\$0

TOTAL INCOME DRAWDOWN:

\$0

40-YEAR ACCOUNT BALANCE (NET OF LOAN):

\$9,914,856

INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):

\$9,914,856

RAW S&P 500 CAGR: 9.02%

40-YEAR NET ACCOUNT IRR: 5.03%

BEST 40-YEAR S&P CAGR PERIOD (OF 121 PERIODS ANALYZED)

RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%

The hypothetical models in this document assume certain crediting methods and index account charges that are purely hypothetical and do not represent any particular investment, life insurance policy or index fund. Hypothetical crediting methods, charges, values and returns are not guaranteed. Hypothetical returns used in this document are based on historical index returns that do not include dividends and are purely modeled as a hypothetical example of index volatility over a period of time for educational purposes and are not intended to convince someone to purchase any particular product.

## **WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)**

NON-FINANCED HYPOTHETICAL SYNTHETIC ASSET

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

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Participation Rate: 100.00%

Floor Modeled: 0.00%

Current Pre-Bonus Cap: 8.75%

Current Post-Bonus Max Cap: 10.90%

8/26/2022

Pre-Bonus Cap Modeled: 8.25%

Post-Bonus Max Cap Modeled: 10.90%

#	TOTAL INDEX			CALENDAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
YEAR	AGE	CONTRIBUTION		YEAR						
1	40	\$159,601		1971	12.42%	8.25%	8.25%	\$0	\$120,406	-\$302,954
2	41	\$159,601		1972	-1.92%	0.00%	0.00%	\$0	\$231,340	-\$151,840
3	42	\$159,601		1973	-41.40%	0.00%	0.00%	\$0	\$340,300	-\$2,308
4	43	\$159,601		1974	32.00%	8.25%	10.90%	\$0	\$496,384	\$194,740
5	44	\$159,601		1975	25.48%	8.25%	10.90%	\$0	\$667,423	\$407,331
6	45	\$159,601		1976	-8.28%	0.00%	0.00%	\$0	\$770,952	\$552,804
7	46	\$159,601		1977	6.23%	6.23%	9.03%	\$0	\$952,123	\$776,507
8	47	\$159,601		1978	6.61%	6.61%	9.59%	\$0	\$1,153,384	\$1,020,888
9	48	\$159,601		1979	14.76%	8.25%	10.90%	\$0	\$1,387,977	\$1,299,189
10	49	\$159,601		1980	-7.40%	0.00%	0.00%	\$0	\$1,483,575	\$1,438,887
11	50	\$159,601		1981	3.65%	3.65%	5.29%	\$0	\$1,694,606	\$1,694,606
12	51	\$0		1982	37.91%	8.25%	10.90%	\$0	\$1,849,728	\$1,849,728
13	52	\$0		1983	0.02%	0.02%	0.03%	\$0	\$1,821,195	\$1,821,195
14	53	\$0		1984	9.62%	8.25%	10.90%	\$0	\$1,986,969	\$1,986,969
15	54	\$0		1985	27.04%	8.25%	10.90%	\$0	\$2,168,067	\$2,168,067
16	55	\$0		1986	39.13%	8.25%	10.90%	\$0	\$2,365,944	\$2,365,944
17	56	\$0		1987	-15.51%	0.00%	0.00%	\$0	\$2,328,314	\$2,328,314
18	57	\$0		1988	28.41%	8.25%	10.90%	\$0	\$2,539,401	\$2,539,401
19	58	\$0		1989	-12.34%	0.00%	0.00%	\$0	\$2,497,163	\$2,497,163
20	59	\$0		1990	26.73%	8.25%	10.90%	\$0	\$2,720,975	\$2,720,975
21	60	\$0		1991	7.72%	7.72%	10.90%	\$0	\$2,964,611	\$2,964,611
22	61	\$0		1992	9.84%	8.25%	10.90%	\$0	\$3,230,257	\$3,230,257
23	62	\$0		1993	0.82%	0.82%	1.19%	\$0	\$3,211,826	\$3,211,826
24	63	\$0		1994	26.30%	8.25%	10.90%	\$0	\$3,497,522	\$3,497,522
25	64	\$0		1995	17.61%	8.25%	10.90%	\$0	\$3,808,829	\$3,808,829
26	65	\$0		1996	37.82%	8.25%	10.90%	\$0	\$4,148,018	\$4,148,018
27	66	\$0		1997	7.36%	7.36%	10.67%	\$0	\$4,508,304	\$4,508,304
28	67	\$0		1998	26.13%	8.25%	10.90%	\$0	\$4,909,751	\$4,909,751
29	68	\$0		1999	11.99%	8.25%	10.90%	\$0	\$5,346,534	\$5,346,534
30	69	\$0		2000	-27.54%	0.00%	0.00%	\$0	\$5,249,472	\$5,249,472
31	70	\$0		2001	-21.68%	0.00%	0.00%	\$0	\$5,149,234	\$5,149,234
32	71	\$0		2002	22.16%	8.25%	10.90%	\$0	\$5,595,784	\$5,595,784
33	72	\$0		2003	11.91%	8.25%	10.90%	\$0	\$6,081,182	\$6,081,182
34	73	\$0		2004	10.25%	8.25%	10.90%	\$0	\$6,608,581	\$6,608,581
35	74	\$0		2005	8.71%	8.25%	10.90%	\$0	\$7,181,432	\$7,181,432
36	75	\$0		2006	14.29%	8.25%	10.90%	\$0	\$7,803,874	\$7,803,874
37	76	\$0		2007	-23.61%	0.00%	0.00%	\$0	\$7,647,078	\$7,647,078
38	77	\$0		2008	-9.37%	0.00%	0.00%	\$0	\$7,485,668	\$7,485,668
39	78	\$0		2009	7.96%	7.96%	10.90%	\$0	\$8,117,284	\$8,117,284
40	79	\$0		2010	-0.86%	0.00%	0.00%	\$0	\$7,938,209	\$7,938,209

AVERAGE ANNUAL INCOME DRAWDOWN:

\$0

WORST 40

RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%

TOTAL CLIENT OUTLAY:

-\$1,755,611

AVERAGE ANNUAL INCOME DRAWDOWN:

\$0

TOTAL INCOME DRAWDOWN:

\$0

40-YEAR ACCOUNT BALANCE (NET OF LOAN):

\$7,938,209

INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):

\$7,938,209

RAW S&P 500 CAGR: 6.30%

40-YEAR NET ACCOUNT IRR: 4.38%

WORST 40-YEAR S&P CAGR PERIOD (OF 121 PERIODS ANALYZED)

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**MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)**  
NON-FINANCED HYPOTHETICAL SYNTHETIC ASSET

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

Participation Rate: 100.00%

Floor Modeled: 0.00%

Current Pre-Bonus Cap: 8.75%

Pre-Bonus Cap Modeled: 8.25%

Current Post-Bonus Max Cap: 10.90%

Post-Bonus Max Cap Modeled: 10.90%

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8/26/2022

#	TOTAL INDEX		CALENDAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
YEAR	AGE	CONTRIBUTION	YEAR						
1	40	\$159,601	1982	20.68%	8.25%	8.25%	\$0	\$120,406	-\$302,954
2	41	\$159,601	1983	12.46%	8.25%	10.90%	\$0	\$256,556	-\$126,624
3	42	\$159,601	1984	9.93%	8.25%	10.90%	\$0	\$405,077	\$62,469
4	43	\$159,601	1985	17.90%	8.25%	10.90%	\$0	\$567,504	\$265,860
5	44	\$159,601	1986	29.42%	8.25%	10.90%	\$0	\$745,506	\$485,414
6	45	\$159,601	1987	-6.21%	0.00%	0.00%	\$0	\$848,255	\$630,107
7	46	\$159,601	1988	15.72%	8.25%	10.90%	\$0	\$1,053,345	\$877,729
8	47	\$159,601	1989	10.63%	8.25%	10.90%	\$0	\$1,278,329	\$1,145,833
9	48	\$159,601	1990	4.51%	4.51%	6.54%	\$0	\$1,465,239	\$1,376,451
10	49	\$159,601	1991	18.86%	8.25%	10.90%	\$0	\$1,730,113	\$1,685,425
11	50	\$159,601	1992	7.34%	7.34%	10.64%	\$0	\$2,050,750	\$2,050,750
12	51	\$0	1993	9.76%	8.25%	10.90%	\$0	\$2,240,742	\$2,240,742
13	52	\$0	1994	-2.32%	0.00%	0.00%	\$0	\$2,207,821	\$2,207,821
14	53	\$0	1995	35.20%	8.25%	10.90%	\$0	\$2,411,450	\$2,411,450
15	54	\$0	1996	23.61%	8.25%	10.90%	\$0	\$2,634,109	\$2,634,109
16	55	\$0	1997	24.69%	8.25%	10.90%	\$0	\$2,877,617	\$2,877,617
17	56	\$0	1998	30.54%	8.25%	10.90%	\$0	\$3,143,870	\$3,143,870
18	57	\$0	1999	8.97%	8.25%	10.90%	\$0	\$3,434,808	\$3,434,808
19	58	\$0	2000	-2.04%	0.00%	0.00%	\$0	\$3,383,617	\$3,383,617
20	59	\$0	2001	-17.26%	0.00%	0.00%	\$0	\$3,331,128	\$3,331,128
21	60	\$0	2002	-24.29%	0.00%	0.00%	\$0	\$3,277,280	\$3,277,280
22	61	\$0	2003	32.19%	8.25%	10.90%	\$0	\$3,573,541	\$3,573,541
23	62	\$0	2004	4.43%	4.43%	6.43%	\$0	\$3,739,617	\$3,739,617
24	63	\$0	2005	8.36%	8.25%	10.90%	\$0	\$4,076,989	\$4,076,989
25	64	\$0	2006	12.36%	8.25%	10.90%	\$0	\$4,445,032	\$4,445,032
26	65	\$0	2007	-4.15%	0.00%	0.00%	\$0	\$4,370,163	\$4,370,163
27	66	\$0	2008	-40.09%	0.00%	0.00%	\$0	\$4,293,438	\$4,293,438
28	67	\$0	2009	30.03%	8.25%	10.90%	\$0	\$4,673,849	\$4,673,849
29	68	\$0	2010	19.76%	8.25%	10.90%	\$0	\$5,087,534	\$5,087,534
30	69	\$0	2011	2.04%	2.04%	2.96%	\$0	\$5,141,056	\$5,141,056
31	70	\$0	2012	14.15%	8.25%	10.90%	\$0	\$5,591,470	\$5,591,470
32	71	\$0	2013	18.99%	8.25%	10.90%	\$0	\$6,081,319	\$6,081,319
33	72	\$0	2014	11.92%	8.25%	10.90%	\$0	\$6,614,256	\$6,614,256
34	73	\$0	2015	-2.74%	0.00%	0.00%	\$0	\$6,486,789	\$6,486,789
35	74	\$0	2016	17.45%	8.25%	10.90%	\$0	\$7,047,715	\$7,047,715
36	75	\$0	2017	23.91%	8.25%	10.90%	\$0	\$7,657,064	\$7,657,064
37	76	\$0	2018	-4.41%	0.00%	0.00%	\$0	\$7,501,736	\$7,501,736
38	77	\$0	2019	31.74%	8.25%	10.90%	\$0	\$8,142,034	\$8,142,034
39	78	\$0	2020	18.38%	8.25%	10.90%	\$0	\$8,837,914	\$8,837,914
40	79	\$0	2021	28.83%	8.25%	10.90%	\$0	\$9,594,661	\$9,594,661

AVERAGE ANNUAL INCOME DRAWDOWN:

\$0

MOST RECENT 40

RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%

TOTAL CLIENT OUTLAY:	-\$1,755,611
AVERAGE ANNUAL INCOME DRAWDOWN:	\$0
TOTAL INCOME DRAWDOWN:	\$0
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$9,594,661
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$9,594,661
RAW S&P 500 CAGR: 9.99%	9.99%
40-YEAR NET ACCOUNT IRR: 4.94%	4.94%

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

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## ACCOUNT CHARGES + INDEX CREDITS + BONUSES

AN ANNUAL EXPLANATION OF POSITIVE & NEGATIVE ARBITRAGE

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

CHARGES + CREDITS + BONUSES

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## CHARGES & CREDITS

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
#	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT (\$)	EOY GROSS INDEX ACCUMULATED VALUE (\$)	YOY INDEX VALUE NET OF INT & EXT LOANS (\$)
YEAR	CHARGES (%)	CHARGES (\$)	CHARGES (\$)	YEAR	GROSS RETURN	CREDIT	BONUS (x)	w/ MULTIPLIER	BONUS (+)	CREDIT (%)	CREDITS (\$)	CHARGES (\$)	GAIN/LOSS (\$)	CHARGES B4 CREDIT (\$)	ACCUMULATED VALUE (\$)	OF INT & EXT LOANS (\$)
1	1.00%	\$2,265	\$46,106	1978	11.97%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$9,176	-\$48,371	-\$39,195	\$111,230	\$120,406	-\$302,954
2	1.00%	\$1,665	\$47,002	1979	14.24%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$25,216	-\$48,667	-\$23,451	\$231,340	\$256,556	-\$126,624
3	1.00%	\$3,022	\$47,871	1980	13.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$39,814	-\$50,893	-\$11,079	\$365,264	\$405,077	\$62,469
4	1.00%	\$4,505	\$48,448	1981	-7.06%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$52,953	-\$52,953	\$511,726	\$511,726	\$210,082
5	1.00%	\$5,570	\$48,745	1982	20.68%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$67,254	-\$54,315	\$12,940	\$617,012	\$684,267	\$424,175
6	1.00%	\$7,294	\$48,946	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$85,851	-\$56,240	\$29,611	\$787,628	\$873,479	\$655,331
7	1.00%	\$9,185	\$49,108	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$106,252	-\$58,293	\$47,959	\$974,787	\$1,081,039	\$905,423
8	1.00%	\$11,260	\$49,276	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$128,631	-\$60,536	\$68,095	\$1,180,104	\$1,308,735	\$1,176,239
9	1.00%	\$13,536	\$49,445	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$153,184	-\$62,981	\$90,203	\$1,405,355	\$1,558,539	\$1,469,751
10	1.00%	\$16,033	\$49,675	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$65,708	-\$65,708	\$1,652,432	\$1,652,432	\$1,607,744
11	1.00%	\$18,033	\$17,393	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$193,650	-\$35,426	\$158,224	\$1,776,606	\$1,970,256	\$1,970,256
12	1.00%	\$19,654	\$9,785	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$211,549	-\$29,439	\$182,110	\$1,940,818	\$2,152,367	\$2,152,367
13	1.00%	\$21,471	\$10,566	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$138,738	-\$32,037	\$106,702	\$2,120,330	\$2,259,068	\$2,259,068
14	1.00%	\$22,534	\$11,363	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$242,544	-\$33,897	\$208,647	\$2,225,171	\$2,467,715	\$2,467,715
15	1.00%	\$24,616	\$12,186	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$258,684	-\$36,802	\$221,881	\$2,430,913	\$2,689,597	\$2,689,597
16	1.00%	\$26,831	\$13,048	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$288,819	-\$39,879	\$248,941	\$2,649,718	\$2,938,537	\$2,938,537
17	1.00%	\$29,315	\$14,041	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$43,356	-\$43,356	\$2,895,181	\$2,895,181	\$2,895,181
18	1.00%	\$28,875	\$15,296	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$310,760	-\$44,171	\$266,589	\$2,851,010	\$3,161,770	\$3,161,770
19	1.00%	\$31,533	\$16,928	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$339,351	-\$48,461	\$290,890	\$3,113,309	\$3,452,659	\$3,452,659
20	1.00%	\$34,433	\$18,746	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$370,543	-\$53,179	\$317,364	\$3,399,480	\$3,770,024	\$3,770,024
21	1.00%	\$37,597	\$20,640	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$404,585	-\$58,237	\$346,348	\$3,711,787	\$4,116,371	\$4,116,371
22	1.00%	\$41,052	\$22,310	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$441,778	-\$63,362	\$378,416	\$4,053,009	\$4,494,787	\$4,494,787
23	1.00%	\$44,827	\$24,156	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$68,983	-\$68,983	\$4,425,804	\$4,425,804	\$4,425,804
24	1.00%	\$44,128	\$26,076	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$70,204	-\$70,204	\$4,355,600	\$4,355,600	\$4,355,600
25	1.00%	\$43,415	\$28,216	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$71,631	-\$71,631	\$4,283,970	\$4,283,970	\$4,283,970
26	1.00%	\$42,687	\$30,571	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$458,968	-\$73,258	\$385,710	\$4,210,712	\$4,669,679	\$4,669,679
27	1.00%	\$46,531	\$33,189	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$295,018	-\$79,720	\$215,298	\$4,589,959	\$4,884,978	\$4,884,978
28	1.00%	\$48,669	\$36,214	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$523,210	-\$84,883	\$438,328	\$4,800,095	\$5,323,305	\$5,323,305
29	1.00%	\$53,034	\$39,812	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$570,120	-\$92,846	\$477,274	\$5,230,459	\$5,800,579	\$5,800,579
30	1.00%	\$57,787	\$43,816	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$101,603	-\$101,603	\$5,698,977	\$5,698,977	\$5,698,977
31	1.00%	\$56,750	\$47,983	2008	40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$104,733	-\$104,733	\$5,594,244	\$5,594,244	\$5,594,244
32	1.00%	\$55,681	\$52,210	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$598,012	-\$107,891	\$490,121	\$5,486,352	\$6,084,365	\$6,084,365
33	1.00%	\$60,561	\$56,627	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$650,422	-\$117,188	\$533,235	\$5,967,177	\$6,617,600	\$6,617,600
34	1.00%	\$65,868	\$61,633	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$192,366	-\$127,501	\$64,865	\$6,490,099	\$6,682,465	\$6,682,465
35	1.00%	\$66,488	\$67,239	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$713,812	-\$133,727	\$580,085	\$6,548,738	\$7,262,550	\$7,262,550
36	1.00%	\$72,260	\$73,127	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$775,771	-\$145,387	\$630,384	\$7,117,163	\$7,892,934	\$7,892,934
37	1.00%	\$78,534	\$79,153	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$843,142	-\$157,687	\$685,455	\$7,735,247	\$8,578,389	\$8,578,389
38	1.00%	\$85,357	\$85,366	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$170,723	-\$170,723	\$8,407,666	\$8,407,666	\$8,407,666
39	1.00%	\$83,618	\$91,808	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$897,314	-\$175,426	\$721,889	\$8,232,241	\$9,129,555	\$9,129,555
40	1.00%	\$90,804	\$98,394	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$974,499	-\$189,198	\$785,301	\$8,940,357	\$9,914,856	\$9,914,856

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

**ASSET-BASED CHARGES (%)** Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

**ASSET-BASED CHARGES (\$)** The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

**FIXED CHARGES (\$)** Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

**INDEX CREDIT** The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

**MULTIPLIER BONUS (x)** A numerical number determined by a particular bonus schedule, multiplied by the basic after-floor, after-cap, INDEX CREDIT. This is not a guaranteed bonus amount. See actual product details for guarantees.

**INDEX CREDIT w/ MULTIPLIER** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

**PERSISTENCY BONUS (+)** A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

**TOTAL INDEX CREDIT (%)** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

**TOTAL INDEX CREDITS (\$)** The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

**TOTAL CHARGES (\$)** The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

**YEAR-END GAIN/LOSS (\$)** The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

**EOY VALUE AFTER CHARGES B4 CREDIT** The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

**EOY GROSS INDEX ACCUMULATED VALUE** The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

**EOY INDEX VALUE NET OF INT & EXT LOANS** The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

CHARGES + CREDITS + BONUSES

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## CHARGES & CREDITS

#	1 ASSET-BASED CHARGES (%)	2 ASSET-BASED CHARGES (\$)	3 FIXED CHARGES (\$)	4 BACKTESTED YEAR	5 INDEX GROSS RETURN	6 INDEX CREDIT	7 MULTIPLIER BONUS (x)	8 INDEX CREDIT w/ MULTIPLIER	9 PERSISTENCY BONUS (+)	10 TOTAL INDEX CREDIT (%)	11 TOTAL INDEX CREDITS (\$)	12 TOTAL CHARGES (\$)	13 YEAR-END GAIN/LOSS (\$)	14 EOY VALUE AFTER CHARGES B4 CREDIT	15 EOY GROSS INDEX ACCUMULATED VALUE	16 EOY INDEX VALUE NET OF INT & EXT LOANS
YEAR																
1	1.00%	\$2,265	\$46,106	1971	12.42%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$9,176	-\$48,371	-\$39,195	\$111,230	\$120,406	-\$302,954
2	1.00%	\$1,665	\$47,002	1972	-1.92%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,667	-\$48,667	\$231,340	\$231,340	-\$151,840
3	1.00%	\$2,770	\$47,871	1973	-41.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$50,641	-\$50,641	\$340,300	\$340,300	-\$2,308
4	1.00%	\$3,857	\$48,448	1974	32.00%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$48,788	-\$52,305	-\$3,517	\$447,596	\$496,384	\$194,740
5	1.00%	\$5,416	\$48,745	1975	25.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$65,599	-\$54,161	\$11,438	\$601,824	\$667,423	\$407,331
6	1.00%	\$7,126	\$48,946	1976	-8.28%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$56,072	-\$56,072	\$770,952	\$770,952	\$552,804
7	1.00%	\$8,160	\$49,108	1977	6.23%	6.23%	x 1.45	= 9.03%	+ 0.00%	= 9.03%	\$78,838	-\$57,268	\$21,570	\$873,285	\$952,123	\$776,507
8	1.00%	\$9,971	\$49,276	1978	6.61%	6.61%	x 1.45	= 9.59%	+ 0.00%	= 9.59%	\$100,906	-\$59,247	\$41,659	\$1,052,478	\$1,153,384	\$1,020,888
9	1.00%	\$11,983	\$49,445	1979	14.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$136,420	-\$61,428	\$74,992	\$1,251,557	\$1,387,977	\$1,299,189
10	1.00%	\$14,327	\$49,675	1980	-7.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$64,002	-\$64,002	\$1,483,575	\$1,483,575	\$1,438,887
11	1.00%	\$16,345	\$17,393	1981	3.65%	3.65%	x 1.45	= 5.29%	+ 0.00%	= 5.29%	\$85,168	-\$33,738	\$51,430	\$1,609,438	\$1,694,606	\$1,694,606
12	1.00%	\$16,897	\$9,785	1982	37.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$181,804	-\$26,682	\$155,122	\$1,667,924	\$1,849,728	\$1,849,728
13	1.00%	\$18,444	\$10,566	1983	0.02%	0.02%	x 1.45	= 0.03%	+ 0.00%	= 0.03%	\$477	-\$29,010	-\$28,534	\$1,820,718	\$1,821,195	\$1,821,195
14	1.00%	\$18,155	\$11,363	1984	9.62%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$195,293	-\$29,518	\$165,775	\$1,791,676	\$1,986,969	\$1,986,969
15	1.00%	\$19,809	\$12,186	1985	27.04%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$213,092	-\$31,995	\$181,097	\$1,954,974	\$2,168,067	\$2,168,067
16	1.00%	\$21,615	\$13,048	1986	39.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$232,541	-\$34,663	\$197,878	\$2,133,403	\$2,365,944	\$2,365,944
17	1.00%	\$23,589	\$14,041	1987	-15.51%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$37,630	-\$37,630	\$2,328,314	\$2,328,314	\$2,328,314
18	1.00%	\$23,207	\$15,296	1988	28.41%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$249,589	-\$38,503	\$211,087	\$2,289,811	\$2,539,401	\$2,539,401
19	1.00%	\$25,309	\$16,928	1989	-12.34%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$42,237	-\$42,237	\$2,497,163	\$2,497,163	\$2,497,163
20	1.00%	\$24,878	\$18,746	1990	26.73%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$267,436	-\$43,624	\$223,812	\$2,453,539	\$2,720,975	\$2,720,975
21	1.00%	\$27,107	\$20,640	1991	7.72%	7.72%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$291,382	-\$47,747	\$243,635	\$2,673,229	\$2,964,611	\$2,964,611
22	1.00%	\$29,535	\$22,310	1992	9.84%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$317,491	-\$51,845	\$265,647	\$2,912,766	\$3,230,257	\$3,230,257
23	1.00%	\$32,182	\$24,156	1993	0.82%	0.82%	x 1.45	= 1.19%	+ 0.00%	= 1.19%	\$37,906	-\$56,338	\$18,432	\$3,173,920	\$3,211,826	\$3,211,826
24	1.00%	\$31,988	\$26,076	1994	26.30%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$343,760	-\$58,064	\$285,696	\$3,153,762	\$3,497,522	\$3,497,522
25	1.00%	\$34,834	\$28,216	1995	17.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$374,357	-\$63,050	\$311,307	\$3,434,472	\$3,808,829	\$3,808,829
26	1.00%	\$37,935	\$30,571	1996	37.82%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$407,695	-\$68,506	\$339,189	\$3,740,323	\$4,148,018	\$4,148,018
27	1.00%	\$41,314	\$33,189	1997	7.36%	7.36%	x 1.45	= 10.67%	+ 0.00%	= 10.67%	\$343,789	-\$74,503	\$360,286	\$4,073,515	\$4,508,304	\$4,508,304
28	1.00%	\$44,902	\$36,214	1998	26.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$482,563	-\$81,116	\$401,447	\$4,427,188	\$4,909,751	\$4,909,751
29	1.00%	\$48,898	\$39,812	1999	11.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$525,493	-\$88,710	\$436,783	\$4,821,041	\$5,346,534	\$5,346,534
30	1.00%	\$53,246	\$43,816	2000	-27.54%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,062	-\$97,062	\$5,249,472	\$5,249,472	\$5,249,472
31	1.00%	\$52,255	\$47,983	2001	-21.68%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$100,238	-\$100,238	\$5,149,234	\$5,149,234	\$5,149,234
32	1.00%	\$51,231	\$52,210	2002	22.16%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$549,991	-\$103,441	\$446,550	\$5,045,793	\$5,595,784	\$5,595,784
33	1.00%	\$55,675	\$56,627	2003	11.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$597,700	-\$112,302	\$485,398	\$5,483,482	\$6,081,182	\$6,081,182
34	1.00%	\$60,504	\$61,633	2004	10.25%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$649,536	-\$122,137	\$527,399	\$5,959,045	\$6,608,581	\$6,608,581
35	1.00%	\$65,750	\$67,239	2005	8.71%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$705,840	-\$132,989	\$572,851	\$6,475,593	\$7,181,432	\$7,181,432
36	1.00%	\$71,449	\$73,127	2006	14.29%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$767,017	-\$144,576	\$622,442	\$7,036,857	\$7,803,874	\$7,803,874
37	1.00%	\$77,643	\$79,153	2007	-23.61%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$156,796	-\$156,796	\$7,647,078	\$7,647,078	\$7,647,078
38	1.00%	\$76,044	\$85,366	2008	-9.37%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$161,410	-\$161,410	\$7,485,668	\$7,485,668	\$7,485,668
39	1.00%	\$74,398	\$91,808	2009	7.96%	7.96%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$797,821	-\$166,206	\$631,616	\$7,319,462	\$8,117,284	\$8,117,284
40	1.00%	\$80,681	\$98,394	2010	-0.86%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$179,075	-\$179,075	\$7,938,209	\$7,938,209	\$7,938,209

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

**ASSET-BASED CHARGES (%)** Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

**ASSET-BASED CHARGES (\$)** The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

**FIXED CHARGES (\$)** Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

**INDEX CREDIT** The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

**MULTIPLIER BONUS (x)** A numerical number determined by a particular bonus schedule, multiplied by the basic after-floor, after-cap, INDEX CREDIT. This is not a guaranteed bonus amount. See actual product details for guarantees.

**INDEX CREDIT w/ MULTIPLIER** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

**PERSISTENCY BONUS (+)** A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

**TOTAL INDEX CREDIT (%)** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

**TOTAL INDEX CREDITS (\$)** The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

**TOTAL CHARGES (\$)** The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

**YEAR-END GAIN/LOSS (\$)** The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

**EOY VALUE AFTER CHARGES B4 CREDIT** The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

**EOY GROSS INDEX ACCUMULATED VALUE** The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

**EOY INDEX VALUE NET OF INT & EXT LOANS** The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

CHARGES + CREDITS + BONUSES

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## CHARGES & CREDITS

#	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	CHARGES (\$)	GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	YOY INDEX VALUE NET OF INT & EXT LOANS
YEAR																
1	1.00%	\$2,265	-\$46,106	1982	20.68%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$9,176	-\$48,371	-\$39,195	\$111,230	\$120,406	-\$302,954
2	1.00%	\$1,665	-\$47,002	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$25,216	-\$48,667	-\$23,451	\$231,340	\$256,556	-\$126,624
3	1.00%	\$3,022	-\$47,871	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$39,814	-\$50,893	-\$11,079	\$365,264	\$405,077	\$62,469
4	1.00%	\$4,505	-\$48,448	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$55,778	-\$52,953	\$2,826	\$511,726	\$567,504	\$265,860
5	1.00%	\$6,127	-\$48,745	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$73,273	-\$54,872	\$18,401	\$672,233	\$745,506	\$485,414
6	1.00%	\$7,906	-\$48,946	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$56,852	-\$56,852	\$848,255	\$848,255	\$630,107
7	1.00%	\$8,933	-\$49,108	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$103,530	-\$58,041	\$45,489	\$949,815	\$1,053,345	\$877,729
8	1.00%	\$10,983	-\$49,276	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$125,643	-\$60,259	\$65,384	\$1,152,686	\$1,278,329	\$1,145,833
9	1.00%	\$13,232	-\$49,445	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$89,986	-\$62,677	\$27,309	\$1,375,253	\$1,465,239	\$1,376,451
10	1.00%	\$15,100	-\$49,675	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$170,047	-\$64,775	\$105,272	\$1,560,065	\$1,730,113	\$1,685,425
11	1.00%	\$18,810	-\$17,393	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$197,240	-\$36,203	\$161,037	\$1,853,510	\$2,050,750	\$2,050,750
12	1.00%	\$20,459	-\$9,785	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$220,235	-\$30,244	\$189,992	\$2,020,507	\$2,240,742	\$2,240,742
13	1.00%	\$22,355	-\$10,566	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$32,921	-\$32,921	\$2,207,821	\$2,207,821	\$2,207,821
14	1.00%	\$22,021	-\$11,363	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$237,014	-\$33,384	\$203,629	\$2,174,437	\$2,411,450	\$2,411,450
15	1.00%	\$24,054	-\$12,186	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$258,898	-\$36,240	\$222,658	\$2,375,211	\$2,634,109	\$2,634,109
16	1.00%	\$26,276	-\$13,048	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$282,832	-\$39,324	\$243,508	\$2,594,785	\$2,877,617	\$2,877,617
17	1.00%	\$28,706	-\$14,041	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$309,001	-\$42,747	\$266,254	\$2,834,870	\$3,143,870	\$3,143,870
18	1.00%	\$31,362	-\$15,296	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$337,596	-\$46,658	\$290,938	\$3,097,212	\$3,434,808	\$3,434,808
19	1.00%	\$34,263	-\$16,928	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$51,191	-\$51,191	\$3,383,617	\$3,383,617	\$3,383,617
20	1.00%	\$33,742	-\$18,746	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$52,488	-\$52,488	\$3,331,128	\$3,331,128	\$3,331,128
21	1.00%	\$33,208	-\$20,640	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$53,848	-\$53,848	\$3,277,280	\$3,277,280	\$3,277,280
22	1.00%	\$32,661	-\$22,310	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$351,232	-\$54,971	\$296,260	\$3,222,309	\$3,573,541	\$3,573,541
23	1.00%	\$35,615	-\$24,156	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$225,846	-\$59,771	\$166,076	\$3,513,770	\$3,739,617	\$3,739,617
24	1.00%	\$37,266	-\$26,076	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$400,714	-\$63,342	\$337,372	\$3,676,275	\$4,076,989	\$4,076,989
25	1.00%	\$40,629	-\$28,216	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$436,888	-\$68,845	\$368,043	\$4,008,144	\$4,445,032	\$4,445,032
26	1.00%	\$44,297	-\$30,571	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$74,868	-\$74,868	\$4,370,163	\$4,370,163	\$4,370,163
27	1.00%	\$43,536	-\$33,189	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$76,725	-\$76,725	\$4,293,438	\$4,293,438	\$4,293,438
28	1.00%	\$42,753	-\$36,214	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$459,377	-\$78,967	\$380,410	\$4,214,471	\$4,673,849	\$4,673,849
29	1.00%	\$46,539	-\$39,812	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$500,037	-\$86,351	\$413,686	\$4,587,497	\$5,087,534	\$5,087,534
30	1.00%	\$50,656	-\$43,816	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$147,994	-\$94,472	\$53,522	\$4,993,062	\$5,141,056	\$5,141,056
31	1.00%	\$51,171	-\$47,983	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$549,567	-\$99,154	\$450,414	\$5,041,903	\$5,591,470	\$5,591,470
32	1.00%	\$55,654	-\$52,210	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$597,713	-\$107,864	\$489,849	\$5,483,606	\$6,081,319	\$6,081,319
33	1.00%	\$60,530	-\$56,627	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$650,094	-\$117,157	\$532,937	\$5,964,162	\$6,614,256	\$6,614,256
34	1.00%	\$65,834	-\$61,633	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$127,467	-\$127,467	\$6,486,789	\$6,486,789	\$6,486,789
35	1.00%	\$64,532	-\$67,239	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$692,697	-\$131,771	\$560,926	\$6,355,018	\$7,047,715	\$7,047,715
36	1.00%	\$70,112	-\$73,127	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$752,588	-\$143,239	\$609,349	\$6,904,476	\$7,657,064	\$7,657,064
37	1.00%	\$76,175	-\$79,153	2018	-4.41%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$155,328	-\$155,328	\$7,501,736	\$7,501,736	\$7,501,736
38	1.00%	\$74,591	-\$85,366	2019	31.74%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$800,254	-\$159,957	\$640,297	\$7,341,780	\$8,142,034	\$8,142,034
39	1.00%	\$80,961	-\$91,808	2020	18.38%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$868,650	-\$172,769	\$695,881	\$7,969,265	\$8,837,914	\$8,837,914
40	1.00%	\$87,887	-\$98,394	2021	28.83%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$943,028	-\$186,281	\$756,747	\$8,651,633	\$9,594,661	\$9,594,661

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

**ASSET-BASED CHARGES (%)** Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.

**ASSET-BASED CHARGES (\$)** The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).

**FIXED CHARGES (\$)** Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.

**INDEX CREDIT** The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.

**MULTIPLIER BONUS (x)** A numerical number determined by a particular bonus schedule, multiplied by the basic after-floor, after-cap, INDEX CREDIT. This is not a guaranteed bonus amount. See actual product details for guarantees.

**INDEX CREDIT w/ MULTIPLIER** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)

**PERSISTENCY BONUS (+)** A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)

**TOTAL INDEX CREDIT (%)** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).

**TOTAL INDEX CREDITS (\$)** The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.

**TOTAL CHARGES (\$)** The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).

**YEAR-END GAIN/LOSS (\$)** The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.

**EOY VALUE AFTER CHARGES B4 CREDIT** The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.

**EOY GROSS INDEX ACCUMULATED VALUE** The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.

**EOY INDEX VALUE NET OF INT & EXT LOANS** The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.

## ACCOUNT LOANS

AN ANNUAL EXPLANATION OF INDEX LOAN DEBT ACCRUAL

## NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

PARTICIPATING LOANS

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

PAGE 35

## INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

YEAR	1 3RD PARTY PAYOFF USING PARTICIPATING LOAN	2 INCOME DRAWDOWNS PARTICIPATING LOANS	3 CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	4 ACCRUED INTERNAL LOAN INTEREST	5 INDEX CREDIT AFTER CHARGES	6 CUMULATIVE INTERNAL DEBT BALANCE	7 CUMULATIVE INDEXED LOAN ACCOUNT VALUE	8 CUMULATIVE PAR LOAN GAIN/LOSS	9 EOY GROSS INDEX ACCUMULATED VALUE	10 EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,406	-\$302,954
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$256,556	-\$126,624
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$405,077	\$62,469
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$511,726	\$210,082
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$684,267	\$424,175
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$873,479	\$655,331
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,081,039	\$905,423
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,308,735	\$1,176,239
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,558,539	\$1,469,751
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,652,432	\$1,607,744
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,970,256	\$1,970,256
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,152,367	\$2,152,367
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,259,068	\$2,259,068
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,467,715	\$2,467,715
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,689,597	\$2,689,597
16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,938,537	\$2,938,537
17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,895,181	\$2,895,181
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,161,770	\$3,161,770
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,452,659	\$3,452,659
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,770,024	\$3,770,024
21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,116,371	\$4,116,371
22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,494,787	\$4,494,787
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,425,804	\$4,425,804
24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,355,600	\$4,355,600
25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,283,970	\$4,283,970
26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,669,679	\$4,669,679
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,884,978	\$4,884,978
28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,323,305	\$5,323,305
29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,800,579	\$5,800,579
30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,698,977	\$5,698,977
31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,594,244	\$5,594,244
32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,084,365	\$6,084,365
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,617,600	\$6,617,600
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,682,465	\$6,682,465
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,262,550	\$7,262,550
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,892,934	\$7,892,934
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,578,389	\$8,578,389
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,407,666	\$8,407,666
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,129,555	\$9,129,555
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,914,856	\$9,914,856

BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/1/1978)

## INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

**3RD PARTY PAYOFF USING PARTICIPATING LOAN** The index value used to payoff the 3rd party premium financing loan. This can be done with either a withdrawal or a participating loan.**INCOME DRAWDOWNS PARTICIPATING LOANS** These are drawdown modeling requests made by the client for supplemental retirement income. These can be done with either fixed loans or participating loans.**CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL** The running YTD total internal loan, including all drawdowns, plus the accrued interest on the drawdowns.**ACCRUED INTERNAL LOAN INTEREST** The interest due each year on the internal loans, including the drawdown principal AND the accrued/compounded interest from previous years.**INDEX CREDIT AFTER CHARGES** The net dollar interest gained each year on the funds moved to the INDEX LOAN ACCOUNT (after charges) assuming participating loans are credited based on the INDEX CREDIT with no bonuses.**CUMULATIVE INTERNAL DEBT BALANCE** The running YTD total of accrued internal debt from internal loans, including the accrued interest.**CUMULATIVE INDEXED LOAN ACCOUNT VALUE** The running YTD total of accumulated funds in the INDEX LOAN ACCOUNT as a result of the participating loans leaving the primary index account, including index credit gains, minus charges on these particular funds.**CUMULATIVE PAR LOAN GAIN/LOSS** The running YTD cumulative net gain or loss as a result of Participating Loans (the CUMULATIVE INTERNAL DEBT BALANCE plus the CUMULATIVE INDEXED LOAN ACCOUNT VALUE).**EOY GROSS INDEX ACCUMULATED VALUE** The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.**EOY INDEX VALUE NET OF INT & EXT LOANS** The indexed accumulated value, minus any surrender charges, internal loans, and 3rd party lender debt.

## NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

PARTICIPATING LOANS

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

PAGE 36

INTERNAL ACCOUNT LOANS: PARTICIPATING				PLR: 5.00%						
YEAR	1 3RD PARTY PAYOFF USING PARTICIPATING LOAN	2 INCOME DRAWDOWNS PARTICIPATING LOANS	3 CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	4 ACCRUED INTERNAL LOAN INTEREST	5 INDEX CREDIT AFTER CHARGES	6 CUMULATIVE INTERNAL DEBT BALANCE	7 CUMULATIVE INDEXED LOAN ACCOUNT VALUE	8 CUMULATIVE PAR LOAN GAIN/LOSS	9 EOY GROSS INDEX ACCUMULATED VALUE	10 EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,406	-\$302,954
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$231,340	-\$151,840
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$340,300	-\$2,308
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$496,384	\$194,740
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$667,423	\$407,331
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$770,952	\$552,804
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$952,123	\$776,507
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,153,384	\$1,020,888
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,387,977	\$1,299,189
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,483,575	\$1,438,887
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,694,606	\$1,694,606
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,849,728	\$1,849,728
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,821,195	\$1,821,195
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,986,969	\$1,986,969
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,168,067	\$2,168,067
16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,365,944	\$2,365,944
17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,328,314	\$2,328,314
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,539,401	\$2,539,401
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,497,163	\$2,497,163
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,720,975	\$2,720,975
21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,964,611	\$2,964,611
22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,230,257	\$3,230,257
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,211,826	\$3,211,826
24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,497,522	\$3,497,522
25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,808,829	\$3,808,829
26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,148,018	\$4,148,018
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,508,304	\$4,508,304
28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,909,751	\$4,909,751
29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,346,534	\$5,346,534
30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,249,472	\$5,249,472
31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,149,234	\$5,149,234
32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,595,784	\$5,595,784
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,081,182	\$6,081,182
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,608,581	\$6,608,581
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,181,432	\$7,181,432
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,803,874	\$7,803,874
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,647,078	\$7,647,078
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,485,668	\$7,485,668
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,117,284	\$8,117,284
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,938,209	\$7,938,209

WORST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 10/1/1971)

## INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

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## NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

PARTICIPATING LOANS

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

PAGE 37

## INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

YEAR	1 3RD PARTY PAYOFF USING PARTICIPATING LOAN	2 INCOME DRAWDOWNS PARTICIPATING LOANS	3 CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	4 ACCRUED INTERNAL LOAN INTEREST	5 INDEX CREDIT AFTER CHARGES	6 CUMULATIVE INTERNAL DEBT BALANCE	7 CUMULATIVE INDEXED LOAN ACCOUNT VALUE	8 CUMULATIVE PAR LOAN GAIN/LOSS	9 EOY GROSS INDEX ACCUMULATED VALUE	10 EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,406	-\$302,954
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$256,556	-\$126,624
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$405,077	\$62,469
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$567,504	\$265,860
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$745,506	\$485,414
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$848,255	\$630,107
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,053,345	\$877,729
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,278,329	\$1,145,833
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,465,239	\$1,376,451
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,730,113	\$1,685,425
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,050,750	\$2,050,750
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,240,742	\$2,240,742
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,207,821	\$2,207,821
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,411,450	\$2,411,450
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,634,109	\$2,634,109
16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,877,617	\$2,877,617
17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,143,870	\$3,143,870
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,434,808	\$3,434,808
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,383,617	\$3,383,617
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,331,128	\$3,331,128
21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,277,280	\$3,277,280
22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,573,541	\$3,573,541
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,739,617	\$3,739,617
24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,076,989	\$4,076,989
25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,445,032	\$4,445,032
26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,370,163	\$4,370,163
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,293,438	\$4,293,438
28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,673,849	\$4,673,849
29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,087,534	\$5,087,534
30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,141,056	\$5,141,056
31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,591,470	\$5,591,470
32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,081,319	\$6,081,319
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,614,256	\$6,614,256
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,486,789	\$6,486,789
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,047,715	\$7,047,715
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,657,064	\$7,657,064
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,501,736	\$7,501,736
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,142,034	\$8,142,034
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,837,914	\$8,837,914
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,594,661	\$9,594,661

MOST RECENT 40-YEAR PERIOD (1/01/1982-12/31/2021)

## INTERNAL ACCOUNT LOANS: PARTICIPATING

PLR: 5.00%

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INCOME DRAWDOWNS PARTICIPATING LOANS These are drawdown modeling requests made by the client for supplemental retirement income. These can be done with either fixed loans or participating loans.

CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL The running YTD total internal loan, including all drawdowns, plus the accrued interest on the drawdowns.

ACCRUED INTERNAL LOAN INTEREST The interest due each year on the internal loans, including the drawdown principal AND the accrued/compounded interest from previous years.

INDEX CREDIT AFTER CHARGES The net dollar interest gained each year on the funds moved to the INDEX LOAN ACCOUNT (after charges) assuming participating loans are credited based on the INDEX CREDIT with no bonuses.

CUMULATIVE INTERNAL DEBT BALANCE The running YTD total of accrued internal debt from internal loans, including the accrued interest.

CUMULATIVE INDEXED LOAN ACCOUNT VALUE The running YTD total of accumulated funds in the INDEX LOAN ACCOUNT as a result of the participating loans leaving the primary index account, including index credit gains, minus charges on these particular funds.

CUMULATIVE PAR LOAN GAIN/LOSS The running YTD cumulative net gain or loss as a result of Participating Loans (the CUMULATIVE INTERNAL DEBT BALANCE plus the CUMULATIVE INDEXED LOAN ACCOUNT VALUE).

EOY GROSS INDEX ACCUMULATED VALUE The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

EOY INDEX VALUE NET OF INT &amp; EXT LOANS The indexed accumulated value, minus any surrender charges, internal loans, and 3rd party lender debt.



## CLIENT CONFIRMATION OF UNDERSTANDING THIS DOCUMENT

I understand that this document models hypothetical synthetic asset(s) that represent proxies for some real world products, and are not depictions of the actual real world products whatsoever. I understand that the various elements and assumptions made in this document including but not limited to the hypothetical contributions, hypothetical performance, hypothetical index returns, hypothetical crediting methods, hypothetical static charges, hypothetical asset-based charges, hypothetical asset values, hypothetical lender borrowing rates, hypothetical borrowing rate components, hypothetical borrowing rate increases, and hypothetical loan fees are merely fictitious and modeled for the purpose of deepening my understanding of how such elements may hypothetically affect outcomes over time.

I understand that this document and the data depicted within should not be used to determine my decision to invest in any investment fund or purchase and sort of insurance-related product, and that I should refer to the compliance-approved prospectus or insurance carrier illustration. I understand that I should consult my trusted advisors, including but not limited to my financial advisor, insurance agent, CPA, estate planning attorney, to seek advice on investing in any sort of investment or purchasing any sort of insurance product.

I understand that Lionsmark Capital is a data analytics company that merely models a range of outcomes based on hypothetical data inputted into its system, that this document reflects such hypothetical outcomes, and agree that I shall hold harmless Lionsmark Capital, DSC Advisor, and Darren T. Sugiyama as an individual, for any outcomes that may result from my own decision to invest in specific investments or purchase specific insurance products.

I understand that Lionsmark Capital has used this hypothetical modeling document for the purposes of educating me and my advisors on how certain charges, crediting methods, and utilization of a third party lender's capital may affect outcomes over time. I attest that I have been shown less than desirable sequences of returns from historical 40-year periods, and that I was specifically shown the 40-year period that produced the worst compounded annual growth rate out of the 121 different 40-year periods analyzed. I also understand that this "Worst 40" is not the "worst possible case scenario," and that it is in fact possible that any future 40-year periods could produce an even worse outcome than the "Worst 40" version depicted in this document. I also understand that the "Best 40" period produced the best compounded annual growth rate out of the 121 different 40-year periods analyzed, and that this "Best 40" is not the "best possible case scenario," and that it is possible that any future 40-year periods could in fact produce an even better outcome than the "Best 40" version depicted in this document.

**INTERESTED PARTY:**  
M40 - PEIACR \$10MM

**CLIENT ADVISOR:**  
Darren Sugiyama

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signature

date

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signature

date

Lionsmark Capital official authentication of this document is only valid if it bears the signature of Darren T. Sugiyama. Any and all other versions of hypothetical synthetic asset modeling designed for or discussed with the aforementioned signing parties before the date signed above are not valid and are not approved Lionsmark Capital documents. Lionsmark Capital and Darren T. Sugiyama shall not be held liable for any representations made or data illustrated in such invalid documents.

**DARREN T. SUGIYAMA**

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signature

date