

# SUMMARY SECTION

THIRD-YEAR FINANCING (3YF) with INCOME DRAWDOWNS

# SUMMARY SECTION: RETIREMENT PLANNING



DATE CREATED: 08/27/22

PRIMARY INSURED: M55 - 3YF Income

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARSION SUMMARY:

- 1 Premium Financed Life Insurance Policy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...vs.
- 2 Non-Financed Life Insurance Policy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...vs.
- 3 Non-Insurance Based Investment Account (Taxable Gains)

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARSION SUMMARY:

- 1 Leveraged Hypothetical Synthetic Proxy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...vs.
- 2 Non-Leveraged Hypothetical Synthetic Proxy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...vs.
- 3 Non-Leveraged Equities & Bonds Account (Taxable Gains)

## PURPOSE OF SUMMARY SECTION:

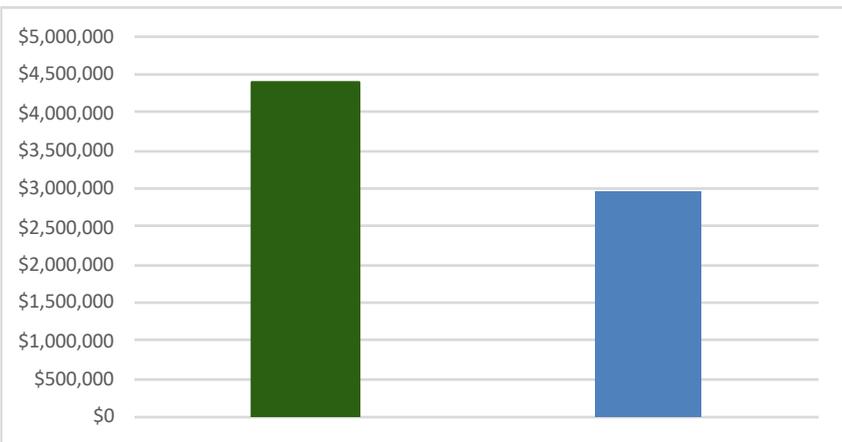
The following section is an abbreviated summary of a very expansive document. The full document includes an exhaustive articulation of granular details, including charges, fees, financial outcomes as depicted in an insurance company's illustration, as well as a "proxy" created to further explain the 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.

## LHSA PROXY vs. E&B COMPARISON GRAPHS

- ✓ Historical BEST 40 & WORST 40
- ✓ Income Drawdown Comparison
- ✓ Ongoing Account Value Comparison

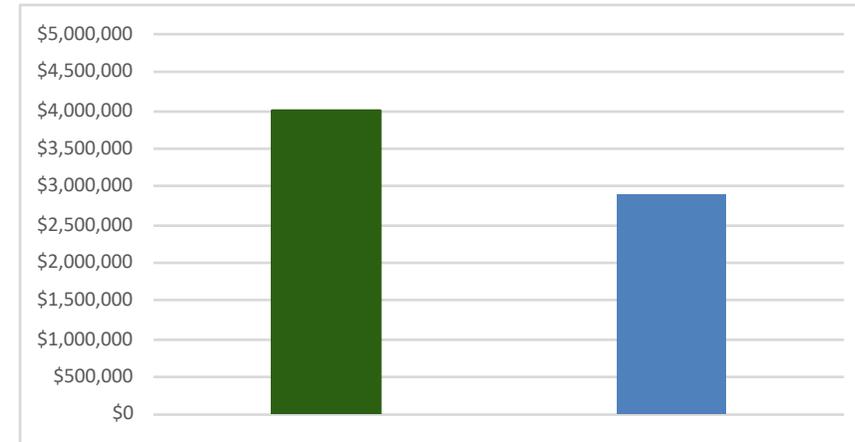
*\*The "Best 40" and "Worst 40" are the historical 40-year periods that produced the "highest" and "lowest" Compounded Annual Growth Rates out of 121 different 40-year periods analyzed. The "proxy" is a fictitious synthetically-produced asset, not an actual life insurance product.*

**BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



BEST 40:		3RD YEAR FINANCING	EQUITIES & BONDS ACCOUNT
AVE ANNUAL INCOME:		\$209,502	\$212,752
TOTAL INCOME:		\$4,399,540	\$2,978,524
YR 40 ACCOUNT VALUE:		\$8,997,925	\$0

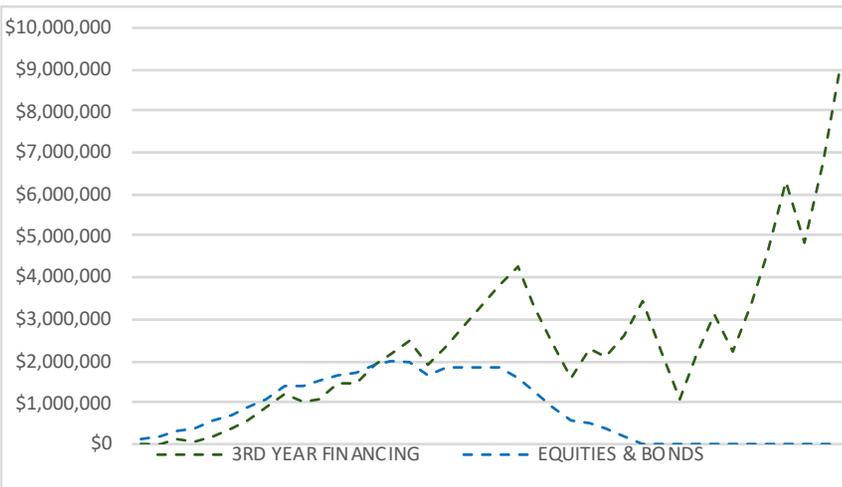
**WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



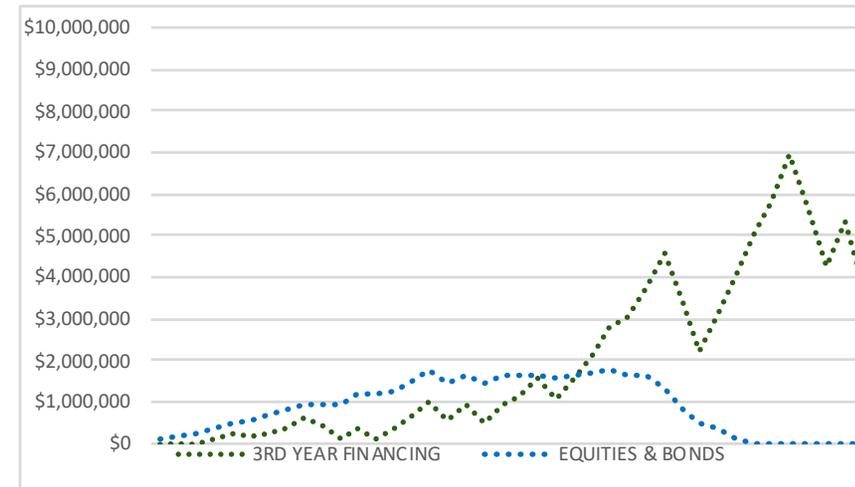
WORST 40:		3RD YEAR FINANCING	EQUITIES & BONDS ACCOUNT
AVE ANNUAL INCOME:		\$190,254	\$152,442
TOTAL INCOME:		\$3,995,331	\$2,896,405
YR 40 ACCOUNT VALUE:		\$3,866,082	\$0

**NET ACCOUNT VALUE (COMPARISON)**

**BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



**WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&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.*

## STATIC RETURN LEDGER with LOAN PAYOFF

- ✓ Assumes a static annual return
- ✓ Static Income Drawdowns

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

version 103446

LP

## 3RD YEAR FINANCING

At This Index Credit Assumption, Death Benefit Lasts Until Age: **120**

5 of 10

08/27/22

Health Rating: **PREFERRED**

Third Party Loan Payoff Type: **PAR LOAN**

PLR: **6.10%**

Initial Gross Policy Face Amount: **\$5,550,000**

YEAR	AGE	1 TOTAL POLICY PREMIUMS	2 EQUITY PREMIUMS	3 BORROWED PREMIUMS	4 CUMULATIVE PF LOAN BALANCE	5 FINANCING INTEREST RATE	6 INTEREST DUE	7 INTEREST ACCRUED	8 CLIENT CONTRIBUTION	9 (Cash) GAP COLLATERAL	10 HYPOTHETICAL INDEX CREDIT	11 POLICY DRAWDOWNS	12 GROSS POLICY CSV	13 POLICY CSV NET OF LOANS	14 DEATH BENEFIT NET OF LOANS	15 DEATH BENEFIT + YTY INCOME DRAWDOWN IRR	YEAR	AGE
1	55	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$0	\$0	\$5,616,119	5516.12%	1	55
2	56	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$8,644	\$8,644	\$5,683,717	605.56%	2	56
3	57	\$600,000	\$100,000	\$500,000	\$500,000	4.98%	\$24,920	\$24,920	\$100,000	\$12,504	6.60%	\$0	\$558,575	\$58,575	\$5,729,482	247.00%	3	57
4	58	\$600,000	\$100,000	\$500,000	\$1,024,920	5.09%	\$52,139	\$52,139	\$100,000	\$43,449	6.60%	\$0	\$1,148,801	\$123,881	\$5,790,672	143.44%	4	58
5	59	\$600,000	\$100,000	\$500,000	\$1,577,059	5.19%	\$81,920	\$81,920	\$100,000	\$78,157	6.60%	\$0	\$1,775,367	\$198,308	\$5,861,008	97.31%	5	59
6	60	\$600,000	\$100,000	\$500,000	\$2,158,979	5.31%	\$114,562	\$114,562	\$100,000	\$103,157	6.60%	\$0	\$2,441,226	\$282,247	\$5,940,880	71.97%	6	60
7	61	\$600,000	\$100,000	\$500,000	\$2,773,540	5.42%	\$150,402	\$150,402	\$100,000	\$125,721	6.60%	\$0	\$3,149,023	\$375,483	\$6,030,122	56.21%	7	61
8	62	\$600,000	\$100,000	\$500,000	\$3,423,942	5.54%	\$189,825	\$189,825	\$100,000	\$133,930	6.60%	\$0	\$3,915,029	\$491,087	\$6,128,282	45.59%	8	62
9	63	\$600,000	\$100,000	\$500,000	\$4,113,767	5.67%	\$233,266	\$233,266	\$100,000	\$141,439	6.60%	\$0	\$4,729,005	\$615,238	\$6,234,989	38.02%	9	63
10	64	\$600,000	\$100,000	\$500,000	\$4,847,033	5.80%	\$281,222	\$281,222	\$100,000	\$121,573	6.60%	\$0	\$5,625,603	\$778,570	\$6,380,878	32.47%	10	64
11	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$5,128,254	\$548,979	\$548,979	\$1,777,544	8.77%	11	65
12	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$603,559	\$603,559	\$1,813,205	7.91%	12	66
13	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$660,910	\$660,910	\$1,848,461	7.24%	13	67
14	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$703,802	\$703,802	\$1,883,131	6.70%	14	68
15	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$749,833	\$749,833	\$1,917,022	6.24%	15	69
16	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$756,142	\$756,142	\$1,909,496	5.95%	16	70
17	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$764,210	\$764,210	\$1,817,764	5.36%	17	71
18	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$774,475	\$774,475	\$1,714,102	4.82%	18	72
19	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$787,521	\$787,521	\$1,597,883	4.30%	19	73
20	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$804,138	\$804,138	\$1,468,578	3.79%	20	74
21	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$825,381	\$825,381	\$1,325,789	3.29%	21	75
22	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$848,466	\$848,466	\$1,376,012	3.52%	22	76
23	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$873,285	\$873,285	\$1,429,355	3.72%	23	77
24	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$899,659	\$899,659	\$1,485,694	3.89%	24	78
25	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$927,334	\$927,334	\$1,544,832	4.04%	25	79
26	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$955,752	\$955,752	\$1,606,254	4.17%	26	80
27	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$984,950	\$984,950	\$1,670,075	4.28%	27	81
28	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,014,480	\$1,014,480	\$1,735,901	4.38%	28	82
29	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,043,762	\$1,043,762	\$1,803,209	4.47%	29	83
30	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,071,853	\$1,071,853	\$1,871,094	4.54%	30	84
31	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,097,476	\$1,097,476	\$1,938,307	4.60%	31	85
32	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,119,309	\$1,119,309	\$2,003,556	4.64%	32	86
33	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,135,571	\$1,135,571	\$2,065,072	4.68%	33	87
34	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,143,921	\$1,143,921	\$2,120,502	4.70%	34	88
35	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,141,860	\$1,141,860	\$2,167,334	4.71%	35	89
36	90	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,126,258	\$1,126,258	\$2,202,397	4.70%	36	90
37	91	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,181,123	\$1,181,123	\$2,085,022	4.50%	37	91
38	92	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,253,784	\$1,253,784	\$1,966,013	4.30%	38	92
39	93	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,355,737	\$1,355,737	\$1,855,082	4.12%	39	93
40	94	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,502,077	\$1,502,077	\$1,765,019	3.96%	40	94

-\$5,000,000    -\$1,000,000    -\$4,000,000

\$1,128,254    \$1,128,254

\$1,000,000

TOTAL INCOME DRAWN:

-\$1,210,629

(INCOME LASTS UNTIL AGE 90)

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/27/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	2.50%
Total Rate Floor:	2.50%
<b>GLOI \$500K - 699K Year-1 Rate:</b>	<b>4.79%</b>
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (Average of every 25-yr run over last 65 years):	6.60%
Reduced Assumed Index Credit:	6.60%

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash    Index Credit
Collateral Valued At:	100.00%    Assumption (ICA)    0.00%
The Gap Collateral (in years 3+) 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 credited at the time of the current year's loan anniversary and the current year's EOY index credit would 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 collateral chosen. The collateral depicted is purely hypothetical and may vary.	

FINANCIAL BENEFIT SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$0
PREMIUMS PAID BY CLIENT:	-\$1,000,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$1,000,000
TOTAL DRAWDOWNS (excluding loan payoff):	\$1,210,629
40-YEAR PROGRAM NET CASH FLOW:	\$210,629
YEAR 40 NET CASH SURRENDER VALUE:	\$1,502,077
<b>40-YEAR CASH GAIN (excluding death benefit):</b>	<b>\$1,712,706</b>
<b>40-YEAR NET CSV IRR:</b>	<b>3.69%</b>

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 contracts it issues. Additional loan fees may apply depending on the lender and lender's loan terms. Refer to lender's loan document for details.



## NON-FINANCED vs. PREMIUM FINANCED

- ✓ Same Annual Outlay
- ✓ Same Static Crediting Assumption
- ✓ Ongoing CSV & DB Comparison

**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 NF65445

**PREMIUM FINANCED SOLUTION**

In this solution, the client is paying the first two years premium, then paying a portion of the premium, borrowing the remaining premium, and paying interest out-of-pocket, all within a fixed annual budget.

version 103446

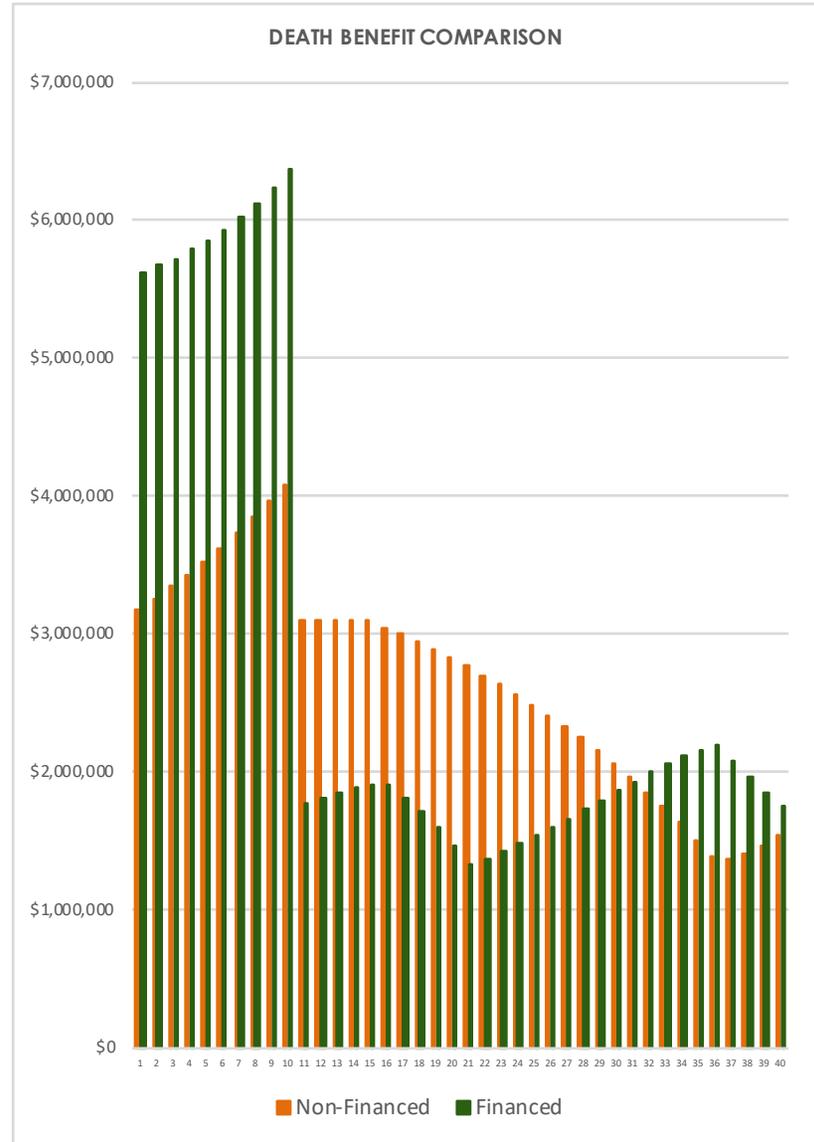
NON-FINANCED IUL					
AGE	ANNUAL PREMIUM	INCOME DRAWDOWNS	CASH VALUE	DEATH BENEFIT	
1	55	\$100,000	\$0	\$0	\$3,178,400
2	56	\$100,000	\$0	\$81,300	\$3,260,427
3	57	\$100,000	\$0	\$169,595	\$3,346,088
4	58	\$100,000	\$0	\$261,843	\$3,435,732
5	59	\$100,000	\$0	\$358,735	\$3,530,035
6	60	\$100,000	\$0	\$460,846	\$3,629,573
7	61	\$100,000	\$0	\$568,534	\$3,734,734
8	62	\$100,000	\$0	\$690,710	\$3,845,874
9	63	\$100,000	\$0	\$819,397	\$3,963,526
10	64	\$100,000	\$0	\$959,269	\$4,092,362
11	65	\$0	\$0	\$1,011,474	\$3,100,000
12	66	\$0	\$0	\$1,065,916	\$3,100,000
13	67	\$0	\$0	\$1,122,183	\$3,100,000
14	68	\$0	\$0	\$1,169,221	\$3,100,000
15	69	\$0	\$0	\$1,218,036	\$3,100,000
16	70	\$0	-\$45,752	\$1,231,347	\$3,051,960
17	71	\$0	-\$45,752	\$1,244,033	\$3,001,519
18	72	\$0	-\$45,752	\$1,255,832	\$2,948,555
19	73	\$0	-\$45,752	\$1,266,501	\$2,892,943
20	74	\$0	-\$45,752	\$1,275,794	\$2,834,551
21	75	\$0	-\$45,752	\$1,283,450	\$2,773,239
22	76	\$0	-\$45,752	\$1,289,232	\$2,708,861
23	77	\$0	-\$45,752	\$1,292,939	\$2,641,265
24	78	\$0	-\$45,752	\$1,294,354	\$2,570,288
25	79	\$0	-\$45,752	\$1,293,290	\$2,495,763
26	80	\$0	-\$45,752	\$1,289,171	\$2,417,512
27	81	\$0	-\$45,752	\$1,282,868	\$2,335,348
28	82	\$0	-\$45,752	\$1,274,492	\$2,249,075
29	83	\$0	-\$45,752	\$1,264,251	\$2,158,490
30	84	\$0	-\$45,752	\$1,252,221	\$2,063,374
31	85	\$0	-\$45,752	\$1,238,591	\$1,963,504
32	86	\$0	-\$45,752	\$1,224,083	\$1,858,639
33	87	\$0	-\$45,752	\$1,209,655	\$1,748,531
34	88	\$0	-\$45,752	\$1,196,697	\$1,632,918
35	89	\$0	-\$45,752	\$1,187,568	\$1,511,525
36	90	\$0	-\$45,752	\$1,185,654	\$1,384,061
37	91	\$0	\$0	\$1,244,362	\$1,366,206
38	92	\$0	\$0	\$1,320,679	\$1,417,054
39	93	\$0	\$0	\$1,405,052	\$1,472,882
40	94	\$0	\$0	\$1,499,809	\$1,535,665

<b>TOTAL CONTRIBUTION:</b>	<b>-\$1,000,000</b>
<b>TOTAL INCOME:</b>	<b>\$960,792</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$1,499,809</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$2,460,601</b>

3RD YEAR FINANCING					
AGE	ANNUAL CONTRIBUTION	INCOME DRAWDOWNS	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS	
1	55	\$100,000	\$0	\$0	\$5,616,119
2	56	\$100,000	\$0	\$8,644	\$5,683,717
3	57	\$100,000	\$0	\$58,575	\$5,729,482
4	58	\$100,000	\$0	\$123,881	\$5,790,672
5	59	\$100,000	\$0	\$198,308	\$5,861,008
6	60	\$100,000	\$0	\$282,247	\$5,940,880
7	61	\$100,000	\$0	\$375,483	\$6,030,122
8	62	\$100,000	\$0	\$491,087	\$6,128,282
9	63	\$100,000	\$0	\$615,238	\$6,234,989
10	64	\$100,000	\$0	\$778,570	\$6,380,878
11	65	\$0	\$0	\$548,979	\$1,777,544
12	66	\$0	\$0	\$603,559	\$1,813,205
13	67	\$0	\$0	\$660,910	\$1,848,461
14	68	\$0	\$0	\$703,802	\$1,883,131
15	69	\$0	\$0	\$749,833	\$1,917,022
16	70	\$0	-\$57,649	\$756,142	\$1,909,496
17	71	\$0	-\$57,649	\$764,210	\$1,817,764
18	72	\$0	-\$57,649	\$774,475	\$1,714,102
19	73	\$0	-\$57,649	\$787,521	\$1,597,883
20	74	\$0	-\$57,649	\$804,138	\$1,468,578
21	75	\$0	-\$57,649	\$825,381	\$1,325,789
22	76	\$0	-\$57,649	\$848,466	\$1,376,012
23	77	\$0	-\$57,649	\$873,285	\$1,429,355
24	78	\$0	-\$57,649	\$899,659	\$1,485,694
25	79	\$0	-\$57,649	\$927,334	\$1,544,832
26	80	\$0	-\$57,649	\$955,752	\$1,606,254
27	81	\$0	-\$57,649	\$984,950	\$1,670,075
28	82	\$0	-\$57,649	\$1,014,480	\$1,735,901
29	83	\$0	-\$57,649	\$1,043,762	\$1,803,209
30	84	\$0	-\$57,649	\$1,071,853	\$1,871,094
31	85	\$0	-\$57,649	\$1,097,476	\$1,938,307
32	86	\$0	-\$57,649	\$1,119,309	\$2,003,556
33	87	\$0	-\$57,649	\$1,135,571	\$2,065,072
34	88	\$0	-\$57,649	\$1,143,921	\$2,120,502
35	89	\$0	-\$57,649	\$1,141,860	\$2,167,334
36	90	\$0	-\$57,649	\$1,126,258	\$2,202,397
37	91	\$0	\$0	\$1,181,123	\$2,085,022
38	92	\$0	\$0	\$1,253,784	\$1,966,013
39	93	\$0	\$0	\$1,355,737	\$1,855,082
40	94	\$0	\$0	\$1,502,077	\$1,765,019

<b>TOTAL CONTRIBUTION:</b>	<b>-\$1,000,000</b>
<b>TOTAL INCOME:</b>	<b>\$1,210,629</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$1,502,077</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$2,712,706</b>

vs.  
vs.  
vs.



## CUMULATIVE COST & BENEFIT COMPARISON:

- ✓ Premium-Financed Policy (green)
- ✓ Non-Financed Policy (orange)
- ✓ Non-Insurance Based Investment (blue)

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

# 3 DIFFERENT FINANCIAL SOLUTIONS



DATE CREATED: 08/27/22

PRIMARY INSURED: M55 - 3YF Income  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## PREMIUM FINANCED LIFE INSURANCE: 3RD YEAR FINANCING



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



\*TOTAL NET CLIENT CONTRIBUTION is the total client outlay whether premiums and/or interest.

\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 CSV assumes a 6.6% index credit. See carrier illustration for details.

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

\*\*\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 CSV assumes a 6.6% index credit. See carrier illustration for details.

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

\*\*\*\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 VALUE assumes a 6.6% return, 1.35% investment fees, 32.6% tax on gains, and 0% estate taxes.

## BACKTESTED PROXY: WORST 40-YEAR PERIOD

- ✓ Depicts Volatility & Poor Sequence of Returns
- ✓ Floor & Cap Crediting Methodology
- ✓ Percentage of Asset Value Drawdowns

*\*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 EQUITIES & BONDS ACCOUNT vs. 3RD YEAR FINANCING

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

EQUITIES BONDS  
 <AGE 56: 70.00% 30.00%  
 AGE 56+: 70.00% 30.00%

Current Adjusted Gross Income (AGI): \$250,000  
 Current Income Tax Rate: 37.10%  
 Long-Term Capital Gains Tax Rate: 28.10%  
 State of Residence: CA

% of Equities Taxed at STCG Tax Rates: 0.00%  
 % of Equities Taxed at LTCG Tax Rates: 100.00%  
 % of Bonds Taxed at STCG Tax Rates: 100.00%

Advisor Fee: 0.50%  
 Fund Manager Fee: 0.70%  
 Broker Dealer Fee: 0.15%  
**Investment Fees (All-In): 1.35%**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	LEVERAGED SYNTHETIC ACCOUNT VALUE	LEVERAGED SYNTHETIC INCREASE
1	55	\$100,000	1971	14.42%	13.07%	9.39%	1971	5.27%	3.92%	2.46%	1.35%	7.32%	\$0	\$107,315	vs \$1,299
2	56	\$100,000	1972	0.08%	-1.27%	-1.27%	1972	-0.44%	-1.79%	-1.79%	1.35%	-1.42%	\$0	\$204,363	vs \$710
3	57	\$100,000	1973	-39.40%	-40.75%	-40.75%	1973	-2.37%	-3.72%	-3.72%	1.35%	-29.64%	\$0	\$214,144	vs \$14,453
4	58	\$100,000	1974	34.00%	32.65%	23.47%	1974	-8.16%	-9.51%	-9.51%	1.35%	13.58%	\$0	\$356,794	vs \$117,326
5	59	\$100,000	1975	27.48%	26.13%	18.79%	1975	-5.07%	-6.42%	-6.42%	1.35%	11.22%	\$0	\$508,064	vs \$254,414
6	60	\$100,000	1976	-6.28%	-7.63%	-7.63%	1976	9.68%	8.33%	5.24%	1.35%	-3.77%	\$0	\$585,165	vs \$179,240
7	61	\$100,000	1977	8.23%	6.88%	4.94%	1977	-4.89%	-6.24%	-6.24%	1.35%	1.59%	\$0	\$696,043	vs \$253,283
8	62	\$100,000	1978	8.61%	7.26%	5.22%	1978	-7.81%	-9.16%	-9.16%	1.35%	0.91%	\$0	\$803,258	vs \$359,838
9	63	\$100,000	1979	16.76%	15.41%	11.08%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.50%	\$0	\$943,895	vs \$933,333
10	64	\$100,000	1980	-5.40%	-6.75%	-6.75%	1980	-14.57%	-15.92%	-15.92%	1.35%	-9.50%	\$0	\$944,752	vs \$443,711 -53.03%
11	65	\$0	1981	5.65%	4.30%	3.09%	1981	-1.94%	-3.29%	-3.29%	1.35%	1.18%	\$0	\$955,884	vs \$128,450 -86.56%
12	66	\$0	1982	39.91%	38.56%	27.72%	1982	25.14%	23.79%	14.96%	1.35%	23.90%	\$0	\$1,184,304	vs \$397,318 -66.45%
13	67	\$0	1983	2.02%	0.67%	0.67%	1983	-0.01%	-1.36%	-1.36%	1.35%	-0.07%	\$0	\$1,183,448	vs \$90,404 -92.36%
14	68	\$0	1984	11.62%	10.27%	7.38%	1984	9.04%	7.69%	4.84%	1.35%	6.62%	\$0	\$1,261,805	vs \$344,684 -72.68%
15	69	\$0	1985	29.04%	27.69%	19.91%	1985	21.41%	20.06%	12.62%	1.35%	17.72%	\$0	\$1,485,432	vs \$677,296 -54.40%
16	70	\$0	1986	41.13%	39.78%	28.60%	1986	21.97%	20.62%	12.97%	1.35%	23.91%	-\$54,184	\$1,773,473	vs \$1,021,620 -41.14%
17	71	\$0	1987	-13.51%	-14.86%	-14.86%	1987	-8.32%	-9.67%	-9.67%	1.35%	-13.30%	-\$81,730	\$1,466,675	vs \$578,246 -55.44%
18	72	\$0	1988	30.41%	29.06%	20.89%	1988	3.98%	2.63%	1.66%	1.35%	15.12%	-\$46,260	\$1,635,196	vs \$963,035 -36.99%
19	73	\$0	1989	-10.34%	-11.69%	-11.69%	1989	12.27%	10.92%	6.87%	1.35%	-6.12%	-\$77,043	\$1,462,723	vs \$482,189 -56.94%
20	74	\$0	1990	28.73%	27.38%	19.69%	1990	0.79%	-0.56%	-0.56%	1.35%	13.61%	-\$38,575	\$1,618,034	vs \$912,711 -36.82%
21	75	\$0	1991	9.72%	8.37%	6.02%	1991	10.33%	8.98%	5.65%	1.35%	5.91%	-\$73,017	\$1,636,284	vs \$1,133,434 -25.05%
22	76	\$0	1992	11.84%	10.49%	7.55%	1992	6.15%	4.80%	3.02%	1.35%	6.19%	-\$90,675	\$1,641,235	vs \$1,584,377 -2.70%
23	77	\$0	1993	2.82%	1.47%	1.06%	1993	10.94%	9.59%	6.03%	1.35%	2.55%	-\$126,750	\$1,553,115	vs \$1,043,567 -23.80%
24	78	\$0	1994	28.30%	26.95%	19.38%	1994	-10.37%	-11.72%	-11.72%	1.35%	10.05%	-\$83,485	\$1,617,292	vs \$1,591,665 -1.12%
25	79	\$0	1995	19.61%	18.26%	13.13%	1995	20.11%	18.76%	11.80%	1.35%	12.73%	-\$127,333	\$1,679,645	vs \$2,178,598 20.13%
26	80	\$0	1996	39.82%	38.47%	27.66%	1996	-1.46%	-2.81%	-2.81%	1.35%	18.52%	-\$174,288	\$1,784,137	vs \$2,808,271 37.14%
27	81	\$0	1997	9.36%	8.01%	5.76%	1997	7.43%	6.08%	3.82%	1.35%	5.18%	-\$224,662	\$1,640,238	vs \$3,045,706 49.52%
28	82	\$0	1998	28.13%	26.78%	19.25%	1998	13.16%	11.81%	7.43%	1.35%	15.71%	-\$243,656	\$1,615,923	vs \$3,767,752 70.38%
29	83	\$0	1999	13.99%	12.64%	9.09%	1999	-10.22%	-11.57%	-11.57%	1.35%	2.89%	-\$301,420	\$1,352,508	vs \$4,545,880 103.16%
30	84	\$0	2000	-25.54%	-26.89%	-26.89%	2000	12.84%	11.49%	7.23%	1.35%	-16.65%	-\$363,670	\$824,179	vs \$3,360,202 86.53%
31	85	\$0	2001	-19.68%	-21.03%	-21.03%	2001	2.67%	1.32%	0.83%	1.35%	-14.47%	-\$268,816	\$474,998	vs \$2,209,419 60.84%
32	86	\$0	2002	24.16%	22.81%	16.40%	2002	13.32%	11.97%	7.53%	1.35%	13.74%	-\$176,754	\$339,224	vs \$3,105,960 95.68%
33	87	\$0	2003	13.91%	12.56%	9.03%	2003	-1.85%	-3.20%	-3.20%	1.35%	5.36%	-\$248,477	\$95,611	vs \$4,063,299 136.99%
34	88	\$0	2004	12.25%	10.90%	7.84%	2004	1.77%	0.42%	0.26%	1.35%	5.56%	-\$95,611	\$0	vs \$5,086,693 183.54%
35	89	\$0	2005	10.71%	9.36%	6.73%	2005	-0.51%	-1.86%	-1.86%	1.35%	4.15%	\$0	\$0	vs \$5,781,715 221.59%
36	90	\$0	2006	16.29%	14.94%	10.74%	2006	-1.23%	-2.58%	-2.58%	1.35%	6.75%	\$0	\$0	vs \$6,949,741 277.88%
37	91	\$0	2007	-21.61%	-22.96%	-22.96%	2007	7.15%	5.80%	3.65%	1.35%	-14.97%	\$0	\$0	vs \$5,634,545 232.48%
38	92	\$0	2008	-7.37%	-8.72%	-8.72%	2008	15.66%	14.31%	9.00%	1.35%	-3.40%	\$0	\$0	vs \$4,268,215 185.30%
39	93	\$0	2009	9.96%	8.61%	6.19%	2009	-10.80%	-12.15%	-12.15%	1.35%	0.69%	\$0	\$0	vs \$5,311,931 221.34%
40	94	\$0	2010	1.14%	-0.21%	-0.21%	2010	6.71%	5.36%	3.37%	1.35%	0.87%	\$0	\$0	vs \$3,866,082 171.42%

Average Equities Return: 10.02%

Average T-Bond Return: 3.46%

Average Net Portfolio Return: 3.62%

WORST 40

AVERAGE ANNUAL INCOME DRAWN DOWN: \$152,442

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.

## BACKTESTED PROXY: CHARGES & CREDITS

- ✓ 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**

**3RD YEAR FINANCING**

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

Current Pre-Bonus Cap: 10.75%

Current Post-Bonus Max Cap: 10.75%

PAGE 7

		Participation Rate: 100.00%			Floor Modeled: 0.00%		Upside Design: CAPPED				Pre-Bonus Cap Modeled: 10.25%		Post-Bonus Max Cap Modeled: 10.25%			8/27/2022		
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
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	55	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1971	12.42%	10.25%	10.25%	\$0	\$67,418	\$1,299
2	56	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1972	-1.92%	0.00%	0.00%	\$0	\$125,783	\$710
3	57	\$600,000	\$100,000	\$500,000	\$500,000		4.98%	\$24,920	\$24,920	\$100,000	\$11,270	1973	-41.40%	0.00%	0.00%	\$0	\$635,360	\$14,453
4	58	\$600,000	\$100,000	\$500,000	\$1,024,920		5.09%	\$52,139	\$52,139	\$100,000	\$50,987	1974	32.00%	10.25%	10.25%	\$0	\$1,259,037	\$117,326
5	59	\$600,000	\$100,000	\$500,000	\$1,577,059		5.19%	\$81,920	\$81,920	\$100,000	\$120,073	1975	25.48%	10.25%	10.25%	\$0	\$1,944,173	\$254,414
6	60	\$600,000	\$100,000	\$500,000	\$2,158,979		5.31%	\$114,562	\$114,562	\$100,000	\$109,384	1976	-8.28%	0.00%	0.00%	\$0	\$2,446,852	\$179,240
7	61	\$600,000	\$100,000	\$500,000	\$2,773,540		5.42%	\$150,402	\$150,402	\$100,000	\$72,420	1977	6.23%	6.23%	6.23%	\$0	\$3,131,462	\$253,283
8	62	\$600,000	\$100,000	\$500,000	\$3,423,942		5.54%	\$189,825	\$189,825	\$100,000	\$231,786	1978	6.61%	6.61%	6.61%	\$0	\$3,870,975	\$359,838
9	63	\$600,000	\$100,000	\$500,000	\$4,113,767		5.67%	\$233,266	\$233,266	\$100,000	\$257,529	1979	14.76%	10.25%	10.25%	\$0	\$4,816,851	\$633,333
10	64	\$600,000	\$100,000	\$500,000	\$4,847,033		5.80%	\$281,222	\$281,222	\$100,000	\$246,260	1980	-7.40%	0.00%	0.00%	\$0	\$5,343,052	\$443,711
11	65	\$0	\$0	\$0	\$0	-\$5,128,254	0.00%	\$0	\$0	\$0	\$0	1981	3.65%	3.65%	3.65%	\$0	\$5,513,117	\$128,450
12	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1982	37.91%	10.25%	10.25%	\$0	\$6,051,218	\$397,318
13	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1983	0.02%	0.02%	0.02%	\$0	\$6,027,000	\$90,404
14	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1984	9.62%	9.62%	9.62%	\$0	\$6,578,109	\$344,684
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1985	27.04%	10.25%	10.25%	\$0	\$7,222,393	\$677,296
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1986	39.13%	10.25%	10.25%	-\$54,184	\$7,950,864	\$1,021,620
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	-\$81,730	\$7,939,769	\$578,246
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1988	28.41%	10.25%	10.25%	-\$46,260	\$8,741,207	\$963,035
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	-12.34%	0.00%	0.00%	-\$77,043	\$8,730,164	\$482,189
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	26.73%	10.25%	10.25%	-\$38,575	\$9,613,589	\$912,711
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	7.72%	-\$73,017	\$10,346,023	\$1,133,434
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	9.84%	9.84%	9.84%	-\$90,675	\$11,352,804	\$1,584,377
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	0.82%	-\$126,750	\$11,433,503	\$1,043,567
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	26.30%	10.25%	10.25%	-\$83,485	\$12,588,757	\$1,591,665
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	17.61%	10.25%	10.25%	-\$127,333	\$13,859,245	\$2,178,598
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	37.82%	10.25%	10.25%	-\$174,288	\$15,255,952	\$2,808,271
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	7.36%	-\$224,662	\$16,351,666	\$3,045,706
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	26.13%	10.25%	10.25%	-\$243,656	\$17,994,850	\$3,767,752
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	11.99%	10.25%	10.25%	-\$301,420	\$19,800,824	\$4,545,880
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$363,670	\$19,759,747	\$3,360,202
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$268,816	\$19,711,198	\$2,209,419
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	22.16%	10.25%	10.25%	-\$176,754	\$21,668,419	\$3,105,960
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	11.91%	10.25%	10.25%	-\$248,477	\$23,814,782	\$4,063,299
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	10.25%	10.25%	10.25%	-\$325,064	\$26,167,067	\$5,086,693
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.71%	8.71%	-\$406,935	\$28,343,390	\$5,781,715
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	14.29%	10.25%	10.25%	-\$462,537	\$31,125,164	\$6,949,741
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	\$0	\$31,018,739	\$5,634,545
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	\$0	\$30,921,618	\$4,268,215
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	7.96%	\$0	\$33,298,005	\$5,311,931
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	\$0	\$33,251,460	\$3,866,082
		\$1,000,000	\$4,000,000					\$1,128,254	\$1,128,254	\$1,000,000		AVERAGE ANNUAL INCOME DRAWDOWN:			\$190,254			WORST 40

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$500K-699K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.50%
Starting Borrowing Rate: 4.79%	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 2.50%	
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:	11
Payoff Amount:	\$5,128,254
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:	\$0
TOTAL CLIENT OUTLAY:	-\$1,000,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$190,254
TOTAL INCOME DRAWDOWN:	\$3,995,331
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$3,866,082
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$7,861,413
RAW S&P 500 CAGR: 6.30%	40-YEAR NET ACCOUNT IRR: 7.63%

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 EQUITIES & BONDS ACCOUNT

- ✓ Equities Assumes Historical Index Returns
- ✓ Bonds Assumes Historical 10-Year T-Bonds Returns

*\*The "Equities & Bonds Account" assumes certain investment fees, taxation on gains, and equities-to-bonds allocation. This is merely a hypothetical investment portfolio construction.*

**HYPOTHETICAL SYNTHETIC PROXY**

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

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$38,850	1971	12.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$6,268	-\$38,850	-\$32,582	\$61,150	\$67,418	\$1,299
2	0.00%	\$0	-\$41,635	1972	-1.92%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$41,635	-\$41,635	\$125,783	\$125,783	\$710
3	0.00%	\$0	-\$90,423	1973	-41.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$90,423	-\$90,423	\$635,360	\$635,360	\$14,453
4	0.00%	\$0	-\$93,376	1974	32.00%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$117,053	-\$93,376	\$23,677	\$1,141,984	\$1,259,037	\$117,326
5	0.00%	\$0	-\$95,615	1975	25.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$180,751	-\$95,615	\$85,136	\$1,763,422	\$1,944,173	\$254,414
6	0.00%	\$0	-\$97,321	1976	-8.28%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,321	-\$97,321	\$2,446,852	\$2,446,852	\$179,240
7	0.00%	\$0	-\$98,929	1977	6.23%	6.23%	x 1.00	= 6.23%	+ 0.00%	= 6.23%	\$183,539	-\$98,929	\$84,610	\$2,947,923	\$3,131,462	\$253,283
8	0.00%	\$0	-\$100,564	1978	6.61%	6.61%	x 1.00	= 6.61%	+ 0.00%	= 6.61%	\$240,077	-\$100,564	\$139,513	\$3,630,898	\$3,870,975	\$359,838
9	0.00%	\$0	-\$101,949	1979	14.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$447,825	-\$101,949	\$345,876	\$4,369,026	\$4,816,851	\$633,333
10	0.00%	\$0	-\$73,799	1980	-7.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$73,799	-\$73,799	\$5,343,052	\$5,343,052	\$443,711
11	0.00%	\$0	-\$24,052	1981	3.65%	3.65%	x 1.00	= 3.65%	+ 0.00%	= 3.65%	\$194,117	-\$24,052	\$170,065	\$5,319,000	\$5,513,117	\$128,450
12	0.00%	\$0	-\$24,484	1982	37.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$562,585	-\$24,484	\$538,101	\$5,488,633	\$6,051,218	\$397,318
13	0.00%	\$0	-\$25,307	1983	0.02%	0.02%	x 1.00	= 0.02%	+ 0.00%	= 0.02%	\$1,089	-\$25,307	-\$24,218	\$6,025,911	\$6,027,000	\$90,404
14	0.00%	\$0	-\$26,209	1984	9.62%	9.62%	x 1.00	= 9.62%	+ 0.00%	= 9.62%	\$577,319	-\$26,209	\$551,110	\$6,000,791	\$6,578,109	\$344,684
15	0.00%	\$0	-\$27,186	1985	27.04%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$671,470	-\$27,186	\$644,284	\$6,550,923	\$7,222,393	\$677,296
16	0.00%	\$0	-\$10,725	1986	39.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$739,196	-\$10,725	\$728,471	\$7,211,668	\$7,950,864	\$1,021,620
17	0.00%	\$0	-\$11,095	1987	-15.51%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$11,095	-\$11,095	\$7,939,769	\$7,939,769	\$578,246
18	0.00%	\$0	-\$11,237	1988	28.41%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$812,675	-\$11,237	\$801,438	\$7,928,532	\$8,741,207	\$963,035
19	0.00%	\$0	-\$11,043	1989	-12.34%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$11,043	-\$11,043	\$8,730,164	\$8,730,164	\$482,189
20	0.00%	\$0	-\$10,355	1990	26.73%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$893,780	-\$10,355	\$883,425	\$8,719,809	\$9,613,589	\$912,711
21	0.00%	\$0	-\$8,973	1991	7.72%	7.72%	x 1.00	= 7.72%	+ 0.00%	= 7.72%	\$741,407	-\$8,973	\$732,434	\$9,604,616	\$10,346,023	\$1,133,434
22	0.00%	\$0	-\$10,675	1992	9.84%	9.84%	x 1.00	= 9.84%	+ 0.00%	= 9.84%	\$1,017,456	-\$10,675	\$1,006,781	\$10,335,348	\$11,352,804	\$1,584,377
23	0.00%	\$0	-\$12,704	1993	0.82%	0.82%	x 1.00	= 0.82%	+ 0.00%	= 0.82%	\$93,403	-\$12,704	\$80,699	\$11,340,100	\$11,433,503	\$1,043,567
24	0.00%	\$0	-\$15,129	1994	26.30%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,170,383	-\$15,129	\$1,155,254	\$11,418,374	\$12,588,757	\$1,591,665
25	0.00%	\$0	-\$18,014	1995	17.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,288,501	-\$18,014	\$1,270,487	\$12,570,743	\$13,859,245	\$2,178,598
26	0.00%	\$0	-\$21,646	1996	37.82%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,418,354	-\$21,646	\$1,396,708	\$13,837,599	\$15,255,952	\$2,808,271
27	0.00%	\$0	-\$25,417	1997	7.36%	7.36%	x 1.00	= 7.36%	+ 0.00%	= 7.36%	\$1,121,131	-\$25,417	\$1,095,714	\$15,230,535	\$16,351,666	\$3,045,706
28	0.00%	\$0	-\$29,807	1998	26.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,672,991	-\$29,807	\$1,643,184	\$16,321,859	\$17,994,850	\$3,767,752
29	0.00%	\$0	-\$34,919	1999	11.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,840,893	-\$34,919	\$1,805,974	\$17,959,931	\$19,800,824	\$4,545,880
30	0.00%	\$0	-\$41,077	2000	-27.54%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$41,077	-\$41,077	\$19,759,747	\$19,759,747	\$3,360,202
31	0.00%	\$0	-\$48,549	2001	-21.68%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,549	-\$48,549	\$19,711,198	\$19,711,198	\$2,209,419
32	0.00%	\$0	-\$57,303	2002	22.16%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,014,524	-\$57,303	\$1,957,221	\$19,653,895	\$21,668,419	\$3,105,960
33	0.00%	\$0	-\$67,710	2003	11.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,214,073	-\$67,710	\$2,146,363	\$21,600,709	\$23,814,782	\$4,063,299
34	0.00%	\$0	-\$80,204	2004	10.25%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,432,489	-\$80,204	\$2,352,285	\$23,734,578	\$26,167,067	\$5,086,693
35	0.00%	\$0	-\$94,796	2005	8.71%	8.71%	x 1.00	= 8.71%	+ 0.00%	= 8.71%	\$2,271,119	-\$94,796	\$2,176,323	\$26,072,271	\$28,343,390	\$5,781,715
36	0.00%	\$0	-\$111,948	2006	14.29%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,893,723	-\$111,948	\$2,781,775	\$28,231,442	\$31,125,164	\$6,949,741
37	0.00%	\$0	-\$106,425	2007	-23.61%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$106,425	-\$106,425	\$31,018,739	\$31,018,739	\$5,634,545
38	0.00%	\$0	-\$97,121	2008	-9.37%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,121	-\$97,121	\$30,921,618	\$30,921,618	\$4,268,215
39	0.00%	\$0	-\$78,072	2009	7.96%	7.96%	x 1.00	= 7.96%	+ 0.00%	= 7.96%	\$2,454,459	-\$78,072	\$2,376,387	\$30,843,546	\$33,298,005	\$5,311,931
40	0.00%	\$0	-\$46,545	2010	-0.86%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$46,545	-\$46,545	\$33,251,460	\$33,251,460	\$3,866,082

**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.

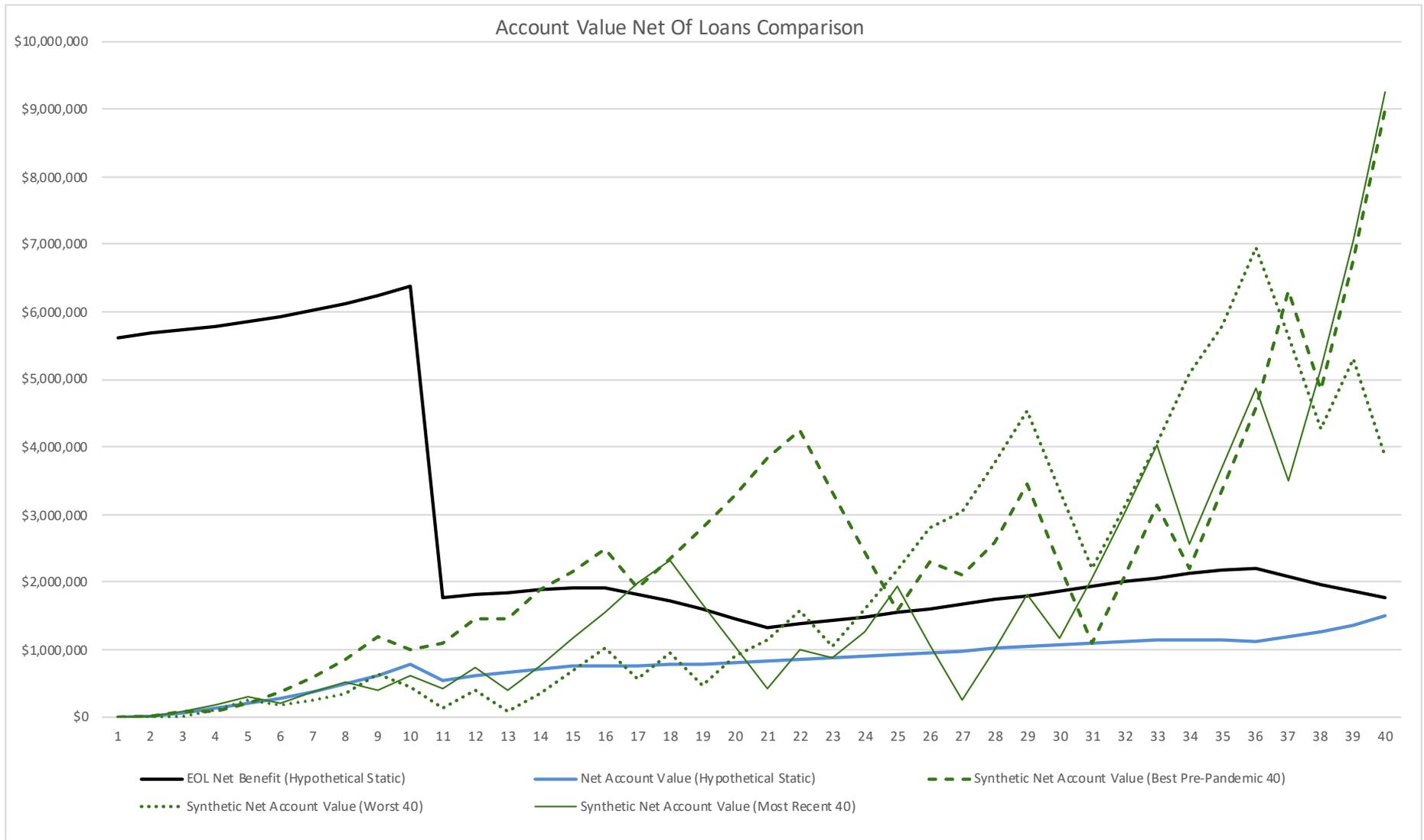
## GRAPH: BACKTESTED PROXY vs. AS-ILLUSTRATED STATIC

- ✓ 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	PAYOFF YEAR	TOTAL OUTLAY	TOTAL INCOME DRAWDOWN	NET ACCOUNT VALUE IN YEAR 40	RETURNS DEPICTED	VOLATILITY MODELED	CAGR	PAR LOAN RATE	40-YEAR IRR
— Hypothetical Static:	11	-\$1,000,000	\$1,210,629	\$1,502,077	hypothetical static	no	6.60%	6.10%	3.69%
- - - Synthetic Best 40*:	11	-\$1,000,000	\$4,399,540	\$8,997,925	actual historical*	yes	9.02%	5.00%	10.01%
..... Synthetic Worst 40*:	11	-\$1,000,000	\$3,995,331	\$3,866,082	actual historical*	yes	6.30%	5.00%	7.63%
— Synthetic (1982-2021):	11	-\$1,000,000	\$2,874,715	\$9,257,491	actual historical*	yes	9.99%	5.00%	8.61%

\*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.

## 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

## BEST CAGR IN 40-YEAR PERIOD\*

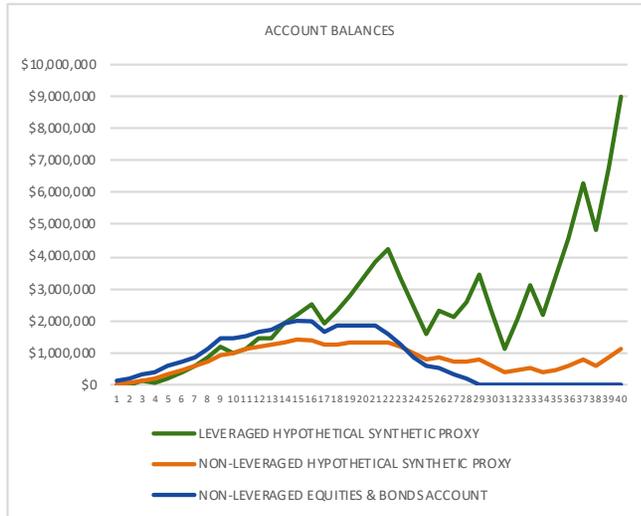
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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 HYPOTHETICAL EQUITIES & BONDS ACCOUNT

## WORST CAGR IN 40-YEAR PERIOD\*

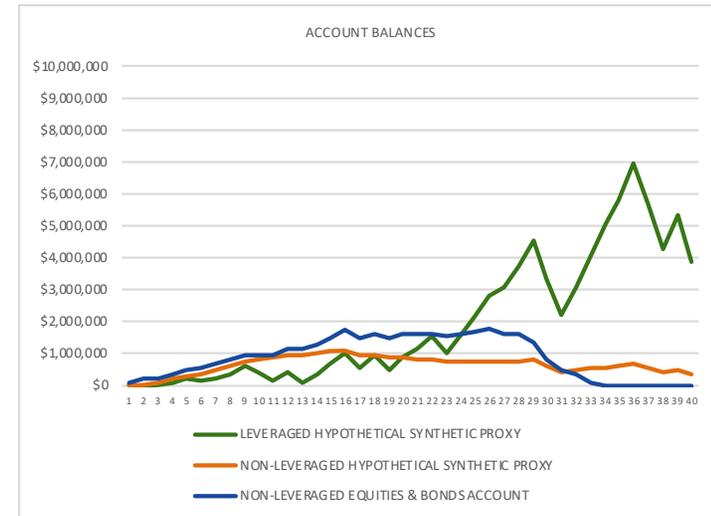
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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)

SYNTHETICALLY MODELED FOR: M55 - 3YF Income  
 ADVISOR: Darren Sugiyama  
 DATE CREATED: 8/27/2022

\*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.

# FULL ANALYSIS REPORT

THIRD-YEAR FINANCING (3YF) with INCOME DRAWDOWNS

# FULL ANALYSIS REPORT: RETIREMENT PLANNING



DATE CREATED: 08/27/22

PRIMARY INSURED: M55 - 3YF Income

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARISON SUMMARY:

- 1 Premium Financed Life Insurance Policy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...VS.
- 2 Non-Financed Life Insurance Policy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...VS.
- 3 Non-Insurance Based Investment Account (Taxable Gains)

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARISON SUMMARY:

- 1 Leveraged Hypothetical Synthetic Proxy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...VS.
- 2 Non-Leveraged Hypothetical Synthetic Proxy (Tax-Free Gains + Tax-Free Income Drawdowns)  
...VS.
- 3 Non-Leveraged Equities & Bonds Account (Taxable Gains)

# 3 DIFFERENT FINANCIAL SOLUTIONS



DATE CREATED: 08/27/22

PRIMARY INSURED: M55 - 3YF Income  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## PREMIUM FINANCED LIFE INSURANCE: 3RD YEAR FINANCING



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



\*TOTAL NET CLIENT CONTRIBUTION is the total client outlay whether premiums and/or interest.

\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 CSV assumes a 6.6% index credit. See carrier illustration for details.

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

\*\*\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 CSV assumes a 6.6% index credit. See carrier illustration for details.

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

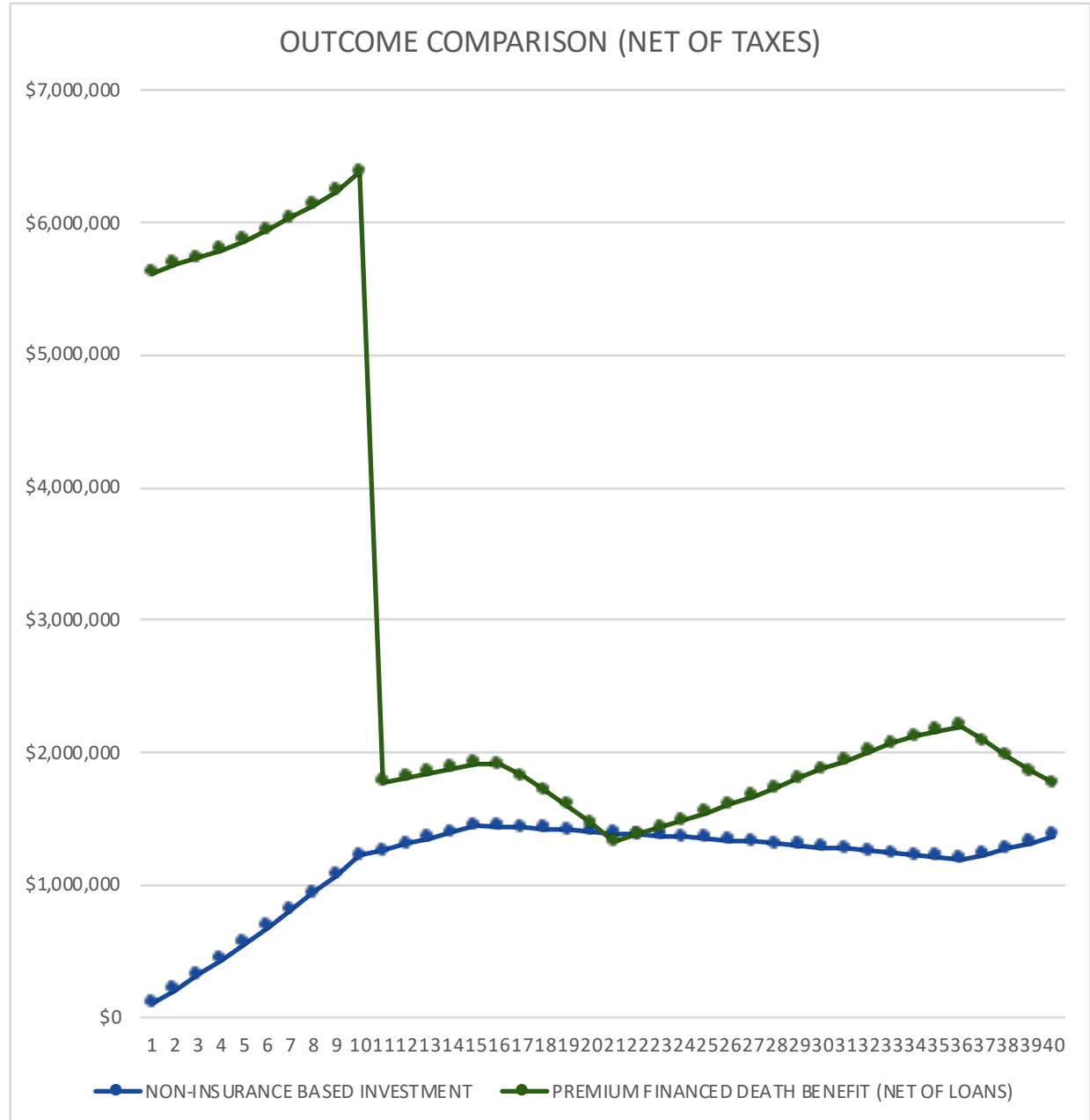
\*\*\*\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 VALUE assumes a 6.6% return, 1.35% investment fees, 32.6% tax on gains, and 0% estate taxes.

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

GROSS RETURN ASSUMPTION: 6.60%  
 ALL-IN INVESTMENT FEE ASSUMPTION: 1.35%

SHORT-TERM CAPITAL GAINS TAX RATE ASSUMPTION: 32.60%  
 ESTATE TAX RATE ASSUMPTION: 0.00%

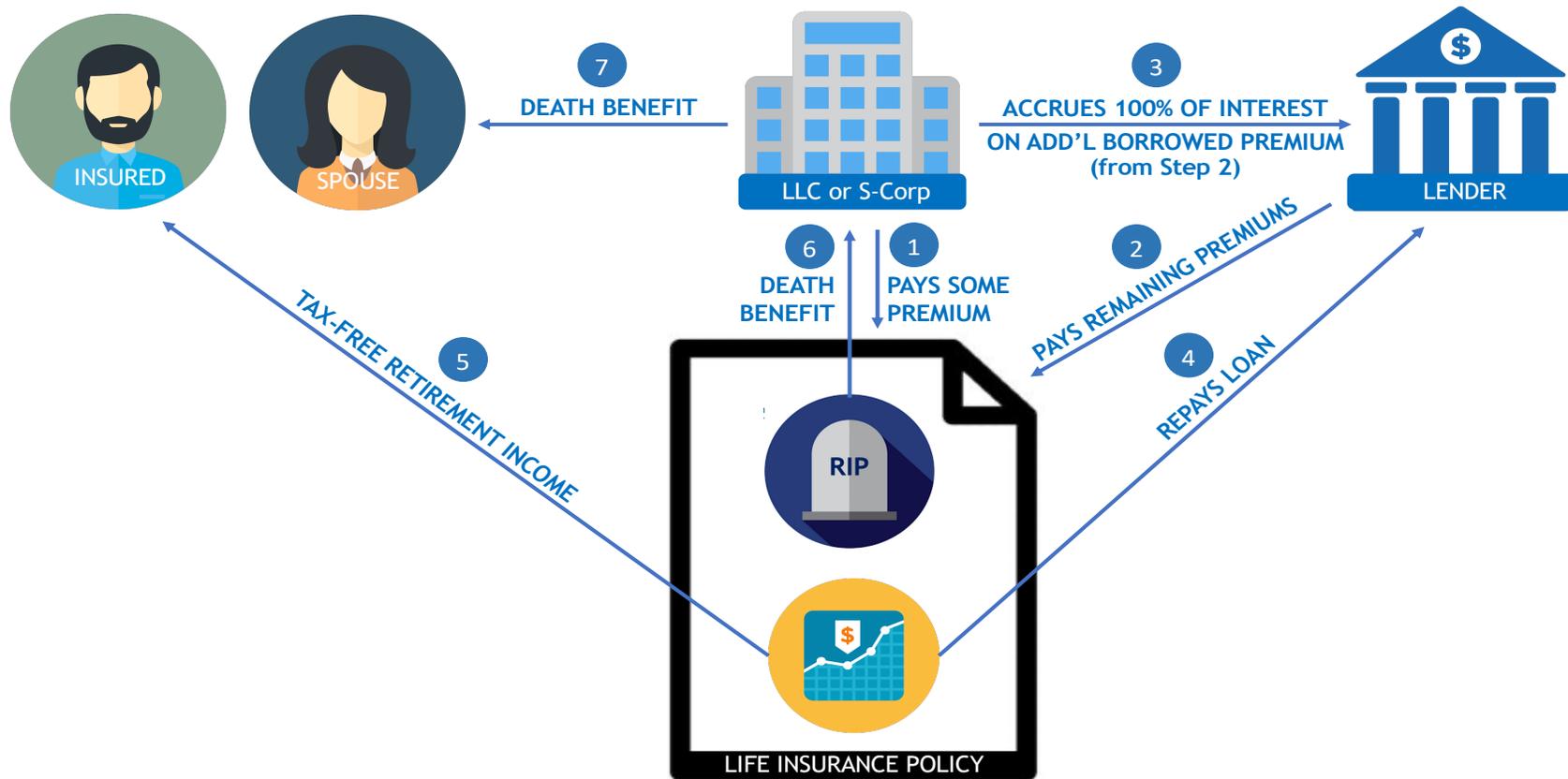
(+ SAME ANNUAL CONTRIBUTION (-) INCOME DRAWDOWNS)		NON-INSURANCE BASED INVESTMENT AFTER ESTATE TAX ACCOUNT VALUE	PREMIUM FINANCED LIFE INSURANCE TAX-FREE NET DEATH BENEFIT
1	55	\$100,000	\$5,616,119
2	56	\$100,000	\$5,683,717
3	57	\$100,000	\$5,729,482
4	58	\$100,000	\$5,790,672
5	59	\$100,000	\$5,861,008
6	60	\$100,000	\$5,940,880
7	61	\$100,000	\$6,030,122
8	62	\$100,000	\$6,128,282
9	63	\$100,000	\$6,234,989
10	64	\$100,000	\$6,380,878
11	65	\$0	\$1,777,544
12	66	\$0	\$1,813,205
13	67	\$0	\$1,848,461
14	68	\$0	\$1,883,131
15	69	\$0	\$1,917,022
16	70	-\$57,649	\$1,909,496
17	71	-\$57,649	\$1,817,764
18	72	-\$57,649	\$1,714,102
19	73	-\$57,649	\$1,597,883
20	74	-\$57,649	\$1,468,578
21	75	-\$57,649	\$1,325,789
22	76	-\$57,649	\$1,376,012
23	77	-\$57,649	\$1,429,355
24	78	-\$57,649	\$1,485,694
25	79	-\$57,649	\$1,544,832
26	80	-\$57,649	\$1,606,254
27	81	-\$57,649	\$1,670,075
28	82	-\$57,649	\$1,735,901
29	83	-\$57,649	\$1,803,209
30	84	-\$57,649	\$1,871,094
31	85	-\$57,649	\$1,938,307
32	86	-\$57,649	\$2,003,556
33	87	-\$57,649	\$2,065,072
34	88	-\$57,649	\$2,120,502
35	89	-\$57,649	\$2,167,334
36	90	-\$57,649	\$2,202,397
37	91	\$0	\$2,085,022
38	92	\$0	\$1,966,013
39	93	\$0	\$1,855,082
40	94	\$0	\$1,765,019



**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.



# 3<sup>RD</sup> YEAR FINANCING: TAX-FREE INCOME



## THIRD-YEAR FINANCING WITH INTEREST ACCRUAL: TAX-FREE INCOME DRAWDOWN PLAN

1. The policy is owned by an entity (either an LLC or an S-corp) which pays a fixed dollar amount for 10 years, including 100% of the first two years of policy premium out-of-pocket.
2. The entity will pay a portion of the life insurance premiums due in years 3-10, and the entity will pay the remaining premiums due.
3. The entity will accrue the interest due each year on the cumulative loan balance and post the policy.
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 in year 11.
5. The entity will take policy loans and pass them through to the insured person as tax-free retirement income. Such loans are netted out of the CSV and death benefit.
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.

**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 NF65445

**PREMIUM FINANCED SOLUTION**

In this solution, the client is paying the first two years premium, then paying a portion of the premium, borrowing the remaining premium, and paying interest out-of-pocket, all within a fixed annual budget.

version 103446

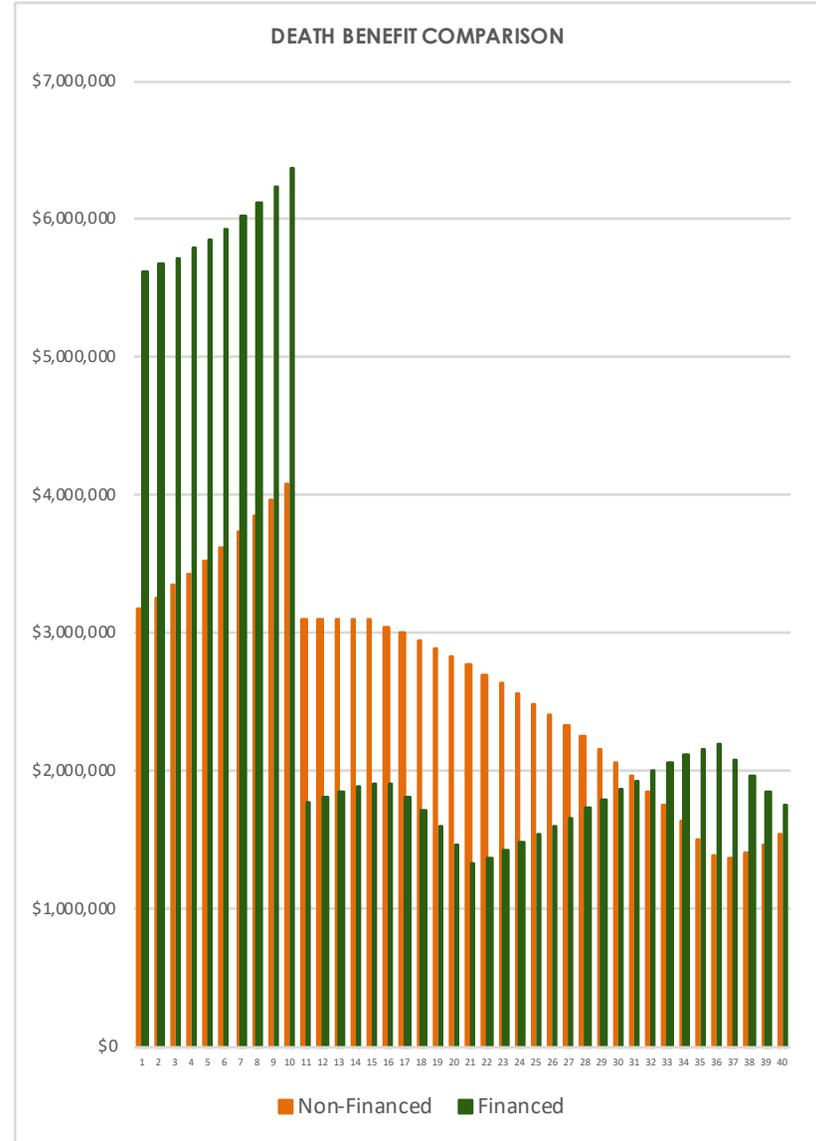
NON-FINANCED IUL					
AGE	ANNUAL PREMIUM	INCOME DRAWDOWNS	CASH VALUE	DEATH BENEFIT	
1	55	\$100,000	\$0	\$0	\$3,178,400
2	56	\$100,000	\$0	\$81,300	\$3,260,427
3	57	\$100,000	\$0	\$169,595	\$3,346,088
4	58	\$100,000	\$0	\$261,843	\$3,435,732
5	59	\$100,000	\$0	\$358,735	\$3,530,035
6	60	\$100,000	\$0	\$460,846	\$3,629,573
7	61	\$100,000	\$0	\$568,534	\$3,734,734
8	62	\$100,000	\$0	\$690,710	\$3,845,874
9	63	\$100,000	\$0	\$819,397	\$3,963,526
10	64	\$100,000	\$0	\$959,269	\$4,092,362
11	65	\$0	\$0	\$1,011,474	\$3,100,000
12	66	\$0	\$0	\$1,065,916	\$3,100,000
13	67	\$0	\$0	\$1,122,183	\$3,100,000
14	68	\$0	\$0	\$1,169,221	\$3,100,000
15	69	\$0	\$0	\$1,218,036	\$3,100,000
16	70	\$0	-\$45,752	\$1,231,347	\$3,051,960
17	71	\$0	-\$45,752	\$1,244,033	\$3,001,519
18	72	\$0	-\$45,752	\$1,255,832	\$2,948,555
19	73	\$0	-\$45,752	\$1,266,501	\$2,892,943
20	74	\$0	-\$45,752	\$1,275,794	\$2,834,551
21	75	\$0	-\$45,752	\$1,283,450	\$2,773,239
22	76	\$0	-\$45,752	\$1,289,232	\$2,708,861
23	77	\$0	-\$45,752	\$1,292,939	\$2,641,265
24	78	\$0	-\$45,752	\$1,294,354	\$2,570,288
25	79	\$0	-\$45,752	\$1,293,290	\$2,495,763
26	80	\$0	-\$45,752	\$1,289,171	\$2,417,512
27	81	\$0	-\$45,752	\$1,282,868	\$2,335,348
28	82	\$0	-\$45,752	\$1,274,492	\$2,249,075
29	83	\$0	-\$45,752	\$1,264,251	\$2,158,490
30	84	\$0	-\$45,752	\$1,252,221	\$2,063,374
31	85	\$0	-\$45,752	\$1,238,591	\$1,963,504
32	86	\$0	-\$45,752	\$1,224,083	\$1,858,639
33	87	\$0	-\$45,752	\$1,209,655	\$1,748,531
34	88	\$0	-\$45,752	\$1,196,697	\$1,632,918
35	89	\$0	-\$45,752	\$1,187,568	\$1,511,525
36	90	\$0	-\$45,752	\$1,185,654	\$1,384,061
37	91	\$0	\$0	\$1,244,362	\$1,366,206
38	92	\$0	\$0	\$1,320,679	\$1,417,054
39	93	\$0	\$0	\$1,405,052	\$1,472,882
40	94	\$0	\$0	\$1,499,809	\$1,535,665

<b>TOTAL CONTRIBUTION:</b>	<b>-\$1,000,000</b>
<b>TOTAL INCOME:</b>	<b>\$960,792</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$1,499,809</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$2,460,601</b>

3RD YEAR FINANCING					
AGE	ANNUAL CONTRIBUTION	INCOME DRAWDOWNS	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS	
1	55	\$100,000	\$0	\$0	\$5,616,119
2	56	\$100,000	\$0	\$8,644	\$5,683,717
3	57	\$100,000	\$0	\$58,575	\$5,729,482
4	58	\$100,000	\$0	\$123,881	\$5,790,672
5	59	\$100,000	\$0	\$198,308	\$5,861,008
6	60	\$100,000	\$0	\$282,247	\$5,940,880
7	61	\$100,000	\$0	\$375,483	\$6,030,122
8	62	\$100,000	\$0	\$491,087	\$6,128,282
9	63	\$100,000	\$0	\$615,238	\$6,234,989
10	64	\$100,000	\$0	\$778,570	\$6,380,878
11	65	\$0	\$0	\$548,979	\$1,777,544
12	66	\$0	\$0	\$603,559	\$1,813,205
13	67	\$0	\$0	\$660,910	\$1,848,461
14	68	\$0	\$0	\$703,802	\$1,883,131
15	69	\$0	\$0	\$749,833	\$1,917,022
16	70	\$0	-\$57,649	\$756,142	\$1,909,496
17	71	\$0	-\$57,649	\$764,210	\$1,817,764
18	72	\$0	-\$57,649	\$774,475	\$1,714,102
19	73	\$0	-\$57,649	\$787,521	\$1,597,883
20	74	\$0	-\$57,649	\$804,138	\$1,468,578
21	75	\$0	-\$57,649	\$825,381	\$1,325,789
22	76	\$0	-\$57,649	\$848,466	\$1,376,012
23	77	\$0	-\$57,649	\$873,285	\$1,429,355
24	78	\$0	-\$57,649	\$899,659	\$1,485,694
25	79	\$0	-\$57,649	\$927,334	\$1,544,832
26	80	\$0	-\$57,649	\$955,752	\$1,606,254
27	81	\$0	-\$57,649	\$984,950	\$1,670,075
28	82	\$0	-\$57,649	\$1,014,480	\$1,735,901
29	83	\$0	-\$57,649	\$1,043,762	\$1,803,209
30	84	\$0	-\$57,649	\$1,071,853	\$1,871,094
31	85	\$0	-\$57,649	\$1,097,476	\$1,938,307
32	86	\$0	-\$57,649	\$1,119,309	\$2,003,556
33	87	\$0	-\$57,649	\$1,135,571	\$2,065,072
34	88	\$0	-\$57,649	\$1,143,921	\$2,120,502
35	89	\$0	-\$57,649	\$1,141,860	\$2,167,334
36	90	\$0	-\$57,649	\$1,126,258	\$2,202,397
37	91	\$0	\$0	\$1,181,123	\$2,085,022
38	92	\$0	\$0	\$1,253,784	\$1,966,013
39	93	\$0	\$0	\$1,355,737	\$1,855,082
40	94	\$0	\$0	\$1,502,077	\$1,765,019

<b>TOTAL CONTRIBUTION:</b>	<b>-\$1,000,000</b>
<b>TOTAL INCOME:</b>	<b>\$1,210,629</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$1,502,077</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$2,712,706</b>

vs.  
vs.  
vs.



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

version 103446

LP

## 3RD YEAR FINANCING

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

120

5 of 10

08/27/22

Health Rating: **PREFERRED**

Third Party Loan Payoff Type:

**PAR LOAN**

PLR: **6.10%**

Initial Gross Policy Face Amount:

**\$5,550,000**

YEAR	AGE	1 TOTAL POLICY PREMIUMS	2 EQUITY PREMIUMS	3 BORROWED PREMIUMS	4 CUMULATIVE PF LOAN BALANCE	5 FINANCING INTEREST RATE	6 INTEREST DUE	7 INTEREST ACCRUED	8 CLIENT CONTRIBUTION	9 (Cash) GAP COLLATERAL	10 HYPOTHETICAL INDEX CREDIT	11 POLICY DRAWDOWNS	12 GROSS POLICY CSV	13 POLICY CSV NET OF LOANS	14 DEATH BENEFIT NET OF LOANS	15 DEATH BENEFIT + YTY INCOME DRAWDOWN IRR	YEAR	AGE
1	55	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$0	\$0	\$5,616,119	5516.12%	1	55
2	56	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$8,644	\$8,644	\$5,683,717	605.56%	2	56
3	57	\$600,000	\$100,000	\$500,000	\$500,000	4.98%	\$24,920	\$24,920	\$100,000	\$12,504	6.60%	\$0	\$558,575	\$58,575	\$5,729,482	247.00%	3	57
4	58	\$600,000	\$100,000	\$500,000	\$1,024,920	5.09%	\$52,139	\$52,139	\$100,000	\$43,449	6.60%	\$0	\$1,148,801	\$123,881	\$5,790,672	143.44%	4	58
5	59	\$600,000	\$100,000	\$500,000	\$1,577,059	5.19%	\$81,920	\$81,920	\$100,000	\$78,157	6.60%	\$0	\$1,775,367	\$198,308	\$5,861,008	97.31%	5	59
6	60	\$600,000	\$100,000	\$500,000	\$2,158,979	5.31%	\$114,562	\$114,562	\$100,000	\$103,157	6.60%	\$0	\$2,441,226	\$282,247	\$5,940,880	71.97%	6	60
7	61	\$600,000	\$100,000	\$500,000	\$2,773,540	5.42%	\$150,402	\$150,402	\$100,000	\$125,721	6.60%	\$0	\$3,149,023	\$375,483	\$6,030,122	56.21%	7	61
8	62	\$600,000	\$100,000	\$500,000	\$3,423,942	5.54%	\$189,825	\$189,825	\$100,000	\$133,930	6.60%	\$0	\$3,915,029	\$491,087	\$6,128,282	45.59%	8	62
9	63	\$600,000	\$100,000	\$500,000	\$4,113,767	5.67%	\$233,266	\$233,266	\$100,000	\$141,439	6.60%	\$0	\$4,729,005	\$615,238	\$6,234,989	38.02%	9	63
10	64	\$600,000	\$100,000	\$500,000	\$4,847,033	5.80%	\$281,222	\$281,222	\$100,000	\$121,573	6.60%	\$0	\$5,625,603	\$778,570	\$6,380,878	32.47%	10	64
11	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$5,128,254	\$548,979	\$548,979	\$1,777,544	8.77%	11	65
12	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$603,559	\$603,559	\$1,813,205	7.91%	12	66
13	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$660,910	\$660,910	\$1,848,461	7.24%	13	67
14	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$703,802	\$703,802	\$1,883,131	6.70%	14	68
15	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$749,833	\$749,833	\$1,917,022	6.24%	15	69
16	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$756,142	\$756,142	\$1,909,496	5.95%	16	70
17	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$764,210	\$764,210	\$1,817,764	5.36%	17	71
18	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$774,475	\$774,475	\$1,714,102	4.82%	18	72
19	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$787,521	\$787,521	\$1,597,883	4.30%	19	73
20	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$804,138	\$804,138	\$1,468,578	3.79%	20	74
21	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$825,381	\$825,381	\$1,325,789	3.29%	21	75
22	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$848,466	\$848,466	\$1,376,012	3.52%	22	76
23	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$873,285	\$873,285	\$1,429,355	3.72%	23	77
24	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$899,659	\$899,659	\$1,485,694	3.89%	24	78
25	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$927,334	\$927,334	\$1,544,832	4.04%	25	79
26	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$955,752	\$955,752	\$1,606,254	4.17%	26	80
27	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$984,950	\$984,950	\$1,670,075	4.28%	27	81
28	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,014,480	\$1,014,480	\$1,735,901	4.38%	28	82
29	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,043,762	\$1,043,762	\$1,803,209	4.47%	29	83
30	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,071,853	\$1,071,853	\$1,871,094	4.54%	30	84
31	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,097,476	\$1,097,476	\$1,938,307	4.60%	31	85
32	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,119,309	\$1,119,309	\$2,003,556	4.64%	32	86
33	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,135,571	\$1,135,571	\$2,065,072	4.68%	33	87
34	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,143,921	\$1,143,921	\$2,120,502	4.70%	34	88
35	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,141,860	\$1,141,860	\$2,167,334	4.71%	35	89
36	90	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$57,649	\$1,126,258	\$1,126,258	\$2,202,397	4.70%	36	90
37	91	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,181,123	\$1,181,123	\$2,085,022	4.50%	37	91
38	92	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,253,784	\$1,253,784	\$1,966,013	4.30%	38	92
39	93	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,355,737	\$1,355,737	\$1,855,082	4.12%	39	93
40	94	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$1,502,077	\$1,502,077	\$1,765,019	3.96%	40	94

-\$5,000,000    -\$1,000,000    -\$4,000,000

\$1,128,254    \$1,128,254

\$1,000,000

TOTAL INCOME DRAWN:

-\$1,210,629

(INCOME LASTS UNTIL AGE 90)

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/27/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	2.50%
Total Rate Floor:	2.50%
<b>GLOI \$500K - 699K Year-1 Rate:</b>	<b>4.79%</b>
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (Average of every 25-yr run over last 65 years):	6.60%
Reduced Assumed Index Credit:	6.60%

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash    Index Credit
Collateral Valued At:	100.00%    Assumption (ICA)    0.00%
The Gap Collateral (in years 3+) 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 credited at the time of the current year's loan anniversary and the current year's EOY index credit would 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 collateral chosen. The collateral depicted is purely hypothetical and may vary.	

FINANCIAL BENEFIT SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$0
PREMIUMS PAID BY CLIENT:	-\$1,000,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$1,000,000
TOTAL DRAWDOWNS (excluding loan payoff):	\$1,210,629
40-YEAR PROGRAM NET CASH FLOW:	\$210,629
YEAR 40 NET CASH SURRENDER VALUE:	\$1,502,077
<b>40-YEAR CASH GAIN (excluding death benefit):</b>	<b>\$1,712,706</b>
<b>40-YEAR NET CSV IRR:</b>	<b>3.69%</b>

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 contracts 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.

## Interest Due & Client Contributions

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 in force. 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 that 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 in force 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 to 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 my contribute to an outcome less desirable that 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:**  
**M55 - 3YF Income**



**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

## BEST CAGR IN 40-YEAR PERIOD\*

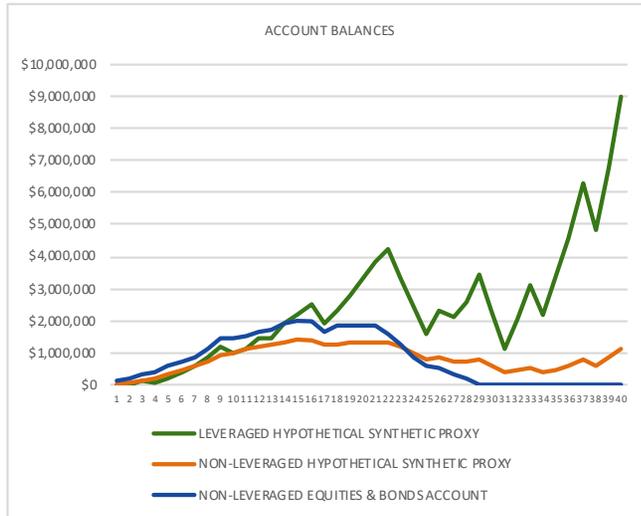
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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 HYPOTHETICAL EQUITIES & BONDS ACCOUNT

## WORST CAGR IN 40-YEAR PERIOD\*

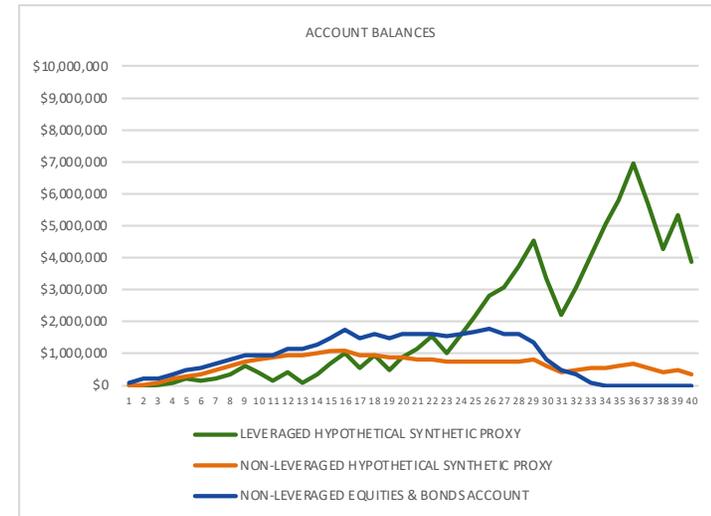
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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)

SYNTHETICALLY MODELED FOR: M55 - 3YF Income  
 ADVISOR: Darren Sugiyama  
 DATE CREATED: 8/27/2022

\*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:

**0.00%** Protective Floor  
**10.25%** 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 worst 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)**

3RD YEAR FINANCING

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

**BEST PRE-PANDEMIC CAGR 40-YEAR PERIOD OUT OF 121 DIFFERENT INDEX PERIODS ANALYZED (STARTING 2/11/1978)**

Current Pre-Bonus Cap: **10.75%**

Current Post-Bonus Max Cap: **10.75%**

**PAGE 5**

		Participation Rate: <b>100.00%</b>		Floor Modeled: <b>0.00%</b>		Upside Design: <b>CAPPED</b>				Pre-Bonus Cap Modeled: <b>10.25%</b>		Post-Bonus Max Cap Modeled: <b>10.25%</b>		8/27/2022				
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
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	55	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1978	11.97%	10.25%	10.25%	\$0	\$67,418	\$1,299
2	56	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1979	14.24%	10.25%	10.25%	\$0	\$138,676	\$13,603
3	57	\$600,000	\$100,000	\$500,000	\$500,000		4.98%	\$24,920	\$24,920	\$100,000	\$11,270	1980	13.48%	10.25%	10.25%	\$0	\$714,699	\$93,792
4	58	\$600,000	\$100,000	\$500,000	\$1,024,920		5.09%	\$52,139	\$52,139	\$100,000	\$38,739	1981	-7.06%	0.00%	0.00%	\$0	\$1,221,323	\$79,611
5	59	\$600,000	\$100,000	\$500,000	\$1,577,059		5.19%	\$81,920	\$81,920	\$100,000	\$44,702	1982	20.68%	10.25%	10.25%	\$0	\$1,902,593	\$212,834
6	60	\$600,000	\$100,000	\$500,000	\$2,158,979		5.31%	\$114,562	\$114,562	\$100,000	\$145,213	1983	12.46%	10.25%	10.25%	\$0	\$2,651,812	\$384,200
7	61	\$600,000	\$100,000	\$500,000	\$2,773,540		5.42%	\$150,402	\$150,402	\$100,000	\$111,922	1984	9.93%	9.93%	9.93%	\$0	\$3,465,837	\$587,657
8	62	\$600,000	\$100,000	\$500,000	\$3,423,942		5.54%	\$189,825	\$189,825	\$100,000	\$37,074	1985	17.90%	10.25%	10.25%	\$0	\$4,371,713	\$860,576
9	63	\$600,000	\$100,000	\$500,000	\$4,113,767		5.67%	\$233,266	\$233,266	\$100,000	\$0	1986	29.42%	10.25%	10.25%	\$0	\$5,368,915	\$1,185,397
10	64	\$600,000	\$100,000	\$500,000	\$4,847,033		5.80%	\$281,222	\$281,222	\$100,000	\$0	1987	-6.21%	0.00%	0.00%	\$0	\$5,895,116	\$995,775
11	65	\$0	\$0	\$0	\$0	-\$5,128,254	0.00%	\$0	\$0	\$0	\$0	1988	15.72%	10.25%	10.25%	\$0	\$6,472,848	\$1,088,181
12	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	10.63%	10.25%	10.25%	\$0	\$7,109,321	\$1,455,421
13	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	4.51%	4.51%	4.51%	\$0	\$7,403,686	\$1,467,091
14	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	18.86%	10.25%	10.25%	\$0	\$8,133,669	\$1,900,243
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	7.34%	7.34%	7.34%	\$0	\$8,701,410	\$2,156,313
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	9.76%	9.76%	9.76%	-\$172,505	\$9,538,996	\$2,485,514
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	-2.32%	0.00%	0.00%	-\$198,841	\$9,527,901	\$1,912,962
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	35.20%	10.25%	10.25%	-\$153,037	\$10,492,122	\$2,335,747
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	23.61%	10.25%	10.25%	-\$186,860	\$11,555,390	\$2,794,993
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	24.69%	10.25%	10.25%	-\$223,599	\$12,728,401	\$3,295,205
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	30.54%	10.25%	10.25%	-\$263,616	\$14,023,169	\$3,841,517
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.97%	8.97%	-\$307,321	\$15,269,812	\$4,256,389
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	-\$340,511	\$15,257,108	\$3,335,477
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	-\$266,838	\$15,241,979	\$2,444,087
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	-\$195,527	\$15,223,965	\$1,580,875
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	32.19%	10.25%	10.25%	-\$126,470	\$16,760,556	\$2,302,518
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	4.43%	-\$184,201	\$17,476,964	\$2,102,613
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.36%	8.36%	-\$168,209	\$18,906,563	\$2,586,875
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	12.36%	10.25%	10.25%	-\$206,950	\$20,805,988	\$3,453,017
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$276,241	\$20,764,911	\$2,254,238
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$180,339	\$20,716,362	\$1,090,800
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	30.03%	10.25%	10.25%	-\$87,264	\$22,776,612	\$2,078,145
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	19.76%	10.25%	10.25%	-\$166,252	\$25,036,564	\$3,128,610
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.04%	-\$250,289	\$25,466,502	\$2,200,347
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2012	14.15%	10.25%	10.25%	-\$176,028	\$27,972,306	\$3,358,014
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2013	18.99%	10.25%	10.25%	-\$268,641	\$30,716,045	\$4,588,965
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2014	11.92%	10.25%	10.25%	\$0	\$33,747,106	\$6,313,672
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	\$0	\$33,649,985	\$4,844,879
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2016	17.45%	10.25%	10.25%	\$0	\$37,013,034	\$6,767,673
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2017	23.91%	10.25%	10.25%	\$0	\$40,755,554	\$8,997,925
		\$1,000,000	\$4,000,000					\$1,128,254	\$1,128,254	\$1,000,000		<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>		\$209,502			<b>BEST 40</b>	

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$500K-699K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.50%
<b>Starting Borrowing Rate: 4.79%</b>	
Compounded Annual Base Rate Increase:	4.15%
Total Rate Floor:	2.50%
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:	11
Payoff Amount:	\$5,128,254
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	

CASH FLOW SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$0
TOTAL CLIENT OUTLAY:	-\$1,000,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$209,502
TOTAL INCOME DRAWDOWN:	\$4,399,540
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$8,997,925
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$13,397,465
RAW S&P 500 CAGR:	9.02%
40-YEAR NET ACCOUNT IRR:	10.01%

**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)**

3RD YEAR FINANCING

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

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

Current Pre-Bonus Cap: **10.75%**

Current Post-Bonus Max Cap: **10.75%**

**PAGE 7**

		Participation Rate: <b>100.00%</b>			Floor Modeled: <b>0.00%</b>		Upside Design: <b>CAPPED</b>				Pre-Bonus Cap Modeled: <b>10.25%</b>		Post-Bonus Max Cap Modeled: <b>10.25%</b>			8/27/2022	
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
YEAR	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	55	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	1971	12.42%	10.25%	10.25%	\$0	\$67,418	\$1,299
2	56	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	1972	-1.92%	0.00%	0.00%	\$0	\$125,783	\$710
3	57	\$600,000	\$100,000	\$500,000	\$500,000	4.98%	\$24,920	\$24,920	\$100,000	\$11,270	1973	-41.40%	0.00%	0.00%	\$0	\$635,360	\$14,453
4	58	\$600,000	\$100,000	\$500,000	\$1,024,920	5.09%	\$52,139	\$52,139	\$100,000	\$50,987	1974	32.00%	10.25%	10.25%	\$0	\$1,259,037	\$117,326
5	59	\$600,000	\$100,000	\$500,000	\$1,577,059	5.19%	\$81,920	\$81,920	\$100,000	\$120,073	1975	25.48%	10.25%	10.25%	\$0	\$1,944,173	\$254,414
6	60	\$600,000	\$100,000	\$500,000	\$2,158,979	5.31%	\$114,562	\$114,562	\$100,000	\$109,384	1976	-8.28%	0.00%	0.00%	\$0	\$2,446,852	\$179,240
7	61	\$600,000	\$100,000	\$500,000	\$2,773,540	5.42%	\$150,402	\$150,402	\$100,000	\$72,420	1977	6.23%	6.23%	6.23%	\$0	\$3,131,462	\$253,283
8	62	\$600,000	\$100,000	\$500,000	\$3,423,942	5.54%	\$189,825	\$189,825	\$100,000	\$231,786	1978	6.61%	6.61%	6.61%	\$0	\$3,870,975	\$359,838
9	63	\$600,000	\$100,000	\$500,000	\$4,113,767	5.67%	\$233,266	\$233,266	\$100,000	\$257,529	1979	14.76%	10.25%	10.25%	\$0	\$4,816,851	\$633,333
10	64	\$600,000	\$100,000	\$500,000	\$4,847,033	5.80%	\$281,222	\$281,222	\$100,000	\$246,260	1980	-7.40%	0.00%	0.00%	\$0	\$5,343,052	\$443,711
11	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1981	3.65%	3.65%	3.65%	\$0	\$5,513,117	\$128,450
12	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1982	37.91%	10.25%	10.25%	\$0	\$6,051,218	\$397,318
13	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1983	0.02%	0.02%	0.02%	\$0	\$6,027,000	\$90,404
14	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1984	9.62%	9.62%	9.62%	\$0	\$6,578,109	\$344,684
15	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1985	27.04%	10.25%	10.25%	\$0	\$7,222,393	\$677,296
16	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1986	39.13%	10.25%	10.25%	-\$54,184	\$7,950,864	\$1,021,620
17	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	-\$81,730	\$7,939,769	\$578,246
18	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1988	28.41%	10.25%	10.25%	-\$46,260	\$8,741,207	\$963,035
19	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1989	-12.34%	0.00%	0.00%	-\$77,043	\$8,730,164	\$482,189
20	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1990	26.73%	10.25%	10.25%	-\$38,575	\$9,613,589	\$912,711
21	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	7.72%	-\$73,017	\$10,346,023	\$1,133,434
22	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1992	9.84%	9.84%	9.84%	-\$90,675	\$11,352,804	\$1,584,377
23	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	0.82%	-\$126,750	\$11,433,503	\$1,043,567
24	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1994	26.30%	10.25%	10.25%	-\$83,485	\$12,588,757	\$1,591,665
25	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1995	17.61%	10.25%	10.25%	-\$127,333	\$13,859,245	\$2,178,598
26	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1996	37.82%	10.25%	10.25%	-\$174,288	\$15,255,952	\$2,808,271
27	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	7.36%	-\$224,662	\$16,351,666	\$3,045,706
28	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1998	26.13%	10.25%	10.25%	-\$243,656	\$17,994,850	\$3,767,752
29	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	1999	11.99%	10.25%	10.25%	-\$301,420	\$19,800,824	\$4,545,880
30	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$363,670	\$19,759,747	\$3,360,202
31	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$268,816	\$19,711,198	\$2,209,419
32	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2002	22.16%	10.25%	10.25%	-\$176,754	\$21,668,419	\$3,105,960
33	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2003	11.91%	10.25%	10.25%	-\$248,477	\$23,814,782	\$4,063,299
34	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2004	10.25%	10.25%	10.25%	-\$325,064	\$26,167,067	\$5,086,693
35	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.71%	8.71%	-\$406,935	\$28,343,390	\$5,781,715
36	90	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2006	14.29%	10.25%	10.25%	-\$462,537	\$31,125,164	\$6,949,741
37	91	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	\$0	\$31,018,739	\$5,634,545
38	92	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	\$0	\$30,921,618	\$4,268,215
39	93	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	7.96%	\$0	\$33,298,005	\$5,311,931
40	94	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	\$0	\$33,251,460	\$3,866,082
		\$1,000,000	\$4,000,000				\$1,128,254	\$1,128,254	\$1,000,000	\$0	<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>			\$190,254	<b>WORST 40</b>		

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$500K-699K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.50%
<b>Starting Borrowing Rate: 4.79%</b>	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 2.50%	
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	<b>PARTICIPATING</b>
PLR:	<b>5.00%</b>
% of Previous Year's EOY Value Drawdown:	<b>8.00%</b>
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	<b>11</b>
Payoff Amount:	<b>\$5,128,254</b>
Third Party Loan Paid Off With:	<b>PAR LOAN</b>

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	<b>Cash</b>
Credit Assumption:	<b>0.00%</b>
Collateral Valued At:	<b>100.00%</b>
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	

<b>1ST YEAR COLLATERAL REQUIREMENT:</b>	<b>\$0</b>
<b>TOTAL CLIENT OUTLAY:</b>	<b>-\$1,000,000</b>
<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>	<b>\$190,254</b>
<b>TOTAL INCOME DRAWDOWN:</b>	<b>\$3,995,331</b>
<b>40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$3,866,082</b>
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$7,861,413</b>
<b>RAW S&amp;P 500 CAGR: 6.30%</b>	<b>40-YEAR NET ACCOUNT IRR: 7.63%</b>

**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)**  
3RD YEAR FINANCING

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

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

Current Pre-Bonus Cap: **10.75%**

Current Post-Bonus Max Cap: **10.75%**

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		Participation Rate: <b>100.00%</b>			Floor Modeled: <b>0.00%</b>		Upside Design: <b>CAPPED</b>				Pre-Bonus Cap Modeled: <b>10.25%</b>		Post-Bonus Max Cap Modeled: <b>10.25%</b>			8/27/2022		
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
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	55	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1982	20.68%	10.25%	10.25%	\$0	\$67,418	\$1,299
2	56	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1983	12.46%	10.25%	10.25%	\$0	\$138,676	\$13,603
3	57	\$600,000	\$100,000	\$500,000	\$500,000		9.15%	\$45,750	\$45,750	\$100,000	\$11,270	1984	9.93%	10.25%	9.93%	\$0	\$712,598	\$91,691
4	58	\$600,000	\$100,000	\$500,000	\$1,045,750		7.90%	\$82,614	\$82,614	\$100,000	\$59,569	1985	17.90%	10.25%	10.25%	\$0	\$1,344,192	\$181,651
5	59	\$600,000	\$100,000	\$500,000	\$1,628,364		5.90%	\$96,073	\$96,073	\$100,000	\$98,003	1986	29.42%	10.25%	10.25%	\$0	\$2,038,056	\$296,992
6	60	\$600,000	\$100,000	\$500,000	\$2,224,438		7.15%	\$159,047	\$159,047	\$100,000	\$93,946	1987	-6.21%	0.00%	0.00%	\$0	\$2,540,735	\$207,665
7	61	\$600,000	\$100,000	\$500,000	\$2,883,485		8.90%	\$256,630	\$256,630	\$100,000	\$93,176	1988	15.72%	10.25%	10.25%	\$0	\$3,353,591	\$365,467
8	62	\$600,000	\$100,000	\$500,000	\$3,640,115		9.90%	\$360,371	\$360,371	\$100,000	\$358,770	1989	10.63%	10.25%	10.25%	\$0	\$4,247,963	\$520,653
9	63	\$600,000	\$100,000	\$500,000	\$4,500,487		8.40%	\$378,041	\$378,041	\$100,000	\$433,226	1990	4.51%	0.00%	0.00%	\$0	\$4,960,182	\$389,944
10	64	\$600,000	\$100,000	\$500,000	\$5,378,527		6.90%	\$371,118	\$371,118	\$100,000	\$419,616	1991	18.86%	10.25%	10.25%	\$0	\$6,048,737	\$617,901
11	65	\$0	\$0	\$0	\$0	-\$5,749,646	0.00%	\$0	\$0	\$0	\$0	1992	7.34%	7.34%	7.34%	\$0	\$6,466,831	\$429,703
12	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	9.76%	9.76%	9.76%	\$0	\$7,071,194	\$732,210
13	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	-2.32%	0.00%	0.00%	\$0	\$7,045,887	\$389,953
14	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	35.20%	10.25%	10.25%	\$0	\$7,739,195	\$750,465
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	23.61%	10.25%	10.25%	\$0	\$8,502,490	\$1,164,323
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	24.69%	10.25%	10.25%	-\$93,146	\$9,362,171	\$1,559,293
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	30.54%	10.25%	10.25%	-\$124,743	\$10,309,562	\$1,985,558
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.97%	8.97%	-\$158,845	\$11,222,376	\$2,315,386
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	-\$185,231	\$11,211,333	\$1,664,501
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	-\$133,160	\$11,200,978	\$1,036,986
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	-\$82,959	\$11,192,005	\$432,707
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	32.19%	10.25%	10.25%	-\$34,617	\$12,327,416	\$993,806
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	4.43%	-\$79,504	\$12,860,591	\$876,820
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.36%	8.36%	-\$70,146	\$13,919,949	\$1,263,337
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	12.36%	10.25%	10.25%	-\$101,067	\$15,326,883	\$1,931,320
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$154,506	\$15,305,237	\$1,077,665
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$86,213	\$15,279,820	\$250,346
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	30.03%	10.25%	10.25%	-\$20,028	\$16,813,140	\$1,011,162
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	19.76%	10.25%	10.25%	-\$80,893	\$18,497,988	\$1,820,974
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.04%	-\$145,678	\$18,834,196	\$1,170,369
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2012	14.15%	10.25%	10.25%	-\$93,630	\$20,711,175	\$2,065,847
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2013	18.99%	10.25%	10.25%	-\$165,268	\$22,770,894	\$3,019,768
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2014	11.92%	10.25%	10.25%	-\$241,581	\$25,030,261	\$4,037,918
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	-\$323,033	\$24,950,057	\$2,568,911
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2016	17.45%	10.25%	10.25%	-\$205,513	\$27,402,925	\$3,686,934
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2017	23.91%	10.25%	10.25%	-\$294,955	\$30,088,302	\$4,876,809
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2018	-4.41%	0.00%	0.00%	\$0	\$29,981,877	\$3,509,809
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2019	31.74%	10.25%	10.25%	\$0	\$32,947,943	\$5,152,272
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2020	18.38%	10.25%	10.25%	\$0	\$36,239,033	\$7,053,579
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2021	28.83%	10.25%	10.25%	\$0	\$39,902,218	\$9,257,491
		<b>\$1,000,000</b>		<b>\$4,000,000</b>				<b>\$1,749,646</b>		<b>\$1,749,646</b>		<b>\$1,000,000</b>		<b>AVERAGE ANNUAL INCOME DRAWDOWN: \$136,891</b>		<b>MOST RECENT 40</b>		

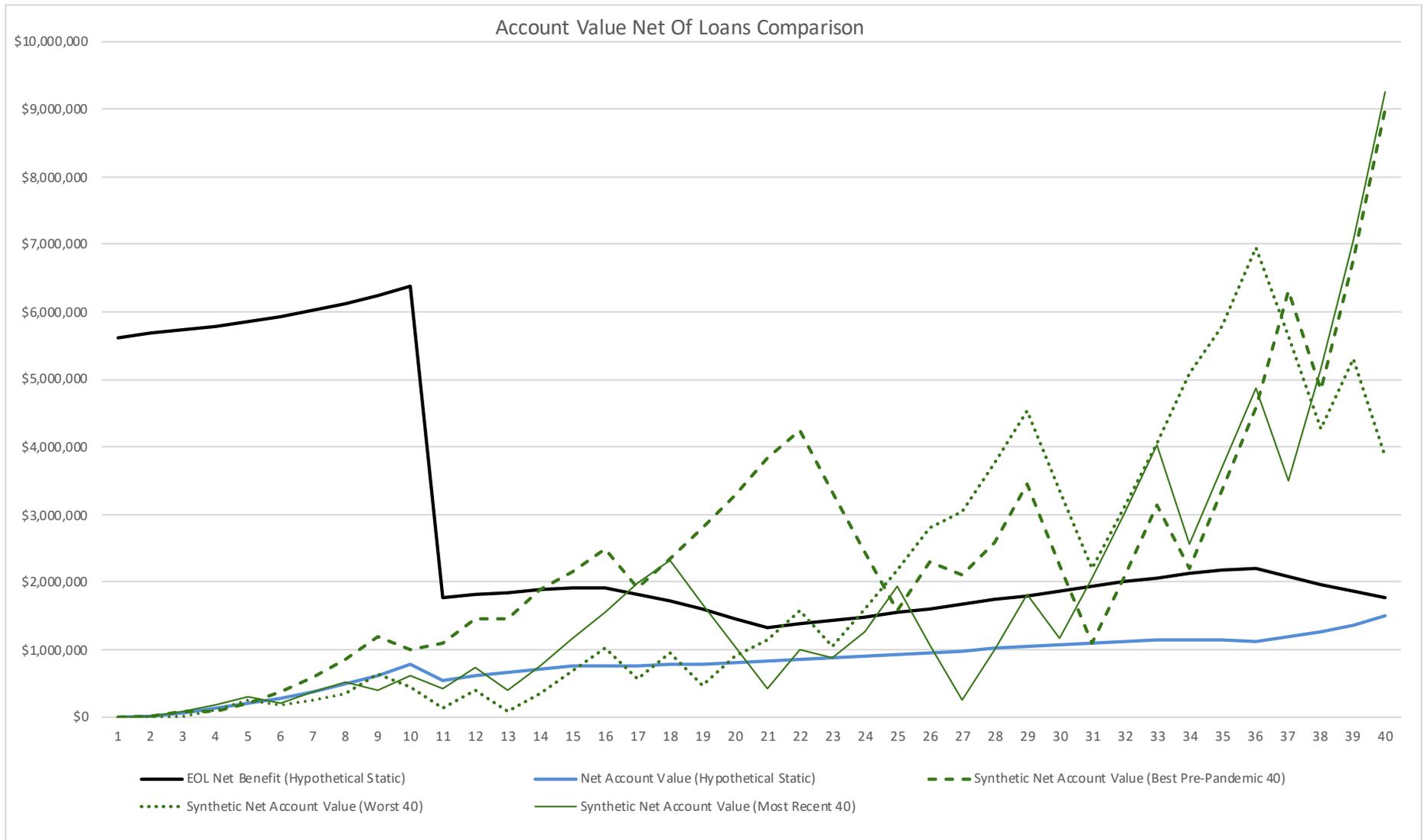
BORROWING INTEREST ASSUMPTIONS	
Hypothetical Loan Rate	Prime: 2.29%
	Lender Spread: -1.60%
Starting Borrowing Rate:	0.69%
Borrowing Rate Volatility:	HistoricalRates
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	<b>PARTICIPATING</b>
PLR:	<b>5.00%</b>
% of Previous Year's EOY Value Drawdown:	<b>8.00%</b>
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	11
Payoff Amount:	<b>\$5,749,646</b>
Third Party Loan Paid Off With:	<b>PAR LOAN</b>

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash
Credit Assumption:	0.00%
Collateral Valued At:	<b>100.00%</b>
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:	\$0
TOTAL CLIENT OUTLAY:	-\$1,000,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$136,891
TOTAL INCOME DRAWDOWN:	\$2,874,715
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$9,257,491
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$12,132,206
RAW S&P 500 CAGR: 9.99%	40-YEAR NET ACCOUNT IRR: 8.61%

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

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.



SCENARIO MODELED	PAYOFF YEAR	TOTAL OUTLAY	TOTAL INCOME DRAWDOWN	NET ACCOUNT VALUE IN YEAR 40	RETURNS DEPICTED	VOLATILITY MODELED	CAGR	PAR LOAN RATE	40-YEAR IRR
— Hypothetical Static:	11	-\$1,000,000	\$1,210,629	\$1,502,077	hypothetical static	no	6.60%	6.10%	3.69%
- - - Synthetic Best 40*:	11	-\$1,000,000	\$4,399,540	\$8,997,925	actual historical*	yes	9.02%	5.00%	10.01%
..... Synthetic Worst 40*:	11	-\$1,000,000	\$3,995,331	\$3,866,082	actual historical*	yes	6.30%	5.00%	7.63%
— Synthetic (1982-2021):	11	-\$1,000,000	\$2,874,715	\$9,257,491	actual historical*	yes	9.99%	5.00%	8.61%

\*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)

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$38,850	1978	11.97%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$6,268	-\$38,850	-\$32,582	\$61,150	\$67,418	\$1,299
2	0.00%	\$0	-\$41,635	1979	14.24%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$12,893	-\$41,635	-\$28,742	\$125,783	\$138,676	\$13,603
3	0.00%	\$0	-\$90,423	1980	13.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$66,446	-\$90,423	-\$23,977	\$648,253	\$714,699	\$93,792
4	0.00%	\$0	-\$93,376	1981	-7.06%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$93,376	-\$93,376	\$1,221,323	\$1,221,323	\$79,611
5	0.00%	\$0	-\$95,615	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$176,885	-\$95,615	\$81,270	\$1,725,708	\$1,902,593	\$212,834
6	0.00%	\$0	-\$97,321	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$246,540	-\$97,321	\$149,219	\$2,405,272	\$2,651,812	\$384,200
7	0.00%	\$0	-\$98,929	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$312,954	-\$98,929	\$214,025	\$3,152,883	\$3,465,837	\$587,657
8	0.00%	\$0	-\$100,564	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$406,440	-\$100,564	\$305,876	\$3,965,273	\$4,371,713	\$860,576
9	0.00%	\$0	-\$101,949	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$499,151	-\$101,949	\$397,202	\$4,869,764	\$5,368,915	\$1,185,397
10	0.00%	\$0	-\$73,799	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$73,799	-\$73,799	\$5,895,116	\$5,895,116	\$995,775
11	0.00%	\$0	-\$24,052	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$601,784	-\$24,052	\$577,732	\$5,871,064	\$6,472,848	\$1,088,181
12	0.00%	\$0	-\$24,484	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$660,957	-\$24,484	\$636,473	\$6,448,364	\$7,109,321	\$1,455,421
13	0.00%	\$0	-\$25,307	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$319,672	-\$25,307	\$294,365	\$7,084,014	\$7,403,686	\$1,467,091
14	0.00%	\$0	-\$26,209	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$756,191	-\$26,209	\$729,982	\$7,377,477	\$8,133,669	\$1,900,243
15	0.00%	\$0	-\$27,186	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$594,928	-\$27,186	\$567,742	\$8,106,483	\$8,701,410	\$2,156,313
16	0.00%	\$0	-\$10,725	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$848,311	-\$10,725	\$837,586	\$8,690,685	\$9,538,996	\$2,485,514
17	0.00%	\$0	-\$11,095	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$11,095	-\$11,095	\$9,527,901	\$9,527,901	\$1,912,962
18	0.00%	\$0	-\$11,237	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$975,458	-\$11,237	\$964,221	\$9,516,664	\$10,492,122	\$2,335,747
19	0.00%	\$0	-\$11,043	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,074,311	-\$11,043	\$1,063,268	\$10,481,079	\$11,555,390	\$2,794,993
20	0.00%	\$0	-\$10,355	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,183,366	-\$10,355	\$1,173,011	\$11,545,035	\$12,728,401	\$3,295,205
21	0.00%	\$0	-\$8,973	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,303,741	-\$8,973	\$1,294,768	\$12,719,428	\$14,023,169	\$3,841,517
22	0.00%	\$0	-\$10,675	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$1,257,318	-\$10,675	\$1,246,643	\$14,012,494	\$15,269,812	\$4,256,389
23	0.00%	\$0	-\$12,704	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$12,704	-\$12,704	\$15,257,108	\$15,257,108	\$3,335,477
24	0.00%	\$0	-\$15,129	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$15,129	-\$15,129	\$15,241,979	\$15,241,979	\$2,444,087
25	0.00%	\$0	-\$18,014	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$18,014	-\$18,014	\$15,223,965	\$15,223,965	\$1,580,875
26	0.00%	\$0	-\$21,646	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,558,238	-\$21,646	\$1,536,592	\$15,202,319	\$16,760,556	\$2,302,518
27	0.00%	\$0	-\$25,417	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$741,825	-\$25,417	\$716,408	\$16,735,139	\$17,476,964	\$2,102,613
28	0.00%	\$0	-\$29,807	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$1,459,406	-\$29,807	\$1,429,599	\$17,447,157	\$18,906,563	\$2,586,875
29	0.00%	\$0	-\$34,919	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,934,344	-\$34,919	\$1,899,425	\$18,871,644	\$20,805,988	\$3,453,017
30	0.00%	\$0	-\$41,077	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$41,077	-\$41,077	\$20,764,911	\$20,764,911	\$2,254,238
31	0.00%	\$0	-\$48,549	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,549	-\$48,549	\$20,716,362	\$20,716,362	\$1,090,800
32	0.00%	\$0	-\$57,303	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,117,553	-\$57,303	\$2,060,250	\$20,659,059	\$22,776,612	\$2,078,145
33	0.00%	\$0	-\$67,710	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,327,662	-\$67,710	\$2,259,952	\$22,708,902	\$25,036,564	\$3,128,610
34	0.00%	\$0	-\$80,204	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$510,142	-\$80,204	\$429,938	\$24,956,360	\$25,466,502	\$2,200,347
35	0.00%	\$0	-\$94,796	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,600,600	-\$94,796	\$2,505,804	\$25,371,706	\$27,972,306	\$3,358,014
36	0.00%	\$0	-\$111,948	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,855,687	-\$111,948	\$2,743,739	\$27,860,358	\$30,716,045	\$4,588,965
37	0.00%	\$0	-\$106,425	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$3,137,486	-\$106,425	\$3,031,061	\$30,609,620	\$33,747,106	\$6,313,672
38	0.00%	\$0	-\$97,121	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,121	-\$97,121	\$33,649,985	\$33,649,985	\$4,844,879
39	0.00%	\$0	-\$78,072	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$3,441,121	-\$78,072	\$3,363,049	\$33,571,913	\$37,013,034	\$6,767,673
40	0.00%	\$0	-\$46,545	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$3,789,065	-\$46,545	\$3,742,520	\$36,966,489	\$40,755,554	\$8,997,925

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.

**HYPOTHETICAL SYNTHETIC PROXY**

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

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$38,850	1971	12.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$6,268	-\$38,850	-\$32,582	\$61,150	\$67,418	\$1,299
2	0.00%	\$0	-\$41,635	1972	-1.92%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$41,635	-\$41,635	\$125,783	\$125,783	\$710
3	0.00%	\$0	-\$90,423	1973	-41.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$90,423	-\$90,423	\$635,360	\$635,360	\$14,453
4	0.00%	\$0	-\$93,376	1974	32.00%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$117,053	-\$93,376	\$23,677	\$1,141,984	\$1,259,037	\$117,326
5	0.00%	\$0	-\$95,615	1975	25.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$180,751	-\$95,615	\$85,136	\$1,763,422	\$1,944,173	\$254,414
6	0.00%	\$0	-\$97,321	1976	-8.28%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,321	-\$97,321	\$2,446,852	\$2,446,852	\$179,240
7	0.00%	\$0	-\$98,929	1977	6.23%	6.23%	x 1.00	= 6.23%	+ 0.00%	= 6.23%	\$183,539	-\$98,929	\$84,610	\$2,947,923	\$3,131,462	\$253,283
8	0.00%	\$0	-\$100,564	1978	6.61%	6.61%	x 1.00	= 6.61%	+ 0.00%	= 6.61%	\$240,077	-\$100,564	\$139,513	\$3,630,898	\$3,870,975	\$359,838
9	0.00%	\$0	-\$101,949	1979	14.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$447,825	-\$101,949	\$345,876	\$4,369,026	\$4,816,851	\$633,333
10	0.00%	\$0	-\$73,799	1980	-7.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$73,799	-\$73,799	\$5,343,052	\$5,343,052	\$443,711
11	0.00%	\$0	-\$24,052	1981	3.65%	3.65%	x 1.00	= 3.65%	+ 0.00%	= 3.65%	\$194,117	-\$24,052	\$170,065	\$5,319,000	\$5,513,117	\$128,450
12	0.00%	\$0	-\$24,484	1982	37.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$562,585	-\$24,484	\$538,101	\$5,488,633	\$6,051,218	\$397,318
13	0.00%	\$0	-\$25,307	1983	0.02%	0.02%	x 1.00	= 0.02%	+ 0.00%	= 0.02%	\$1,089	-\$25,307	-\$24,218	\$6,025,911	\$6,027,000	\$90,404
14	0.00%	\$0	-\$26,209	1984	9.62%	9.62%	x 1.00	= 9.62%	+ 0.00%	= 9.62%	\$577,319	-\$26,209	\$551,110	\$6,000,791	\$6,578,109	\$344,684
15	0.00%	\$0	-\$27,186	1985	27.04%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$671,470	-\$27,186	\$644,284	\$6,550,923	\$7,222,393	\$677,296
16	0.00%	\$0	-\$10,725	1986	39.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$739,196	-\$10,725	\$728,471	\$7,211,668	\$7,950,864	\$1,021,620
17	0.00%	\$0	-\$11,095	1987	-15.51%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$11,095	-\$11,095	\$7,939,769	\$7,939,769	\$578,246
18	0.00%	\$0	-\$11,237	1988	28.41%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$812,675	-\$11,237	\$801,438	\$7,928,532	\$8,741,207	\$963,035
19	0.00%	\$0	-\$11,043	1989	-12.34%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$11,043	-\$11,043	\$8,730,164	\$8,730,164	\$482,189
20	0.00%	\$0	-\$10,355	1990	26.73%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$893,780	-\$10,355	\$883,425	\$8,719,809	\$9,613,589	\$912,711
21	0.00%	\$0	-\$8,973	1991	7.72%	7.72%	x 1.00	= 7.72%	+ 0.00%	= 7.72%	\$741,407	-\$8,973	\$732,434	\$9,604,616	\$10,346,023	\$1,133,434
22	0.00%	\$0	-\$10,675	1992	9.84%	9.84%	x 1.00	= 9.84%	+ 0.00%	= 9.84%	\$1,017,456	-\$10,675	\$1,006,781	\$10,335,348	\$11,352,804	\$1,584,377
23	0.00%	\$0	-\$12,704	1993	0.82%	0.82%	x 1.00	= 0.82%	+ 0.00%	= 0.82%	\$93,403	-\$12,704	\$80,699	\$11,340,100	\$11,433,503	\$1,043,567
24	0.00%	\$0	-\$15,129	1994	26.30%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,170,383	-\$15,129	\$1,155,254	\$11,418,374	\$12,588,757	\$1,591,665
25	0.00%	\$0	-\$18,014	1995	17.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,288,501	-\$18,014	\$1,270,487	\$12,570,743	\$13,859,245	\$2,178,598
26	0.00%	\$0	-\$21,646	1996	37.82%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,418,354	-\$21,646	\$1,396,708	\$13,837,599	\$15,255,952	\$2,808,271
27	0.00%	\$0	-\$25,417	1997	7.36%	7.36%	x 1.00	= 7.36%	+ 0.00%	= 7.36%	\$1,121,131	-\$25,417	\$1,095,714	\$15,230,535	\$16,351,666	\$3,045,706
28	0.00%	\$0	-\$29,807	1998	26.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,672,991	-\$29,807	\$1,643,184	\$16,321,859	\$17,994,850	\$3,767,752
29	0.00%	\$0	-\$34,919	1999	11.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,840,893	-\$34,919	\$1,805,974	\$17,959,931	\$19,800,824	\$4,545,880
30	0.00%	\$0	-\$41,077	2000	-27.54%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$41,077	-\$41,077	\$19,759,747	\$19,759,747	\$3,360,202
31	0.00%	\$0	-\$48,549	2001	-21.68%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,549	-\$48,549	\$19,711,198	\$19,711,198	\$2,209,419
32	0.00%	\$0	-\$57,303	2002	22.16%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,014,524	-\$57,303	\$1,957,221	\$19,653,895	\$21,668,419	\$3,105,960
33	0.00%	\$0	-\$67,710	2003	11.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,214,073	-\$67,710	\$2,146,363	\$21,600,709	\$23,814,782	\$4,063,299
34	0.00%	\$0	-\$80,204	2004	10.25%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,432,489	-\$80,204	\$2,352,285	\$23,734,578	\$26,167,067	\$5,086,693
35	0.00%	\$0	-\$94,796	2005	8.71%	8.71%	x 1.00	= 8.71%	+ 0.00%	= 8.71%	\$2,271,119	-\$94,796	\$2,176,323	\$26,072,271	\$28,343,390	\$5,781,715
36	0.00%	\$0	-\$111,948	2006	14.29%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,893,723	-\$111,948	\$2,781,775	\$28,231,442	\$31,125,164	\$6,949,741
37	0.00%	\$0	-\$106,425	2007	-23.61%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$106,425	-\$106,425	\$31,018,739	\$31,018,739	\$5,634,545
38	0.00%	\$0	-\$97,121	2008	-9.37%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,121	-\$97,121	\$30,921,618	\$30,921,618	\$4,268,215
39	0.00%	\$0	-\$78,072	2009	7.96%	7.96%	x 1.00	= 7.96%	+ 0.00%	= 7.96%	\$2,454,459	-\$78,072	\$2,376,387	\$30,843,546	\$33,298,005	\$5,311,931
40	0.00%	\$0	-\$46,545	2010	-0.86%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$46,545	-\$46,545	\$33,251,460	\$33,251,460	\$3,866,082

**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.

**HYPOTHETICAL SYNTHETIC PROXY**

**CHARGES + CREDITS + BONUSES**

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

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**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$38,850	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$6,268	-\$38,850	-\$32,582	\$61,150	\$67,418	\$1,299
2	0.00%	\$0	-\$41,635	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$12,893	-\$41,635	-\$28,742	\$125,783	\$138,676	\$13,603
3	0.00%	\$0	-\$90,423	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$64,345	-\$90,423	-\$26,078	\$648,253	\$712,598	\$91,691
4	0.00%	\$0	-\$93,376	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$124,970	-\$93,376	\$31,594	\$1,219,222	\$1,344,192	\$181,651
5	0.00%	\$0	-\$95,615	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$189,479	-\$95,615	\$93,864	\$1,848,577	\$2,038,056	\$296,992
6	0.00%	\$0	-\$97,321	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$97,321	-\$97,321	\$2,540,735	\$2,540,735	\$207,665
7	0.00%	\$0	-\$98,929	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$311,785	-\$98,929	\$212,856	\$3,041,806	\$3,353,591	\$365,467
8	0.00%	\$0	-\$100,564	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$394,935	-\$100,564	\$294,371	\$3,853,027	\$4,247,963	\$520,653
9	0.00%	\$0	-\$101,949	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$214,168	-\$101,949	\$112,219	\$4,746,014	\$4,960,182	\$389,944
10	0.00%	\$0	-\$73,799	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$562,354	-\$73,799	\$488,555	\$5,486,383	\$6,048,737	\$617,901
11	0.00%	\$0	-\$24,052	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$442,146	-\$24,052	\$418,094	\$6,024,685	\$6,466,831	\$429,703
12	0.00%	\$0	-\$24,484	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$628,847	-\$24,484	\$604,363	\$6,442,347	\$7,071,194	\$732,210
13	0.00%	\$0	-\$25,307	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$25,307	-\$25,307	\$7,045,887	\$7,045,887	\$389,953
14	0.00%	\$0	-\$26,209	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$719,517	-\$26,209	\$693,308	\$7,019,678	\$7,739,195	\$750,465
15	0.00%	\$0	-\$27,186	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$790,481	-\$27,186	\$763,295	\$7,712,009	\$8,502,490	\$1,164,323
16	0.00%	\$0	-\$10,725	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$870,406	-\$10,725	\$859,681	\$8,491,765	\$9,362,171	\$1,559,293
17	0.00%	\$0	-\$11,095	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$958,485	-\$11,095	\$947,390	\$9,351,076	\$10,309,562	\$1,985,558
18	0.00%	\$0	-\$11,237	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$924,051	-\$11,237	\$912,814	\$10,298,325	\$11,222,376	\$2,315,386
19	0.00%	\$0	-\$11,043	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$11,043	-\$11,043	\$11,211,333	\$11,211,333	\$1,664,501
20	0.00%	\$0	-\$10,355	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,355	-\$10,355	\$11,200,978	\$11,200,978	\$1,036,986
21	0.00%	\$0	-\$8,973	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$8,973	-\$8,973	\$11,192,005	\$11,192,005	\$432,707
22	0.00%	\$0	-\$10,675	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,146,086	-\$10,675	\$1,135,411	\$11,181,330	\$12,327,416	\$993,806
23	0.00%	\$0	-\$12,704	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$545,879	-\$12,704	\$533,175	\$12,314,712	\$12,860,591	\$876,820
24	0.00%	\$0	-\$15,129	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$1,074,487	-\$15,129	\$1,059,358	\$12,845,462	\$13,919,949	\$1,263,337
25	0.00%	\$0	-\$18,014	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,424,948	-\$18,014	\$1,406,934	\$13,901,935	\$15,326,883	\$1,931,320
26	0.00%	\$0	-\$21,646	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$21,646	-\$21,646	\$15,305,237	\$15,305,237	\$1,077,665
27	0.00%	\$0	-\$25,417	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$25,417	-\$25,417	\$15,279,820	\$15,279,820	\$250,346
28	0.00%	\$0	-\$29,807	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,563,126	-\$29,807	\$1,533,319	\$15,250,013	\$16,813,140	\$1,011,162
29	0.00%	\$0	-\$34,919	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,719,768	-\$34,919	\$1,684,849	\$16,778,221	\$18,497,988	\$1,820,974
30	0.00%	\$0	-\$41,077	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$377,284	-\$41,077	\$336,207	\$18,456,911	\$18,834,196	\$1,170,369
31	0.00%	\$0	-\$48,549	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,925,529	-\$48,549	\$1,876,980	\$18,785,647	\$20,711,175	\$2,065,847
32	0.00%	\$0	-\$57,303	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,117,022	-\$57,303	\$2,059,719	\$20,653,872	\$22,770,894	\$3,019,768
33	0.00%	\$0	-\$67,710	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,327,076	-\$67,710	\$2,259,366	\$22,703,184	\$25,030,261	\$4,037,918
34	0.00%	\$0	-\$80,204	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$80,204	-\$80,204	\$24,950,057	\$24,950,057	\$2,568,911
35	0.00%	\$0	-\$94,796	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,547,664	-\$94,796	\$2,452,868	\$24,855,261	\$27,402,925	\$3,686,934
36	0.00%	\$0	-\$111,948	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,797,325	-\$111,948	\$2,685,377	\$27,290,977	\$30,088,302	\$4,876,809
37	0.00%	\$0	-\$106,425	2018	-4.41%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$106,425	-\$106,425	\$29,981,877	\$29,981,877	\$3,509,809
38	0.00%	\$0	-\$97,121	2019	31.74%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$3,063,187	-\$97,121	\$2,966,066	\$29,884,756	\$32,947,943	\$5,152,272
39	0.00%	\$0	-\$78,072	2020	18.38%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$3,369,162	-\$78,072	\$3,291,090	\$32,869,871	\$36,239,033	\$7,053,579
40	0.00%	\$0	-\$46,545	2021	28.83%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$3,709,730	-\$46,545	\$3,663,185	\$36,192,488	\$39,902,218	\$9,257,491

**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

INTERNAL ACCOUNT LOANS: PARTICIPATING										PLR: 5.00%	
YEAR	3RD PARTY PAYOFF USING PARTICIPATING LOAN	INCOME DRAWDOWNS PARTICIPATING LOANS	CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	ACCRUED INTERNAL LOAN INTEREST	INDEX CREDIT AFTER CHARGES	CUMULATIVE INTERNAL DEBT BALANCE	CUMULATIVE INDEXED LOAN ACCOUNT VALUE	CUMULATIVE PAR LOAN GAIN/LOSS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS	
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,418	\$1,299	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$138,676	\$13,603	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$714,699	\$93,792	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,221,323	\$79,611	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,902,593	\$212,834	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,651,812	\$384,200	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,465,837	\$587,657	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,371,713	\$860,576	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,368,915	\$1,185,397	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,895,116	\$995,775	
11	-\$5,128,254	\$0	-\$5,128,254	-\$256,413	\$523,501	-\$5,384,667	\$5,630,833	\$246,166	\$6,472,848	\$1,088,181	
12	\$0	\$0	-\$5,384,667	-\$269,233	\$574,977	-\$5,653,901	\$6,184,511	\$530,610	\$7,109,321	\$1,455,421	
13	\$0	\$0	-\$5,653,901	-\$282,695	\$278,088	-\$5,936,596	\$6,440,584	\$503,988	\$7,403,686	\$1,467,091	
14	\$0	\$0	-\$5,936,596	-\$296,830	\$657,823	-\$6,233,425	\$7,075,607	\$842,182	\$8,133,669	\$1,900,243	
15	\$0	\$0	-\$6,233,425	-\$311,671	\$517,537	-\$6,545,097	\$7,569,494	\$1,024,398	\$8,701,410	\$2,156,313	
16	\$0	-\$172,505	-\$6,717,602	-\$335,880	\$754,777	-\$7,053,482	\$8,487,234	\$1,433,752	\$9,538,996	\$2,485,514	
17	\$0	-\$198,841	-\$7,252,323	-\$362,616	\$0	-\$7,614,939	\$8,675,972	\$1,061,033	\$9,527,901	\$1,912,962	
18	\$0	-\$153,037	-\$7,767,976	-\$388,399	\$903,906	-\$8,156,375	\$9,722,502	\$1,566,127	\$10,492,122	\$2,335,747	
19	\$0	-\$186,860	-\$8,343,235	-\$417,162	\$1,014,641	-\$8,760,396	\$10,913,573	\$2,153,177	\$11,555,390	\$2,794,993	
20	\$0	-\$223,599	-\$8,983,996	-\$449,200	\$1,140,537	-\$9,433,196	\$12,267,729	\$2,834,534	\$12,728,401	\$3,295,205	
21	\$0	-\$263,616	-\$9,696,812	-\$484,841	\$1,283,557	-\$10,181,653	\$13,806,069	\$3,624,417	\$14,023,169	\$3,841,517	
22	\$0	-\$307,321	-\$10,488,974	-\$524,449	\$1,265,407	-\$11,013,423	\$15,368,054	\$4,354,631	\$15,269,812	\$4,256,389	
23	\$0	-\$340,511	-\$11,353,934	-\$567,697	\$0	-\$11,921,630	\$15,695,496	\$3,773,865	\$15,257,108	\$3,335,477	
24	\$0	-\$266,838	-\$12,188,469	-\$609,423	\$0	-\$12,797,892	\$15,946,506	\$3,148,614	\$15,241,979	\$2,444,087	
25	\$0	-\$195,527	-\$12,993,419	-\$649,671	\$0	-\$13,643,090	\$16,122,955	\$2,479,865	\$15,223,965	\$1,580,875	
26	\$0	-\$126,470	-\$13,769,560	-\$688,478	\$1,663,198	-\$14,458,038	\$17,889,519	\$3,431,481	\$16,760,556	\$2,302,518	
27	\$0	-\$184,201	-\$14,642,239	-\$732,112	\$799,945	-\$15,374,351	\$18,846,257	\$3,471,906	\$17,476,964	\$2,102,613	
28	\$0	-\$168,209	-\$15,542,560	-\$777,128	\$1,587,794	-\$16,319,688	\$20,569,831	\$4,250,143	\$18,906,563	\$2,586,875	
29	\$0	-\$206,950	-\$16,526,638	-\$826,332	\$2,125,687	-\$17,352,970	\$22,864,095	\$5,511,125	\$20,805,988	\$3,453,017	
30	\$0	-\$276,241	-\$17,629,212	-\$881,461	\$0	-\$18,510,672	\$23,094,651	\$4,583,978	\$20,764,911	\$2,254,238	
31	\$0	-\$180,339	-\$18,691,011	-\$934,551	\$0	-\$19,625,562	\$23,220,572	\$3,595,010	\$20,716,362	\$1,090,800	
32	\$0	-\$87,264	-\$19,712,826	-\$985,641	\$2,382,445	-\$20,698,467	\$25,625,810	\$4,927,343	\$22,776,612	\$2,078,145	
33	\$0	-\$166,252	-\$20,864,719	-\$1,043,236	\$2,635,827	-\$21,907,955	\$28,351,214	\$6,443,260	\$25,036,564	\$3,128,610	
34	\$0	-\$250,289	-\$22,158,243	-\$1,107,912	\$582,781	-\$23,266,156	\$29,092,659	\$5,826,504	\$25,466,502	\$2,200,347	
35	\$0	-\$176,028	-\$23,442,183	-\$1,172,109	\$2,988,873	-\$24,614,293	\$32,148,611	\$7,534,319	\$27,972,306	\$3,358,014	
36	\$0	-\$268,641	-\$24,882,934	-\$1,244,147	\$3,309,470	-\$26,127,080	\$35,596,985	\$9,469,905	\$30,716,045	\$4,588,965	
37	\$0	\$0	-\$26,127,080	-\$1,306,354	\$3,636,049	-\$27,433,434	\$39,109,698	\$11,676,264	\$33,747,106	\$6,313,672	
38	\$0	\$0	-\$27,433,434	-\$1,371,672	\$0	-\$28,805,106	\$38,997,144	\$10,192,038	\$33,649,985	\$4,844,879	
39	\$0	\$0	-\$28,805,106	-\$1,440,255	\$3,987,933	-\$30,245,361	\$42,894,599	\$12,649,238	\$37,013,034	\$6,767,673	
40	\$0	\$0	-\$30,245,361	-\$1,512,268	\$4,391,167	-\$31,757,629	\$47,231,825	\$15,474,196	\$40,755,554	\$8,997,925	

**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.

**HYPOTHETICAL SYNTHETIC PROXY**

**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%										
1	2	3	4	5	6	7	8	9	10	
YEAR	3RD PARTY PAYOFF USING PARTICIPATING LOAN	INCOME DRAWDOWNS PARTICIPATING LOANS	CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	ACCRUED INTERNAL LOAN INTEREST	INDEX CREDIT AFTER CHARGES	CUMULATIVE INTERNAL DEBT BALANCE	CUMULATIVE INDEXED LOAN ACCOUNT VALUE	CUMULATIVE PAR LOAN GAIN/LOSS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,418	\$1,299
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,783	\$710
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$635,360	\$14,453
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,259,037	\$117,326
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,944,173	\$254,414
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,446,852	\$179,240
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,131,462	\$253,283
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,870,975	\$359,838
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,816,851	\$633,333
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,343,052	\$443,711
11	-\$5,128,254	\$0	-\$5,128,254	-\$256,413	\$186,314	-\$5,384,667	\$5,291,483	-\$93,184	\$5,513,117	\$128,450
12	\$0	\$0	-\$5,384,667	-\$269,233	\$539,968	-\$5,653,901	\$5,807,952	\$154,051	\$6,051,218	\$397,318
13	\$0	\$0	-\$5,653,901	-\$282,695	\$1,045	-\$5,936,596	\$5,784,707	-\$151,889	\$6,027,000	\$90,404
14	\$0	\$0	-\$5,936,596	-\$296,830	\$554,110	-\$6,233,425	\$6,313,661	\$80,236	\$6,578,109	\$344,684
15	\$0	\$0	-\$6,233,425	-\$311,671	\$644,476	-\$6,545,097	\$6,932,043	\$386,947	\$7,222,393	\$677,296
16	\$0	-\$54,184	-\$6,599,280	-\$329,964	\$715,025	-\$6,929,244	\$7,690,878	\$761,633	\$7,950,864	\$1,021,620
17	\$0	-\$81,730	-\$7,010,974	-\$350,549	\$0	-\$7,361,523	\$7,761,761	\$400,239	\$7,939,769	\$578,246
18	\$0	-\$46,260	-\$7,407,782	-\$370,389	\$799,189	-\$7,778,171	\$8,596,160	\$817,988	\$8,741,207	\$963,035
19	\$0	-\$77,043	-\$7,855,214	-\$392,761	\$0	-\$8,247,975	\$8,662,245	\$414,271	\$8,730,164	\$482,189
20	\$0	-\$38,575	-\$8,286,550	-\$414,328	\$890,776	-\$8,700,878	\$9,581,277	\$880,399	\$9,613,589	\$912,711
21	\$0	-\$73,017	-\$8,773,894	-\$438,695	\$744,546	-\$9,212,589	\$10,389,829	\$1,177,240	\$10,346,023	\$1,133,434
22	\$0	-\$90,675	-\$9,303,264	-\$465,163	\$1,030,681	-\$9,768,427	\$11,500,371	\$1,731,944	\$11,352,804	\$1,584,377
23	\$0	-\$126,750	-\$9,895,177	-\$494,759	\$95,660	-\$10,389,936	\$11,709,770	\$1,319,834	\$11,433,503	\$1,043,567
24	\$0	-\$83,485	-\$10,473,421	-\$523,671	\$1,207,209	-\$10,997,093	\$12,984,860	\$1,987,767	\$12,588,757	\$1,591,665
25	\$0	-\$127,333	-\$11,124,426	-\$556,221	\$1,342,077	-\$11,680,647	\$14,435,506	\$2,754,859	\$13,859,245	\$2,178,598
26	\$0	-\$174,288	-\$11,854,935	-\$592,747	\$1,495,165	-\$12,447,682	\$16,082,141	\$3,634,459	\$15,255,952	\$2,808,271
27	\$0	-\$224,662	-\$12,672,343	-\$633,617	\$1,198,356	-\$13,305,960	\$17,477,991	\$4,172,030	\$16,351,666	\$3,045,706
28	\$0	-\$243,656	-\$13,549,617	-\$677,481	\$1,813,158	-\$14,227,098	\$19,502,501	\$5,275,403	\$17,994,850	\$3,767,752
29	\$0	-\$301,420	-\$14,528,518	-\$726,426	\$2,025,963	-\$15,254,944	\$21,791,454	\$6,536,510	\$19,800,824	\$4,545,880
30	\$0	-\$363,670	-\$15,618,614	-\$780,931	\$0	-\$16,399,545	\$22,109,164	\$5,709,619	\$19,759,747	\$3,360,202
31	\$0	-\$268,816	-\$16,668,361	-\$833,418	\$0	-\$17,501,779	\$22,322,998	\$4,821,219	\$19,711,198	\$2,209,419
32	\$0	-\$176,754	-\$17,678,533	-\$883,927	\$2,299,520	-\$18,562,459	\$24,733,862	\$6,171,402	\$21,668,419	\$3,105,960
33	\$0	-\$248,477	-\$18,810,936	-\$940,547	\$2,552,688	-\$19,751,483	\$27,456,961	\$7,705,478	\$23,814,782	\$4,063,299
34	\$0	-\$325,064	-\$20,076,547	-\$1,003,827	\$2,837,711	-\$21,080,374	\$30,526,171	\$9,445,797	\$26,167,067	\$5,086,693
35	\$0	-\$406,935	-\$21,487,310	-\$1,074,365	\$2,684,778	-\$22,561,675	\$33,505,822	\$10,944,147	\$28,343,390	\$5,781,715
36	\$0	-\$462,537	-\$23,024,212	-\$1,151,211	\$3,468,005	-\$24,175,423	\$37,302,199	\$13,126,776	\$31,125,164	\$6,949,741
37	\$0	\$0	-\$24,175,423	-\$1,208,771	\$0	-\$25,384,194	\$37,174,653	\$11,790,459	\$31,018,739	\$5,634,545
38	\$0	\$0	-\$25,384,194	-\$1,269,210	\$0	-\$26,653,404	\$37,058,258	\$10,404,854	\$30,921,618	\$4,268,215
39	\$0	\$0	-\$26,653,404	-\$1,332,670	\$2,941,565	-\$27,986,074	\$39,906,257	\$11,920,183	\$33,298,005	\$5,311,931
40	\$0	\$0	-\$27,986,074	-\$1,399,304	\$0	-\$29,385,377	\$39,850,475	\$10,465,097	\$33,251,460	\$3,866,082

**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.
- 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.

INTERNAL ACCOUNT LOANS: PARTICIPATING										PLR: 5.00%	
1	2	3	4	5	6	7	8	9	10		
YEAR	3RD PARTY PAYOFF USING PARTICIPATING LOAN	INCOME DRAWDOWNS PARTICIPATING LOANS	CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	ACCRUED INTERNAL LOAN INTEREST	INDEX CREDIT AFTER CHARGES	CUMULATIVE INTERNAL DEBT BALANCE	CUMULATIVE INDEXED LOAN ACCOUNT VALUE	CUMULATIVE PAR LOAN GAIN/LOSS	EYO GROSS INDEX ACCUMULATED VALUE	EYO INDEX VALUE NET OF INT & EXT LOANS	
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,418	\$1,299	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$138,676	\$13,603	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$712,598	\$91,691	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,344,192	\$181,651	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,038,056	\$296,992	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,540,735	\$207,665	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,353,591	\$365,467	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,247,963	\$520,653	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,960,182	\$389,944	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,048,737	\$617,901	
11	-\$5,749,646	\$0	-\$5,749,646	-\$287,482	\$420,284	-\$6,037,128	\$6,147,067	\$109,939	\$6,466,831	\$429,703	
12	\$0	\$0	-\$6,037,128	-\$301,856	\$597,753	-\$6,338,985	\$6,721,546	\$382,562	\$7,071,194	\$732,210	
13	\$0	\$0	-\$6,338,985	-\$316,949	\$0	-\$6,655,934	\$6,697,491	\$41,557	\$7,045,887	\$389,953	
14	\$0	\$0	-\$6,655,934	-\$332,797	\$683,939	-\$6,988,731	\$7,356,517	\$367,786	\$7,739,195	\$750,465	
15	\$0	\$0	-\$6,988,731	-\$349,437	\$751,394	-\$7,338,167	\$8,082,069	\$743,902	\$8,502,490	\$1,164,323	
16	\$0	-\$93,146	-\$7,431,313	-\$371,566	\$836,903	-\$7,802,879	\$9,001,805	\$1,198,927	\$9,362,171	\$1,559,293	
17	\$0	-\$124,743	-\$7,927,622	-\$396,381	\$934,363	-\$8,324,003	\$10,050,096	\$1,726,093	\$10,309,562	\$1,985,558	
18	\$0	-\$158,845	-\$8,482,848	-\$424,142	\$915,033	-\$8,906,990	\$11,112,846	\$2,205,855	\$11,222,376	\$2,315,386	
19	\$0	-\$185,231	-\$9,092,221	-\$454,611	\$0	-\$9,546,832	\$11,286,959	\$1,740,127	\$11,211,333	\$1,664,501	
20	\$0	-\$133,160	-\$9,679,992	-\$484,000	\$0	-\$10,163,992	\$11,409,571	\$1,245,579	\$11,200,978	\$1,036,986	
21	\$0	-\$82,959	-\$10,246,951	-\$512,348	\$0	-\$10,759,298	\$11,483,323	\$724,025	\$11,192,005	\$432,707	
22	\$0	-\$34,617	-\$10,793,915	-\$539,696	\$1,179,463	-\$11,333,610	\$12,686,417	\$1,352,807	\$12,327,416	\$993,806	
23	\$0	-\$79,504	-\$11,413,115	-\$570,656	\$565,297	-\$11,983,771	\$13,318,062	\$1,334,291	\$12,860,591	\$876,820	
24	\$0	-\$70,146	-\$12,053,916	-\$602,696	\$1,118,569	-\$12,656,612	\$14,491,027	\$1,834,415	\$13,919,949	\$1,263,337	
25	\$0	-\$101,067	-\$12,757,679	-\$637,884	\$1,493,754	-\$13,395,563	\$16,066,964	\$2,671,401	\$15,326,883	\$1,931,320	
26	\$0	-\$154,506	-\$13,550,069	-\$677,503	\$0	-\$14,227,572	\$16,198,560	\$1,970,988	\$15,305,237	\$1,077,665	
27	\$0	-\$86,213	-\$14,313,785	-\$715,689	\$0	-\$15,029,474	\$16,257,730	\$1,228,255	\$15,279,820	\$250,346	
28	\$0	-\$20,028	-\$15,049,502	-\$752,475	\$1,665,215	-\$15,801,977	\$17,911,219	\$2,109,242	\$16,813,140	\$1,011,162	
29	\$0	-\$80,893	-\$15,882,870	-\$794,144	\$1,840,361	-\$16,677,014	\$19,795,106	\$3,118,092	\$18,497,988	\$1,820,974	
30	\$0	-\$145,678	-\$16,822,692	-\$841,135	\$406,712	-\$17,663,826	\$20,303,214	\$2,639,388	\$18,834,196	\$1,170,369	
31	\$0	-\$93,630	-\$17,757,456	-\$887,873	\$2,085,287	-\$18,645,329	\$22,429,554	\$3,784,225	\$20,711,175	\$2,065,847	
32	\$0	-\$165,268	-\$18,810,596	-\$940,530	\$2,309,561	-\$19,751,126	\$24,841,869	\$5,090,742	\$22,770,894	\$3,019,768	
33	\$0	-\$241,581	-\$19,992,708	-\$999,635	\$2,563,409	-\$20,992,343	\$27,572,272	\$6,579,929	\$25,030,261	\$4,037,918	
34	\$0	-\$323,033	-\$21,315,376	-\$1,065,769	\$0	-\$22,381,145	\$27,805,921	\$5,424,776	\$24,950,057	\$2,568,911	
35	\$0	-\$205,513	-\$22,586,658	-\$1,129,333	\$2,860,263	-\$23,715,991	\$30,765,270	\$7,049,279	\$27,402,925	\$3,686,934	
36	\$0	-\$294,955	-\$24,010,946	-\$1,200,547	\$3,170,667	-\$25,211,493	\$34,104,002	\$8,892,509	\$30,088,302	\$4,876,809	
37	\$0	\$0	-\$25,211,493	-\$1,260,575	\$0	-\$26,472,068	\$33,983,373	\$7,511,306	\$29,981,877	\$3,509,809	
38	\$0	\$0	-\$26,472,068	-\$1,323,603	\$3,472,012	-\$27,795,671	\$37,345,302	\$9,549,631	\$32,947,943	\$5,152,272	
39	\$0	\$0	-\$27,795,671	-\$1,389,784	\$3,818,823	-\$29,185,455	\$41,075,634	\$11,890,179	\$36,239,035	\$7,053,579	
40	\$0	\$0	-\$29,185,455	-\$1,459,273	\$4,204,845	-\$30,644,727	\$45,227,722	\$14,582,994	\$39,902,218	\$9,257,491	

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).

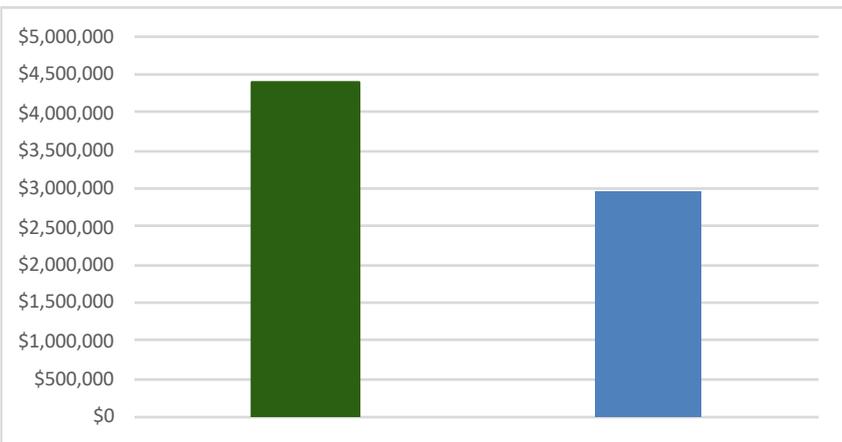
**EYO GROSS INDEX ACCUMULATED VALUE** The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

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

**3RD YEAR FINANCING vs. EQUITIES & BONDS PORTFOLIO**

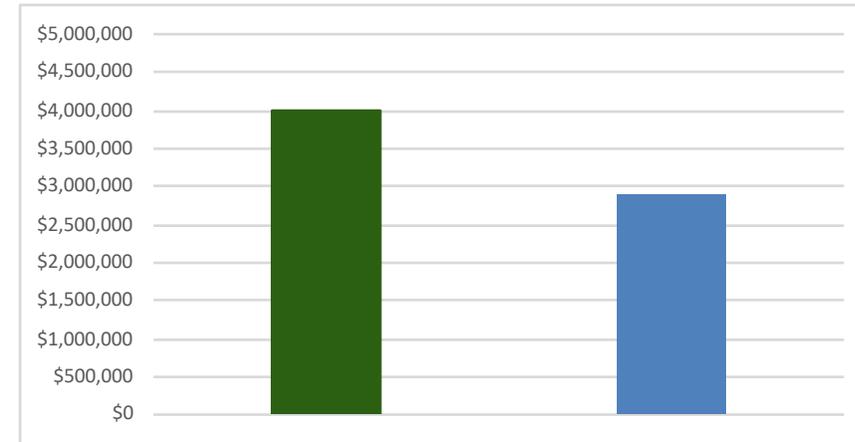
AN INCOME DRAWDOWN & ACCOUNT VALUE COMPARISON

**BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



BEST 40:		3RD YEAR FINANCING	EQUITIES & BONDS ACCOUNT
AVE ANNUAL INCOME:		\$209,502	\$212,752
TOTAL INCOME:		\$4,399,540	\$2,978,524
YR 40 ACCOUNT VALUE:		\$8,997,925	\$0

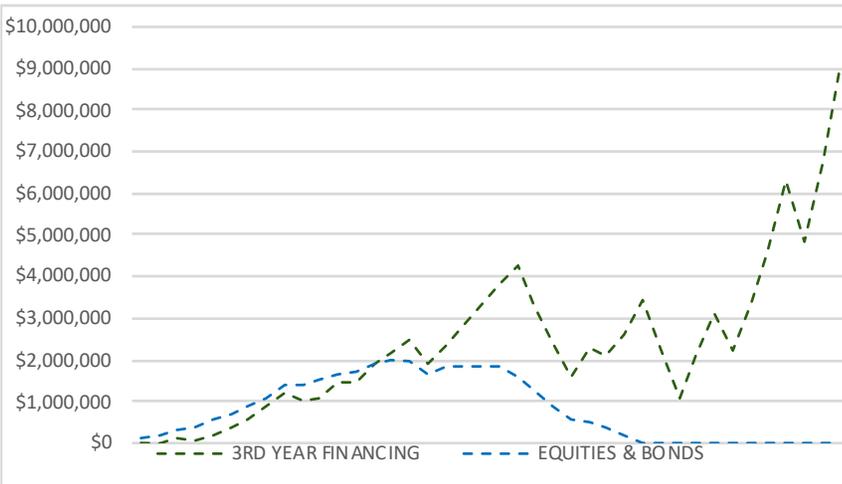
**WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



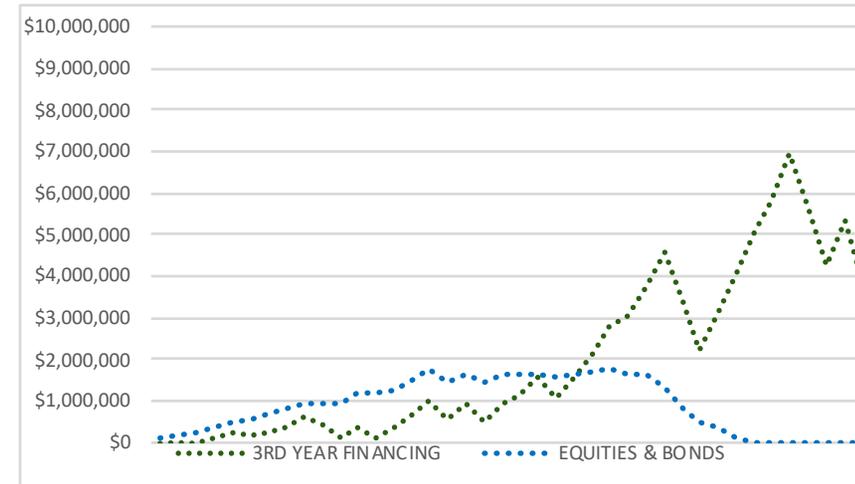
WORST 40:		3RD YEAR FINANCING	EQUITIES & BONDS ACCOUNT
AVE ANNUAL INCOME:		\$190,254	\$152,442
TOTAL INCOME:		\$3,995,331	\$2,896,405
YR 40 ACCOUNT VALUE:		\$3,866,082	\$0

**NET ACCOUNT VALUE (COMPARISON)**

**BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



**WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&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.*

# HYPOTHETICAL EQUITIES & BONDS ACCOUNT vs. 3RD YEAR FINANCING

## 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			<b>Investment Fees (All-In):</b>	<b>1.35%</b>

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
YEAR	AGE	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	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	LEVERAGED SYNTHETIC ACCOUNT VALUE	LEVERAGED SYNTHETIC INCREASE
1	55	\$100,000	1978	13.97%	12.62%	9.07%	1978	-7.81%	-9.16%	-9.16%	1.35%	3.60%	\$0	\$103,601	vs	\$1,299
2	56	\$100,000	1979	16.24%	14.89%	10.71%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.24%	\$0	\$212,224	vs	\$13,603
3	57	\$100,000	1980	15.48%	14.13%	10.16%	1980	-14.57%	-15.92%	-15.92%	1.35%	2.34%	\$0	\$319,522	vs	\$93,792
4	58	\$100,000	1981	-5.06%	-6.41%	-6.41%	1981	-1.94%	-3.29%	-3.29%	1.35%	-5.47%	\$0	\$396,555	vs	\$79,611
5	59	\$100,000	1982	22.68%	21.33%	15.34%	1982	25.14%	23.79%	14.96%	1.35%	15.23%	\$0	\$572,157	vs	\$212,834
6	60	\$100,000	1983	14.46%	13.11%	9.43%	1983	-0.01%	-1.36%	-1.36%	1.35%	6.19%	\$0	\$713,775	vs	\$384,200
7	61	\$100,000	1984	11.93%	10.58%	7.60%	1984	9.04%	7.69%	4.84%	1.35%	6.77%	\$0	\$868,906	vs	\$587,657
8	62	\$100,000	1985	19.90%	18.55%	13.34%	1985	21.41%	20.06%	12.62%	1.35%	13.12%	\$0	\$1,096,027	vs	\$860,576
9	63	\$100,000	1986	31.42%	30.07%	21.62%	1986	21.97%	20.62%	12.97%	1.35%	19.02%	\$0	\$1,423,556	vs	\$1,185,397
10	64	\$100,000	1987	-4.21%	-5.56%	-5.56%	1987	-8.32%	-9.67%	-9.67%	1.35%	-6.79%	\$0	\$1,420,100	vs	\$995,775
11	65	\$0	1988	17.72%	16.37%	11.77%	1988	3.98%	2.63%	1.66%	1.35%	8.73%	\$0	\$1,544,128	vs	\$1,088,181
12	66	\$0	1989	12.63%	11.28%	8.11%	1989	12.27%	10.92%	6.87%	1.35%	7.74%	\$0	\$1,663,593	vs	\$1,455,421
13	67	\$0	1990	6.51%	5.16%	3.71%	1990	0.79%	-0.56%	-0.56%	1.35%	2.43%	\$0	\$1,704,046	vs	\$1,467,091
14	68	\$0	1991	20.86%	19.51%	14.02%	1991	10.33%	8.98%	5.65%	1.35%	11.51%	\$0	\$1,900,217	vs	\$1,900,243
15	69	\$0	1992	9.34%	7.99%	5.74%	1992	6.15%	4.80%	3.02%	1.35%	4.93%	\$0	\$1,993,821	vs	\$2,156,313
16	70	\$0	1993	11.76%	10.41%	7.49%	1993	10.94%	9.59%	6.03%	1.35%	7.05%	-\$172,505	\$1,949,699	vs	\$2,485,514
17	71	\$0	1994	-0.32%	-1.67%	-1.67%	1994	-10.37%	-11.72%	-11.72%	1.35%	-4.69%	-\$198,841	\$1,668,768	vs	\$1,912,962
18	72	\$0	1995	37.20%	35.85%	25.78%	1995	20.11%	18.76%	11.80%	1.35%	21.58%	-\$153,037	\$1,842,900	vs	\$2,335,747
19	73	\$0	1996	25.61%	24.26%	17.44%	1996	-1.46%	-2.81%	-2.81%	1.35%	11.37%	-\$186,860	\$1,844,252	vs	\$2,794,993
20	74	\$0	1997	26.69%	25.34%	18.22%	1997	7.43%	6.08%	3.82%	1.35%	13.90%	-\$223,599	\$1,845,949	vs	\$3,295,205
21	75	\$0	1998	32.54%	31.19%	22.42%	1998	13.16%	11.81%	7.43%	1.35%	17.93%	-\$263,616	\$1,865,989	vs	\$3,841,517
22	76	\$0	1999	10.97%	9.62%	6.92%	1999	-10.22%	-11.57%	-11.57%	1.35%	1.37%	-\$307,321	\$1,580,062	vs	\$4,256,389
23	77	\$0	2000	-0.04%	-1.39%	-1.39%	2000	12.84%	11.49%	7.23%	1.35%	1.20%	-\$340,511	\$1,254,374	vs	\$3,335,477
24	78	\$0	2001	-15.26%	-16.61%	-16.61%	2001	2.67%	1.32%	0.83%	1.35%	-11.38%	-\$266,838	\$875,158	vs	\$2,444,087
25	79	\$0	2002	-22.29%	-23.64%	-23.64%	2002	13.32%	11.97%	7.53%	1.35%	-14.29%	-\$195,527	\$582,526	vs	\$1,580,875
26	80	\$0	2003	34.19%	32.84%	23.61%	2003	-1.85%	-3.20%	-3.20%	1.35%	15.57%	-\$126,470	\$527,048	vs	\$2,302,518
27	81	\$0	2004	6.43%	5.08%	3.65%	2004	1.77%	0.42%	0.26%	1.35%	2.64%	-\$184,201	\$351,886	vs	\$2,102,613
28	82	\$0	2005	10.36%	9.01%	6.48%	2005	-0.51%	-1.86%	-1.86%	1.35%	3.98%	-\$168,209	\$190,987	vs	\$2,586,875
29	83	\$0	2006	14.36%	13.01%	9.35%	2006	-1.23%	-2.58%	-2.58%	1.35%	5.77%	-\$190,987	\$0	vs	\$3,453,017
30	84	\$0	2007	-2.15%	-3.50%	-3.50%	2007	7.15%	5.80%	3.65%	1.35%	-1.36%	\$0	\$0	vs	\$2,254,238
31	85	\$0	2008	-38.09%	-39.44%	-39.44%	2008	15.66%	14.31%	9.00%	1.35%	-24.91%	\$0	\$0	vs	\$1,090,800
32	86	\$0	2009	32.03%	30.68%	22.06%	2009	-10.80%	-12.15%	-12.15%	1.35%	11.80%	\$0	\$0	vs	\$2,078,145
33	87	\$0	2010	21.76%	20.41%	14.68%	2010	6.71%	5.36%	3.37%	1.35%	11.29%	\$0	\$0	vs	\$3,128,610
34	88	\$0	2011	4.04%	2.69%	1.94%	2011	12.48%	11.13%	7.00%	1.35%	3.46%	\$0	\$0	vs	\$2,200,347
35	89	\$0	2012	16.15%	14.80%	10.64%	2012	0.88%	-0.47%	-0.47%	1.35%	7.31%	\$0	\$0	vs	\$3,358,014
36	90	\$0	2013	20.99%	19.64%	14.12%	2013	-10.42%	-11.77%	-11.77%	1.35%	6.35%	\$0	\$0	vs	\$4,588,965
37	91	\$0	2014	13.92%	12.57%	9.03%	2014	8.98%	7.63%	4.80%	1.35%	7.76%	\$0	\$0	vs	\$6,313,672
38	92	\$0	2015	-0.74%	-2.09%	-2.09%	2015	1.16%	-0.19%	-0.19%	1.35%	-1.52%	\$0	\$0	vs	\$4,844,879
39	93	\$0	2016	19.45%	18.10%	13.02%	2016	-0.56%	-1.91%	-1.91%	1.35%	8.54%	\$0	\$0	vs	\$6,767,673
40	94	\$0	2017	25.91%	24.56%	17.66%	2017	0.66%	-0.69%	-0.69%	1.35%	12.15%	\$0	\$0	vs	\$8,997,925

Average Equities Return: 12.23%

Average T-Bond Return: 3.94%

Average Net Portfolio Return: 5.16%

BEST 40

AVERAGE ANNUAL INCOME DRAWN DOWN: \$212,752

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.



# HYPOTHETICAL EQUITIES & BONDS ACCOUNT vs. 3RD YEAR FINANCING

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

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	Investment Fees (All-In):			1.35%

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	LEVERAGED SYNTHETIC ACCOUNT VALUE	LEVERAGED SYNTHETIC INCREASE
1	55	\$100,000	1971	14.42%	13.07%	9.39%	1971	5.27%	3.92%	2.46%	1.35%	7.32%	\$0	\$107,315	vs \$1,299
2	56	\$100,000	1972	0.08%	-1.27%	-1.27%	1972	-0.44%	-1.79%	-1.79%	1.35%	-1.42%	\$0	\$204,363	vs \$710
3	57	\$100,000	1973	-39.40%	-40.75%	-40.75%	1973	-2.37%	-3.72%	-3.72%	1.35%	-29.64%	\$0	\$214,144	vs \$14,453
4	58	\$100,000	1974	34.00%	32.65%	23.47%	1974	-8.16%	-9.51%	-9.51%	1.35%	13.58%	\$0	\$356,794	vs \$117,326
5	59	\$100,000	1975	27.48%	26.13%	18.79%	1975	-5.07%	-6.42%	-6.42%	1.35%	11.22%	\$0	\$508,064	vs \$254,414
6	60	\$100,000	1976	-6.28%	-7.63%	-7.63%	1976	9.68%	8.33%	5.24%	1.35%	-3.77%	\$0	\$585,165	vs \$179,240
7	61	\$100,000	1977	8.23%	6.88%	4.94%	1977	-4.89%	-6.24%	-6.24%	1.35%	1.59%	\$0	\$696,043	vs \$253,283
8	62	\$100,000	1978	8.61%	7.26%	5.22%	1978	-7.81%	-9.16%	-9.16%	1.35%	0.91%	\$0	\$803,258	vs \$359,838
9	63	\$100,000	1979	16.76%	15.41%	11.08%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.50%	\$0	\$943,895	vs \$933,333
10	64	\$100,000	1980	-5.40%	-6.75%	-6.75%	1980	-14.57%	-15.92%	-15.92%	1.35%	-9.50%	\$0	\$944,752	vs \$443,711 -53.03%
11	65	\$0	1981	5.65%	4.30%	3.09%	1981	-1.94%	-3.29%	-3.29%	1.35%	1.18%	\$0	\$955,884	vs \$128,450 -86.56%
12	66	\$0	1982	39.91%	38.56%	27.72%	1982	25.14%	23.79%	14.96%	1.35%	23.90%	\$0	\$1,184,304	vs \$397,318 -66.45%
13	67	\$0	1983	2.02%	0.67%	0.67%	1983	-0.01%	-1.36%	-1.36%	1.35%	-0.07%	\$0	\$1,183,448	vs \$90,404 -92.36%
14	68	\$0	1984	11.62%	10.27%	7.38%	1984	9.04%	7.69%	4.84%	1.35%	6.62%	\$0	\$1,261,805	vs \$344,684 -72.68%
15	69	\$0	1985	29.04%	27.69%	19.91%	1985	21.41%	20.06%	12.62%	1.35%	17.72%	\$0	\$1,485,432	vs \$677,296 -54.40%
16	70	\$0	1986	41.13%	39.78%	28.60%	1986	21.97%	20.62%	12.97%	1.35%	23.91%	-\$54,184	\$1,773,473	vs \$1,021,620 -41.14%
17	71	\$0	1987	-13.51%	-14.86%	-14.86%	1987	-8.32%	-9.67%	-9.67%	1.35%	-13.30%	-\$81,730	\$1,466,675	vs \$578,246 -55.44%
18	72	\$0	1988	30.41%	29.06%	20.89%	1988	3.98%	2.63%	1.66%	1.35%	15.12%	-\$46,260	\$1,635,196	vs \$963,035 -36.99%
19	73	\$0	1989	-10.34%	-11.69%	-11.69%	1989	12.27%	10.92%	6.87%	1.35%	-6.12%	-\$77,043	\$1,462,723	vs \$482,189 -56.94%
20	74	\$0	1990	28.73%	27.38%	19.69%	1990	0.79%	-0.56%	-0.56%	1.35%	13.61%	-\$38,575	\$1,618,034	vs \$912,711 -36.82%
21	75	\$0	1991	9.72%	8.37%	6.02%	1991	10.33%	8.98%	5.65%	1.35%	5.91%	-\$73,017	\$1,636,284	vs \$1,133,434 -25.05%
22	76	\$0	1992	11.84%	10.49%	7.55%	1992	6.15%	4.80%	3.02%	1.35%	6.19%	-\$90,675	\$1,641,235	vs \$1,584,377 -2.70%
23	77	\$0	1993	2.82%	1.47%	1.06%	1993	10.94%	9.59%	6.03%	1.35%	2.55%	-\$126,750	\$1,553,115	vs \$1,043,567 -23.80%
24	78	\$0	1994	28.30%	26.95%	19.38%	1994	-10.37%	-11.72%	-11.72%	1.35%	10.05%	-\$83,485	\$1,617,292	vs \$1,591,665 -1.12%
25	79	\$0	1995	19.61%	18.26%	13.13%	1995	20.11%	18.76%	11.80%	1.35%	12.73%	-\$127,333	\$1,679,645	vs \$2,178,598 20.13%
26	80	\$0	1996	39.82%	38.47%	27.66%	1996	-1.46%	-2.81%	-2.81%	1.35%	18.52%	-\$174,288	\$1,784,137	vs \$2,808,271 37.14%
27	81	\$0	1997	9.36%	8.01%	5.76%	1997	7.43%	6.08%	3.82%	1.35%	5.18%	-\$224,662	\$1,640,238	vs \$3,045,706 49.52%
28	82	\$0	1998	28.13%	26.78%	19.25%	1998	13.16%	11.81%	7.43%	1.35%	15.71%	-\$243,656	\$1,615,923	vs \$3,767,752 70.38%
29	83	\$0	1999	13.99%	12.64%	9.09%	1999	-10.22%	-11.57%	-11.57%	1.35%	2.89%	-\$301,420	\$1,352,508	vs \$4,545,880 103.16%
30	84	\$0	2000	-25.54%	-26.89%	-26.89%	2000	12.84%	11.49%	7.23%	1.35%	-16.65%	-\$363,670	\$824,179	vs \$3,360,202 86.53%
31	85	\$0	2001	-19.68%	-21.03%	-21.03%	2001	2.67%	1.32%	0.83%	1.35%	-14.47%	-\$268,816	\$474,998	vs \$2,209,419 60.84%
32	86	\$0	2002	24.16%	22.81%	16.40%	2002	13.32%	11.97%	7.53%	1.35%	13.74%	-\$176,754	\$339,224	vs \$3,105,960 95.68%
33	87	\$0	2003	13.91%	12.56%	9.03%	2003	-1.85%	-3.20%	-3.20%	1.35%	5.36%	-\$248,477	\$95,611	vs \$4,063,299 136.99%
34	88	\$0	2004	12.25%	10.90%	7.84%	2004	1.77%	0.42%	0.26%	1.35%	5.56%	-\$95,611	\$0	vs \$5,086,693 183.54%
35	89	\$0	2005	10.71%	9.36%	6.73%	2005	-0.51%	-1.86%	-1.86%	1.35%	4.15%	\$0	\$0	vs \$5,781,715 221.59%
36	90	\$0	2006	16.29%	14.94%	10.74%	2006	-1.23%	-2.58%	-2.58%	1.35%	6.75%	\$0	\$0	vs \$6,949,741 277.88%
37	91	\$0	2007	-21.61%	-22.96%	-22.96%	2007	7.15%	5.80%	3.65%	1.35%	-14.97%	\$0	\$0	vs \$5,634,545 232.48%
38	92	\$0	2008	-7.37%	-8.72%	-8.72%	2008	15.66%	14.31%	9.00%	1.35%	-3.40%	\$0	\$0	vs \$4,268,215 185.30%
39	93	\$0	2009	9.96%	8.61%	6.19%	2009	-10.80%	-12.15%	-12.15%	1.35%	0.69%	\$0	\$0	vs \$5,311,931 221.34%
40	94	\$0	2010	1.14%	-0.21%	-0.21%	2010	6.71%	5.36%	3.37%	1.35%	0.87%	\$0	\$0	vs \$3,866,082 171.42%

Average Equities Return: 10.02%

Average T-Bond Return: 3.46%

Average Net Portfolio Return: 3.62%

WORST 40

AVERAGE ANNUAL INCOME DRAWN DOWN: \$152,442

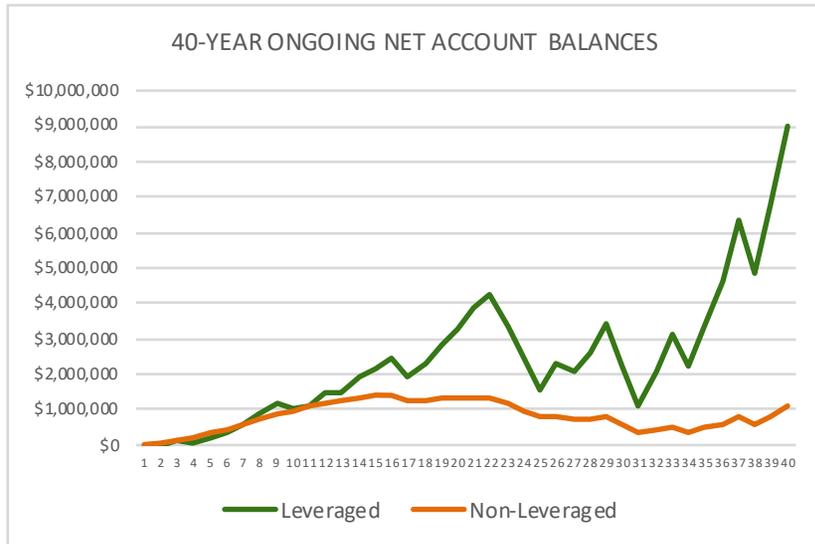
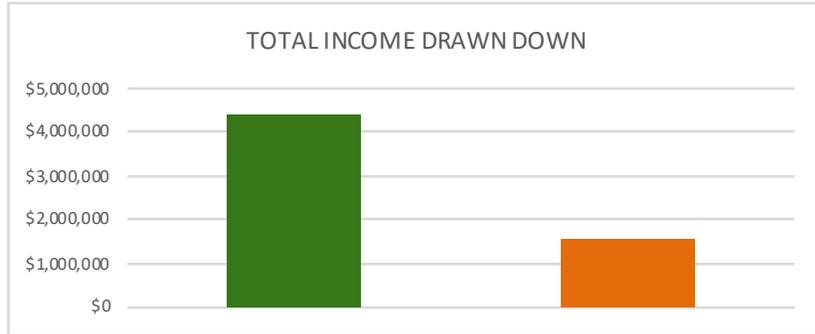
DISCLAIMER: The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year 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.

## BEST CAGR IN 40-YEAR PERIOD\*

### LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

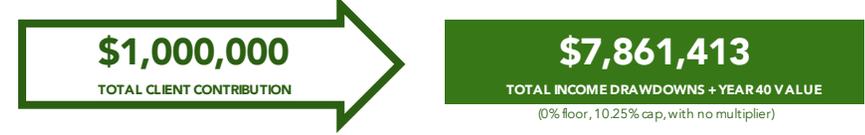


### NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

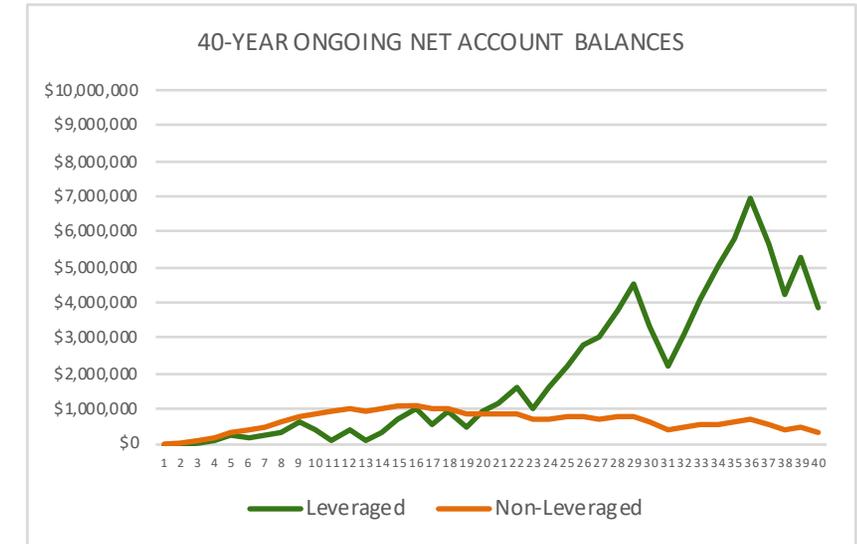
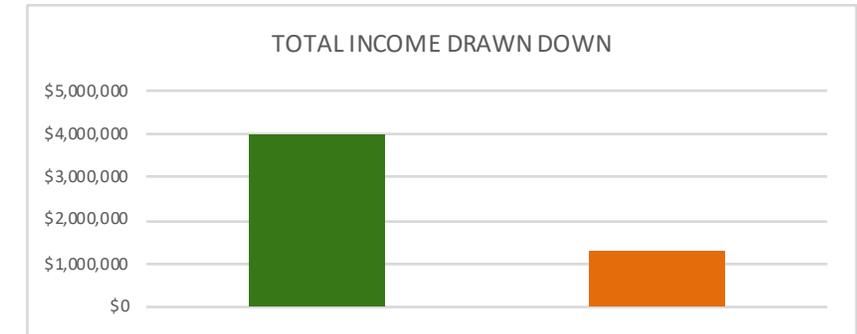


## WORST CAGR IN 40-YEAR PERIOD\*

### 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)

Current Pre-Bonus Cap: **10.75%**

Current Post-Bonus Max Cap: **10.75%**

Participation Rate: **100.00%**

Floor Modeled: **0.00%**

Pre-Bonus Cap Modeled: **10.25%**

Post-Bonus Max Cap Modeled: **10.25%**

#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	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	55		\$100,000	1978	11.97%	10.25%	10.25%	\$0	\$80,490	\$14,371
2	56		\$100,000	1979	14.24%	10.25%	10.25%	\$0	\$167,584	\$42,511
3	57		\$100,000	1980	13.48%	10.25%	10.25%	\$0	\$261,710	\$140,803
4	58		\$100,000	1981	-7.06%	0.00%	0.00%	\$0	\$329,892	\$213,101
5	59		\$100,000	1982	20.68%	10.25%	10.25%	\$0	\$437,538	\$324,838
6	60		\$100,000	1983	12.46%	10.25%	10.25%	\$0	\$555,165	\$446,532
7	61		\$100,000	1984	9.93%	9.93%	9.93%	\$0	\$681,831	\$577,192
8	62		\$100,000	1985	17.90%	10.25%	10.25%	\$0	\$822,466	\$735,271
9	63		\$100,000	1986	29.42%	10.25%	10.25%	\$0	\$976,640	\$906,889
10	64		\$100,000	1987	-6.21%	0.00%	0.00%	\$0	\$1,043,200	<b>\$990,892</b>
11	65		\$0	1988	15.72%	10.25%	10.25%	\$0	\$1,124,232	\$1,124,232
12	66		\$0	1989	10.63%	10.25%	10.25%	\$0	\$1,213,059	\$1,213,059
13	67		\$0	1990	4.51%	4.51%	4.51%	\$0	\$1,241,733	\$1,241,733
14	68		\$0	1991	18.86%	10.25%	10.25%	\$0	\$1,340,241	\$1,340,241
15	69		\$0	1992	7.34%	7.34%	7.34%	\$0	\$1,409,215	\$1,409,215
16	70		\$0	1993	9.76%	9.76%	9.76%	-\$112,737	\$1,527,153	\$1,408,779
17	71		\$0	1994	-2.32%	0.00%	0.00%	-\$112,702	\$1,507,621	\$1,264,991
18	72		\$0	1995	35.20%	10.25%	10.25%	-\$101,199	\$1,638,544	\$1,277,523
19	73		\$0	1996	23.61%	10.25%	10.25%	-\$102,202	\$1,780,604	\$1,294,220
20	74		\$0	1997	24.69%	10.25%	10.25%	-\$103,538	\$1,934,746	<b>\$1,315,329</b>
21	75		\$0	1998	30.54%	10.25%	10.25%	-\$105,226	\$2,102,016	\$1,341,140
22	76		\$0	1999	8.97%	8.97%	8.97%	-\$107,291	\$2,257,153	\$1,345,577
23	77		\$0	2000	-2.04%	0.00%	0.00%	-\$107,646	\$2,223,787	\$1,153,604
24	78		\$0	2001	-17.26%	0.00%	0.00%	-\$92,288	\$2,187,680	\$967,085
25	79		\$0	2002	-24.29%	0.00%	0.00%	-\$77,367	\$2,148,784	\$785,924
26	80		\$0	2003	32.19%	10.25%	10.25%	-\$62,874	\$2,322,620	\$825,600
27	81		\$0	2004	4.43%	4.43%	4.43%	-\$66,048	\$2,379,330	\$738,108
28	82		\$0	2005	8.36%	8.36%	8.36%	-\$59,049	\$2,528,248	\$742,964
29	83		\$0	2006	12.36%	10.25%	10.25%	-\$59,437	\$2,734,609	\$797,652
30	84		\$0	2007	-4.15%	0.00%	0.00%	-\$63,812	\$2,685,267	<b>\$584,460</b>
31	85		\$0	2008	-40.09%	0.00%	0.00%	-\$46,757	\$2,634,735	\$379,793
32	86		\$0	2009	30.03%	10.25%	10.25%	-\$30,383	\$2,848,632	\$449,040
33	87		\$0	2010	19.76%	10.25%	10.25%	-\$35,923	\$3,085,060	\$527,768
34	88		\$0	2011	2.04%	2.04%	2.04%	-\$42,221	\$3,098,601	\$369,113
35	89		\$0	2012	14.15%	10.25%	10.25%	-\$29,529	\$3,367,142	\$470,174
36	90		\$0	2013	18.99%	10.25%	10.25%	-\$37,614	\$3,670,956	\$589,645
37	91		\$0	2014	11.92%	10.25%	10.25%	\$0	\$4,018,277	\$782,901
38	92		\$0	2015	-2.74%	0.00%	0.00%	\$0	\$4,004,926	\$607,781
39	93		\$0	2016	17.45%	10.25%	10.25%	\$0	\$4,403,499	\$836,496
40	94		\$0	2017	23.91%	10.25%	10.25%	\$0	\$4,847,602	<b>\$1,102,249</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$74,088**

BEST 40

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

CASH FLOW SUMMARY	
TOTAL CLIENT OUTLAY:	-\$1,000,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$74,088
TOTAL INCOME DRAWDOWN:	\$1,555,845
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$1,102,249
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$2,658,094</b>
RAW S&P 500 CAGR:	9.02%
40-YEAR NET ACCOUNT IRR:	4.21%

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)**

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)

Current Pre-Bonus Cap: **10.75%**

Current Post-Bonus Max Cap: **10.75%**

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Participation Rate: **100.00%**

Floor Modeled: **0.00%**

Pre-Bonus Cap Modeled: **10.25%**

Post-Bonus Max Cap Modeled: **10.25%**

8/27/2022

#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	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	55		\$100,000	1971	12.42%	10.25%	10.25%	\$0	\$80,490	\$14,371
2	56		\$100,000	1972	-1.92%	0.00%	0.00%	\$0	\$152,003	\$26,930
3	57		\$100,000	1973	-41.40%	0.00%	0.00%	\$0	\$221,798	\$100,891
4	58		\$100,000	1974	32.00%	10.25%	10.25%	\$0	\$319,703	\$202,912
5	59		\$100,000	1975	25.48%	10.25%	10.25%	\$0	\$426,305	\$313,605
6	60		\$100,000	1976	-8.28%	0.00%	0.00%	\$0	\$492,318	\$383,685
7	61		\$100,000	1977	6.23%	6.23%	6.23%	\$0	\$592,122	\$487,483
8	62		\$100,000	1978	6.61%	6.61%	6.61%	\$0	\$699,686	\$612,491
9	63		\$100,000	1979	14.76%	10.25%	10.25%	\$0	\$841,275	\$771,524
10	64		\$100,000	1980	-7.40%	0.00%	0.00%	\$0	\$907,835	<b>\$855,527</b>
11	65		\$0	1981	3.65%	3.65%	3.65%	\$0	\$916,622	\$916,622
12	66		\$0	1982	37.91%	10.25%	10.25%	\$0	\$984,168	\$984,168
13	67		\$0	1983	0.02%	0.02%	0.02%	\$0	\$959,400	\$959,400
14	68		\$0	1984	9.62%	9.62%	9.62%	\$0	\$1,023,096	\$1,023,096
15	69		\$0	1985	27.04%	10.25%	10.25%	\$0	\$1,097,781	\$1,097,781
16	70		\$0	1986	39.13%	10.25%	10.25%	-\$87,823	\$1,190,599	\$1,098,385
17	71		\$0	1987	-15.51%	0.00%	0.00%	-\$87,871	\$1,171,067	\$981,978
18	72		\$0	1988	28.41%	10.25%	10.25%	-\$78,558	\$1,267,493	\$986,464
19	73		\$0	1989	-12.34%	0.00%	0.00%	-\$78,917	\$1,244,009	\$866,066
20	74		\$0	1990	26.73%	10.25%	10.25%	-\$69,285	\$1,343,151	<b>\$873,560</b>
21	75		\$0	1991	7.72%	7.72%	7.72%	-\$69,885	\$1,416,503	\$850,054
22	76		\$0	1992	9.84%	9.84%	9.84%	-\$68,004	\$1,522,209	\$856,033
23	77		\$0	1993	0.82%	0.82%	0.82%	-\$68,483	\$1,501,106	\$729,714
24	78		\$0	1994	26.30%	10.25%	10.25%	-\$58,377	\$1,615,161	\$743,904
25	79		\$0	1995	17.61%	10.25%	10.25%	-\$59,512	\$1,737,832	\$760,524
26	80		\$0	1996	37.82%	10.25%	10.25%	-\$60,842	\$1,869,546	\$779,488
27	81		\$0	1997	7.36%	7.36%	7.36%	-\$62,359	\$1,959,622	\$749,584
28	82		\$0	1998	26.13%	10.25%	10.25%	-\$59,967	\$2,109,506	\$776,001
29	83		\$0	1999	11.99%	10.25%	10.25%	-\$62,080	\$2,272,945	\$807,582
30	84		\$0	2000	-27.54%	0.00%	0.00%	-\$64,607	\$2,223,603	<b>\$617,135</b>
31	85		\$0	2001	-21.68%	0.00%	0.00%	-\$49,371	\$2,173,071	\$434,440
32	86		\$0	2002	22.16%	10.25%	10.25%	-\$34,755	\$2,339,648	\$477,592
33	87		\$0	2003	11.91%	10.25%	10.25%	-\$38,207	\$2,523,904	\$528,628
34	88		\$0	2004	10.25%	10.25%	10.25%	-\$42,290	\$2,729,070	\$589,625
35	89		\$0	2005	8.71%	8.71%	8.71%	-\$47,170	\$2,918,414	\$622,469
36	90		\$0	2006	14.29%	10.25%	10.25%	-\$49,797	\$3,176,233	\$713,203
37	91		\$0	2007	-23.61%	0.00%	0.00%	\$0	\$3,149,973	\$563,792
38	92		\$0	2008	-9.37%	0.00%	0.00%	\$0	\$3,136,622	\$421,131
39	93		\$0	2009	7.96%	7.96%	7.96%	\$0	\$3,374,543	\$523,278
40	94		\$0	2010	-0.86%	0.00%	0.00%	\$0	\$3,367,962	<b>\$374,134</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$61,817**

WORST 40

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

TOTAL CLIENT OUTLAY:	<b>-\$1,000,000</b>
AVERAGE ANNUAL INCOME DRAWDOWN:	<b>\$61,817</b>
TOTAL INCOME DRAWDOWN:	<b>\$1,298,161</b>
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$374,134</b>
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$1,672,294</b>
<b>RAW S&amp;P 500 CAGR: 6.30%</b>	<b>40-YEAR NET ACCOUNT IRR: 2.35%</b>

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)

Current Pre-Bonus Cap: **10.75%**

Current Post-Bonus Max Cap: **10.75%**

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Participation Rate: **100.00%**

Floor Modeled: **0.00%**

Pre-Bonus Cap Modeled: **10.25%**

Post-Bonus Max Cap Modeled: **10.25%**

8/27/2022

#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	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	55		\$100,000	1982	20.68%	10.25%	10.25%	\$0	\$80,490	\$14,371
2	56		\$100,000	1983	12.46%	10.25%	10.25%	\$0	\$167,584	\$42,511
3	57		\$100,000	1984	9.93%	9.93%	9.93%	\$0	\$260,941	\$140,034
4	58		\$100,000	1985	17.90%	10.25%	10.25%	\$0	\$362,858	\$246,067
5	59		\$100,000	1986	29.42%	10.25%	10.25%	\$0	\$473,883	\$361,183
6	60		\$100,000	1987	-6.21%	0.00%	0.00%	\$0	\$539,896	\$431,263
7	61		\$100,000	1988	15.72%	10.25%	10.25%	\$0	\$667,007	\$562,368
8	62		\$100,000	1989	10.63%	10.25%	10.25%	\$0	\$806,122	\$718,927
9	63		\$100,000	1990	4.51%	4.51%	4.51%	\$0	\$908,734	\$838,983
10	64		\$100,000	1991	18.86%	10.25%	10.25%	\$0	\$1,075,262	\$1,022,954
11	65		\$0	1992	7.34%	7.34%	7.34%	\$0	\$1,128,963	\$1,128,963
12	66		\$0	1993	9.76%	9.76%	9.76%	\$0	\$1,212,872	\$1,212,872
13	67		\$0	1994	-2.32%	0.00%	0.00%	\$0	\$1,187,931	\$1,187,931
14	68		\$0	1995	35.20%	10.25%	10.25%	\$0	\$1,280,925	\$1,280,925
15	69		\$0	1996	23.61%	10.25%	10.25%	\$0	\$1,382,037	\$1,382,037
16	70		\$0	1997	24.69%	10.25%	10.25%	-\$110,563	\$1,503,991	\$1,387,900
17	71		\$0	1998	30.54%	10.25%	10.25%	-\$111,032	\$1,636,616	\$1,398,137
18	72		\$0	1999	8.97%	8.97%	8.97%	-\$111,851	\$1,760,133	\$1,392,286
19	73		\$0	2000	-2.04%	0.00%	0.00%	-\$111,383	\$1,736,649	\$1,233,458
20	74		\$0	2001	-17.26%	0.00%	0.00%	-\$98,677	\$1,710,917	\$1,078,956
21	75		\$0	2002	-24.29%	0.00%	0.00%	-\$86,316	\$1,682,761	\$928,569
22	76		\$0	2003	32.19%	10.25%	10.25%	-\$74,286	\$1,821,378	\$951,477
23	77		\$0	2004	4.43%	4.43%	4.43%	-\$76,118	\$1,867,270	\$873,950
24	78		\$0	2005	8.36%	8.36%	8.36%	-\$69,916	\$1,984,335	\$867,937
25	79		\$0	2006	12.36%	10.25%	10.25%	-\$69,435	\$2,144,846	\$899,722
26	80		\$0	2007	-4.15%	0.00%	0.00%	-\$71,978	\$2,102,747	\$719,790
27	81		\$0	2008	-40.09%	0.00%	0.00%	-\$57,583	\$2,058,464	\$545,897
28	82		\$0	2009	30.03%	10.25%	10.25%	-\$43,672	\$2,218,479	\$584,428
29	83		\$0	2010	19.76%	10.25%	10.25%	-\$46,754	\$2,393,089	\$628,243
30	84		\$0	2011	2.04%	2.04%	2.04%	-\$50,259	\$2,391,657	\$485,796
31	85		\$0	2012	14.15%	10.25%	10.25%	-\$38,864	\$2,581,090	\$539,129
32	86		\$0	2013	18.99%	10.25%	10.25%	-\$43,130	\$2,789,488	\$600,143
33	87		\$0	2014	11.92%	10.25%	10.25%	-\$48,011	\$3,019,853	\$670,629
34	88		\$0	2015	-2.74%	0.00%	0.00%	-\$53,650	\$2,971,324	\$448,306
35	89		\$0	2016	17.45%	10.25%	10.25%	-\$35,864	\$3,226,819	\$539,992
36	90		\$0	2017	23.91%	10.25%	10.25%	-\$43,199	\$3,516,250	\$649,722
37	91		\$0	2018	-4.41%	0.00%	0.00%	\$0	\$3,489,990	\$480,136
38	92		\$0	2019	31.74%	10.25%	10.25%	\$0	\$3,832,995	\$672,648
39	93		\$0	2020	18.38%	10.25%	10.25%	\$0	\$4,213,944	\$895,580
40	94		\$0	2021	28.83%	10.25%	10.25%	\$0	\$4,638,618	\$1,154,335

AVERAGE ANNUAL INCOME DRAWDOWN: **\$69,169**

MOST RECENT 40

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

TOTAL CLIENT OUTLAY:	<b>-\$1,000,000</b>
AVERAGE ANNUAL INCOME DRAWDOWN:	<b>\$69,169</b>
TOTAL INCOME DRAWDOWN:	<b>\$1,452,543</b>
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$1,154,335</b>
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$2,606,878</b>
<b>RAW S&amp;P 500 CAGR: 9.99%</b>	<b>40-YEAR NET ACCOUNT IRR: 4.02%</b>

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

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$26,993	1978	11.97%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,483	-\$26,993	-\$19,510	\$73,007	\$80,490	\$14,371
2	0.00%	\$0	-\$28,487	1979	14.24%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$15,580	-\$28,487	-\$12,907	\$152,003	\$167,584	\$42,511
3	0.00%	\$0	-\$30,205	1980	13.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$24,331	-\$30,205	-\$5,874	\$237,379	\$261,710	\$140,803
4	0.00%	\$0	-\$31,818	1981	-7.06%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$31,818	-\$31,818	\$329,892	\$329,892	\$213,101
5	0.00%	\$0	-\$33,032	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$40,678	-\$33,032	\$7,646	\$396,860	\$437,538	\$324,838
6	0.00%	\$0	-\$33,987	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$51,614	-\$33,987	\$17,627	\$503,551	\$555,165	\$446,532
7	0.00%	\$0	-\$34,901	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$61,567	-\$34,901	\$26,666	\$620,264	\$681,831	\$577,192
8	0.00%	\$0	-\$35,830	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$76,465	-\$35,830	\$40,635	\$746,001	\$822,466	\$735,271
9	0.00%	\$0	-\$36,625	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$90,799	-\$36,625	\$54,174	\$885,841	\$976,640	\$906,889
10	0.00%	\$0	-\$33,440	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$33,440	-\$33,440	\$1,043,200	\$1,043,200	\$990,892
11	0.00%	\$0	-\$23,488	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$104,520	-\$23,488	\$81,032	\$1,019,712	\$1,124,232	\$1,124,232
12	0.00%	\$0	-\$23,952	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$112,779	-\$23,952	\$88,827	\$1,100,280	\$1,213,059	\$1,213,059
13	0.00%	\$0	-\$24,941	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$53,615	-\$24,941	\$28,674	\$1,188,118	\$1,241,733	\$1,241,733
14	0.00%	\$0	-\$26,095	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$124,603	-\$26,095	\$98,508	\$1,215,638	\$1,340,241	\$1,340,241
15	0.00%	\$0	-\$27,376	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$96,350	-\$27,376	\$68,974	\$1,312,865	\$1,409,215	\$1,409,215
16	0.00%	\$0	-\$17,873	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$135,811	-\$17,873	\$117,938	\$1,391,342	\$1,527,153	\$1,408,779
17	0.00%	\$0	-\$19,532	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$19,532	-\$19,532	\$1,507,621	\$1,507,621	\$1,264,991
18	0.00%	\$0	-\$21,413	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$152,336	-\$21,413	\$130,923	\$1,486,208	\$1,638,544	\$1,277,523
19	0.00%	\$0	-\$23,484	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$165,544	-\$23,484	\$142,060	\$1,615,060	\$1,780,604	\$1,294,220
20	0.00%	\$0	-\$25,732	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$179,874	-\$25,732	\$154,142	\$1,754,872	\$1,934,746	\$1,315,329
21	0.00%	\$0	-\$28,156	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$195,425	-\$28,156	\$167,269	\$1,906,590	\$2,102,016	\$1,341,140
22	0.00%	\$0	-\$30,717	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$185,854	-\$30,717	\$155,137	\$2,071,299	\$2,257,153	\$1,345,577
23	0.00%	\$0	-\$33,366	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$33,366	-\$33,366	\$2,223,787	\$2,223,787	\$1,153,604
24	0.00%	\$0	-\$36,107	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$36,107	-\$36,107	\$2,187,680	\$2,187,680	\$967,085
25	0.00%	\$0	-\$38,896	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$38,896	-\$38,896	\$2,148,784	\$2,148,784	\$785,924
26	0.00%	\$0	-\$42,099	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$215,935	-\$42,099	\$173,836	\$2,106,685	\$2,322,620	\$825,600
27	0.00%	\$0	-\$44,283	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$100,993	-\$44,283	\$56,710	\$2,278,337	\$2,379,330	\$738,108
28	0.00%	\$0	-\$46,238	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$195,157	-\$46,238	\$148,919	\$2,333,092	\$2,528,248	\$742,964
29	0.00%	\$0	-\$47,877	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$254,238	-\$47,877	\$206,361	\$2,480,371	\$2,734,609	\$797,652
30	0.00%	\$0	-\$49,342	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$49,342	-\$49,342	\$2,685,267	\$2,685,267	\$584,460
31	0.00%	\$0	-\$50,532	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$50,532	-\$50,532	\$2,634,735	\$2,634,735	\$379,793
32	0.00%	\$0	-\$50,942	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$264,839	-\$50,942	\$213,897	\$2,583,793	\$2,848,632	\$449,040
33	0.00%	\$0	-\$50,392	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$286,820	-\$50,392	\$236,428	\$2,798,240	\$3,085,060	\$527,768
34	0.00%	\$0	-\$48,529	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$62,071	-\$48,529	\$13,542	\$3,036,531	\$3,098,601	\$369,113
35	0.00%	\$0	-\$44,504	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$313,045	-\$44,504	\$268,541	\$3,054,097	\$3,367,142	\$470,174
36	0.00%	\$0	-\$37,477	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$341,291	-\$37,477	\$303,814	\$3,329,665	\$3,670,956	\$589,645
37	0.00%	\$0	-\$26,260	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$373,581	-\$26,260	\$347,321	\$3,644,696	\$4,018,277	\$782,901
38	0.00%	\$0	-\$13,351	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$13,351	-\$13,351	\$4,004,926	\$4,004,926	\$607,781
39	0.00%	\$0	-\$10,823	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$409,396	-\$10,823	\$398,573	\$3,994,103	\$4,403,499	\$836,496
40	0.00%	\$0	-\$6,581	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$450,684	-\$6,581	\$444,103	\$4,396,918	\$4,847,602	\$1,102,249

**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.

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$26,993	1971	12.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,483	-\$26,993	-\$19,510	\$73,007	\$80,490	\$14,371
2	0.00%	\$0	-\$28,487	1972	-1.92%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$28,487	-\$28,487	\$152,003	\$152,003	\$26,930
3	0.00%	\$0	-\$30,205	1973	-41.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$30,205	-\$30,205	\$221,798	\$221,798	\$100,891
4	0.00%	\$0	-\$31,818	1974	32.00%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$29,723	-\$31,818	-\$2,095	\$289,980	\$319,703	\$202,912
5	0.00%	\$0	-\$33,032	1975	25.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$39,634	-\$33,032	\$6,602	\$386,671	\$426,305	\$313,605
6	0.00%	\$0	-\$33,987	1976	-8.28%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$33,987	-\$33,987	\$492,318	\$492,318	\$383,685
7	0.00%	\$0	-\$34,901	1977	6.23%	6.23%	x 1.00	= 6.23%	+ 0.00%	= 6.23%	\$34,705	-\$34,901	-\$196	\$557,417	\$592,122	\$487,483
8	0.00%	\$0	-\$35,830	1978	6.61%	6.61%	x 1.00	= 6.61%	+ 0.00%	= 6.61%	\$43,394	-\$35,830	\$7,564	\$656,292	\$699,686	\$612,491
9	0.00%	\$0	-\$36,625	1979	14.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$78,214	-\$36,625	\$41,589	\$763,061	\$841,275	\$771,524
10	0.00%	\$0	-\$33,440	1980	-7.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$33,440	-\$33,440	\$907,835	\$907,835	\$855,527
11	0.00%	\$0	-\$23,488	1981	3.65%	3.65%	x 1.00	= 3.65%	+ 0.00%	= 3.65%	\$32,274	-\$23,488	\$8,786	\$884,347	\$916,622	\$916,622
12	0.00%	\$0	-\$23,952	1982	37.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$91,499	-\$23,952	\$67,547	\$982,670	\$984,168	\$984,168
13	0.00%	\$0	-\$24,941	1983	0.02%	0.02%	x 1.00	= 0.02%	+ 0.00%	= 0.02%	\$173	-\$24,941	-\$24,768	\$959,227	\$959,400	\$959,400
14	0.00%	\$0	-\$26,095	1984	9.62%	9.62%	x 1.00	= 9.62%	+ 0.00%	= 9.62%	\$89,791	-\$26,095	\$63,696	\$933,305	\$1,023,096	\$1,023,096
15	0.00%	\$0	-\$27,376	1985	27.04%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$102,061	-\$27,376	\$74,685	\$995,720	\$1,097,781	\$1,097,781
16	0.00%	\$0	-\$17,873	1986	39.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$110,691	-\$17,873	\$92,818	\$1,079,908	\$1,190,599	\$1,098,385
17	0.00%	\$0	-\$19,532	1987	-15.51%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$19,532	-\$19,532	\$1,171,067	\$1,171,067	\$981,978
18	0.00%	\$0	-\$21,413	1988	28.41%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$117,840	-\$21,413	\$96,427	\$1,149,654	\$1,267,493	\$986,464
19	0.00%	\$0	-\$23,484	1989	-12.34%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$23,484	-\$23,484	\$1,244,009	\$1,244,009	\$866,066
20	0.00%	\$0	-\$25,732	1990	26.73%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$124,873	-\$25,732	\$99,141	\$1,218,277	\$1,343,151	\$873,560
21	0.00%	\$0	-\$28,156	1991	7.72%	7.72%	x 1.00	= 7.72%	+ 0.00%	= 7.72%	\$101,508	-\$28,156	\$73,352	\$1,314,995	\$1,416,503	\$850,054
22	0.00%	\$0	-\$30,717	1992	9.84%	9.84%	x 1.00	= 9.84%	+ 0.00%	= 9.84%	\$136,423	-\$30,717	\$105,706	\$1,385,786	\$1,522,209	\$856,033
23	0.00%	\$0	-\$33,366	1993	0.82%	0.82%	x 1.00	= 0.82%	+ 0.00%	= 0.82%	\$12,263	-\$33,366	-\$21,103	\$1,488,843	\$1,501,106	\$729,714
24	0.00%	\$0	-\$36,107	1994	26.30%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$150,162	-\$36,107	\$114,055	\$1,464,999	\$1,615,161	\$743,904
25	0.00%	\$0	-\$38,896	1995	17.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$161,567	-\$38,896	\$122,671	\$1,576,265	\$1,737,832	\$760,524
26	0.00%	\$0	-\$42,099	1996	37.82%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$173,813	-\$42,099	\$131,714	\$1,695,733	\$1,869,546	\$779,488
27	0.00%	\$0	-\$44,283	1997	7.36%	7.36%	x 1.00	= 7.36%	+ 0.00%	= 7.36%	\$134,359	-\$44,283	\$90,076	\$1,825,263	\$1,959,622	\$749,584
28	0.00%	\$0	-\$46,238	1998	26.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$196,122	-\$46,238	\$149,884	\$1,913,384	\$2,109,506	\$776,001
29	0.00%	\$0	-\$47,877	1999	11.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$211,317	-\$47,877	\$163,440	\$2,061,629	\$2,272,945	\$807,582
30	0.00%	\$0	-\$49,342	2000	-27.54%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$49,342	-\$49,342	\$2,223,603	\$2,223,603	\$617,135
31	0.00%	\$0	-\$50,532	2001	-21.68%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$50,532	-\$50,532	\$2,173,071	\$2,173,071	\$434,440
32	0.00%	\$0	-\$50,942	2002	22.16%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$217,518	-\$50,942	\$166,576	\$2,122,129	\$2,339,648	\$477,592
33	0.00%	\$0	-\$50,392	2003	11.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$234,649	-\$50,392	\$184,257	\$2,289,256	\$2,523,904	\$528,628
34	0.00%	\$0	-\$48,529	2004	10.25%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$253,694	-\$48,529	\$205,165	\$2,475,375	\$2,729,070	\$589,625
35	0.00%	\$0	-\$44,504	2005	8.71%	8.71%	x 1.00	= 8.71%	+ 0.00%	= 8.71%	\$233,849	-\$44,504	\$189,345	\$2,684,566	\$2,918,414	\$622,469
36	0.00%	\$0	-\$37,477	2006	14.29%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$295,296	-\$37,477	\$257,819	\$2,880,937	\$3,176,233	\$713,203
37	0.00%	\$0	-\$26,260	2007	-23.61%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$26,260	-\$26,260	\$3,149,973	\$3,149,973	\$563,792
38	0.00%	\$0	-\$13,351	2008	-9.37%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$13,351	-\$13,351	\$3,136,622	\$3,136,622	\$421,131
39	0.00%	\$0	-\$10,823	2009	7.96%	7.96%	x 1.00	= 7.96%	+ 0.00%	= 7.96%	\$248,744	-\$10,823	\$237,921	\$3,125,799	\$3,374,543	\$523,278
40	0.00%	\$0	-\$6,581	2010	-0.86%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$6,581	-\$6,581	\$3,367,962	\$3,367,962	\$374,134

**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.



**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	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	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$26,993	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,483	-\$26,993	-\$19,510	\$73,007	\$80,490	\$14,371
2	0.00%	\$0	-\$28,487	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$15,580	-\$28,487	-\$12,907	\$152,003	\$167,584	\$42,511
3	0.00%	\$0	-\$30,205	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$23,562	-\$30,205	-\$6,643	\$237,379	\$260,941	\$140,034
4	0.00%	\$0	-\$31,818	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$33,735	-\$31,818	\$1,917	\$329,123	\$362,858	\$246,067
5	0.00%	\$0	-\$33,032	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$44,057	-\$33,032	\$11,025	\$429,826	\$473,883	\$361,183
6	0.00%	\$0	-\$33,987	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$33,987	-\$33,987	\$539,896	\$539,896	\$431,263
7	0.00%	\$0	-\$34,901	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$62,012	-\$34,901	\$27,111	\$604,995	\$667,007	\$562,368
8	0.00%	\$0	-\$35,830	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$74,946	-\$35,830	\$39,116	\$731,177	\$806,122	\$718,927
9	0.00%	\$0	-\$36,625	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$39,237	-\$36,625	\$2,612	\$869,497	\$908,734	\$838,983
10	0.00%	\$0	-\$33,440	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$99,968	-\$33,440	\$66,528	\$975,294	\$1,075,262	\$1,022,954
11	0.00%	\$0	-\$23,488	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$77,189	-\$23,488	\$53,701	\$1,051,774	\$1,128,963	\$1,128,963
12	0.00%	\$0	-\$23,952	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$107,862	-\$23,952	\$83,910	\$1,105,011	\$1,212,872	\$1,212,872
13	0.00%	\$0	-\$24,941	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$24,941	-\$24,941	\$1,187,931	\$1,187,931	\$1,187,931
14	0.00%	\$0	-\$26,095	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$119,088	-\$26,095	\$92,993	\$1,161,836	\$1,280,925	\$1,280,925
15	0.00%	\$0	-\$27,376	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$128,489	-\$27,376	\$101,113	\$1,253,549	\$1,382,037	\$1,382,037
16	0.00%	\$0	-\$17,873	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$139,827	-\$17,873	\$121,954	\$1,364,164	\$1,503,991	\$1,387,900
17	0.00%	\$0	-\$19,532	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$152,157	-\$19,532	\$132,625	\$1,484,459	\$1,636,616	\$1,398,137
18	0.00%	\$0	-\$21,413	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$144,929	-\$21,413	\$123,516	\$1,615,203	\$1,760,133	\$1,392,286
19	0.00%	\$0	-\$23,484	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$23,484	-\$23,484	\$1,736,649	\$1,736,649	\$1,233,458
20	0.00%	\$0	-\$25,732	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$25,732	-\$25,732	\$1,710,917	\$1,710,917	\$1,078,956
21	0.00%	\$0	-\$28,156	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$28,156	-\$28,156	\$1,682,761	\$1,682,761	\$928,569
22	0.00%	\$0	-\$30,717	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$169,334	-\$30,717	\$138,617	\$1,652,044	\$1,821,378	\$951,477
23	0.00%	\$0	-\$33,366	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$79,258	-\$33,366	\$45,892	\$1,788,012	\$1,867,270	\$873,950
24	0.00%	\$0	-\$36,107	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$153,172	-\$36,107	\$117,065	\$1,831,163	\$1,984,335	\$867,937
25	0.00%	\$0	-\$38,896	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$199,407	-\$38,896	\$160,511	\$1,945,439	\$2,144,846	\$899,722
26	0.00%	\$0	-\$42,099	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$42,099	-\$42,099	\$2,102,747	\$2,102,747	\$719,790
27	0.00%	\$0	-\$44,283	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$44,283	-\$44,283	\$2,058,464	\$2,058,464	\$545,897
28	0.00%	\$0	-\$46,238	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$206,253	-\$46,238	\$160,015	\$2,012,226	\$2,218,479	\$584,428
29	0.00%	\$0	-\$47,877	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$222,487	-\$47,877	\$174,610	\$2,170,602	\$2,393,089	\$628,243
30	0.00%	\$0	-\$49,342	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$47,909	-\$49,342	-\$1,433	\$2,343,747	\$2,391,657	\$485,796
31	0.00%	\$0	-\$50,532	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$239,965	-\$50,532	\$189,433	\$2,341,125	\$2,581,090	\$539,129
32	0.00%	\$0	-\$50,942	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$259,340	-\$50,942	\$208,398	\$2,530,148	\$2,789,488	\$600,143
33	0.00%	\$0	-\$50,392	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$280,757	-\$50,392	\$230,365	\$2,739,096	\$3,019,853	\$670,629
34	0.00%	\$0	-\$48,529	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,529	-\$48,529	\$2,971,324	\$2,971,324	\$448,306
35	0.00%	\$0	-\$44,504	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$299,999	-\$44,504	\$255,495	\$2,926,820	\$3,226,819	\$539,992
36	0.00%	\$0	-\$37,477	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$326,908	-\$37,477	\$289,431	\$3,189,342	\$3,516,250	\$649,722
37	0.00%	\$0	-\$26,260	2018	-4.41%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$26,260	-\$26,260	\$3,489,990	\$3,489,990	\$480,136
38	0.00%	\$0	-\$13,351	2019	31.74%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$356,356	-\$13,351	\$343,005	\$3,476,639	\$3,832,995	\$672,648
39	0.00%	\$0	-\$10,823	2020	18.38%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$391,773	-\$10,823	\$380,950	\$3,822,172	\$4,213,944	\$895,580
40	0.00%	\$0	-\$6,581	2021	28.83%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$431,255	-\$6,581	\$424,674	\$4,207,363	\$4,638,618	\$1,154,335

**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

**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	\$80,490	\$14,371
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$167,584	\$42,511
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$261,710	\$140,803
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$329,892	\$213,101
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$437,538	\$324,838
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$555,165	\$446,532
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$681,831	\$577,192
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$822,466	\$735,271
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$976,640	\$906,889
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,043,200	<b>\$990,892</b>
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,124,232	\$1,124,232
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,213,059	\$1,213,059
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,241,733	\$1,241,733
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,340,241	\$1,340,241
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,409,215	\$1,409,215
16	\$0	-\$112,737	-\$112,737	-\$5,637	\$10,865	-\$118,374	\$122,172	\$3,798	\$1,527,153	\$1,408,779
17	\$0	-\$112,702	-\$231,076	-\$11,554	\$0	-\$242,630	\$231,871	-\$10,760	\$1,507,621	\$1,264,991
18	\$0	-\$101,199	-\$343,829	-\$17,191	\$33,655	-\$361,021	\$361,994	\$973	\$1,638,544	\$1,277,523
19	\$0	-\$102,202	-\$463,223	-\$23,161	\$46,898	-\$486,384	\$504,441	\$18,057	\$1,780,604	\$1,294,220
20	\$0	-\$103,538	-\$589,921	-\$29,496	\$61,417	-\$619,418	\$660,610	\$41,192	\$1,934,746	<b>\$1,315,329</b>
21	\$0	-\$105,226	-\$724,644	-\$36,232	\$77,356	-\$760,876	\$832,047	\$71,171	\$2,102,016	\$1,341,140
22	\$0	-\$107,291	-\$868,167	-\$43,408	\$83,054	-\$911,576	\$1,008,665	\$97,089	\$2,257,153	\$1,345,577
23	\$0	-\$107,646	-\$1,019,222	-\$50,961	\$0	-\$1,070,183	\$1,099,809	\$29,626	\$2,223,787	\$1,153,604
24	\$0	-\$92,288	-\$1,162,471	-\$58,124	\$0	-\$1,220,595	\$1,172,742	-\$47,853	\$2,187,680	\$967,085
25	\$0	-\$77,367	-\$1,297,961	-\$64,898	\$0	-\$1,362,860	\$1,227,882	-\$134,977	\$2,148,784	\$785,924
26	\$0	-\$62,874	-\$1,425,733	-\$71,287	\$129,710	-\$1,497,020	\$1,395,178	-\$101,842	\$2,322,620	\$825,600
27	\$0	-\$66,048	-\$1,563,068	-\$78,153	\$63,537	-\$1,641,222	\$1,496,904	-\$144,318	\$2,379,330	\$738,108
28	\$0	-\$59,049	-\$1,700,270	-\$85,014	\$127,622	-\$1,785,284	\$1,653,337	-\$131,947	\$2,528,248	\$742,964
29	\$0	-\$59,437	-\$1,844,721	-\$92,236	\$172,235	-\$1,936,957	\$1,852,574	-\$84,382	\$2,734,609	\$797,652
30	\$0	-\$63,812	-\$2,000,769	-\$100,038	\$0	-\$2,100,808	\$1,881,808	-\$218,999	\$2,685,267	<b>\$584,460</b>
31	\$0	-\$46,757	-\$2,147,564	-\$107,378	\$0	-\$2,254,943	\$1,892,273	-\$362,670	\$2,634,735	\$379,793
32	\$0	-\$30,383	-\$2,285,326	-\$114,266	\$193,262	-\$2,399,592	\$2,078,744	-\$320,848	\$2,848,632	\$449,040
33	\$0	-\$35,923	-\$2,435,515	-\$121,776	\$212,919	-\$2,557,291	\$2,290,178	-\$267,113	\$3,085,060	\$527,768
34	\$0	-\$42,221	-\$2,599,513	-\$129,976	\$46,927	-\$2,729,488	\$2,342,638	-\$386,851	\$3,098,601	\$369,113
35	\$0	-\$29,529	-\$2,759,017	-\$137,951	\$239,655	-\$2,896,968	\$2,577,751	-\$319,217	\$3,367,142	\$470,174
36	\$0	-\$37,614	-\$2,934,582	-\$146,729	\$265,091	-\$3,081,311	\$2,851,347	-\$229,965	\$3,670,956	\$589,645
37	\$0	\$0	-\$3,081,311	-\$154,066	\$290,172	-\$3,235,377	\$3,121,122	-\$114,255	\$4,018,277	\$782,901
38	\$0	\$0	-\$3,235,377	-\$161,769	\$0	-\$3,397,146	\$3,110,752	-\$286,394	\$4,004,926	\$607,781
39	\$0	\$0	-\$3,397,146	-\$169,857	\$317,990	-\$3,567,003	\$3,420,336	-\$146,667	\$4,403,499	\$836,496
40	\$0	\$0	-\$3,567,003	-\$178,350	\$350,060	-\$3,745,353	\$3,765,284	\$19,931	\$4,847,602	<b>\$1,102,249</b>

**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.

**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%**

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	\$80,490	\$14,371
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$152,003	\$26,930
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$221,798	\$100,891
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$319,703	\$202,912
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$426,305	\$313,605
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$492,318	\$383,685
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$592,122	\$487,483
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$699,686	\$612,491
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$841,275	\$771,524
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$907,835	<b>\$855,527</b>
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$916,622	\$916,622
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$984,168	\$984,168
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$959,400	\$959,400
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,023,096	\$1,023,096
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,097,781	\$1,097,781
16	\$0	-\$87,823	-\$87,823	-\$4,391	\$8,855	-\$92,214	\$95,248	\$3,034	\$1,190,599	\$1,098,385
17	\$0	-\$87,871	-\$180,084	-\$9,004	\$0	-\$189,089	\$180,115	-\$8,974	\$1,171,067	\$981,978
18	\$0	-\$78,558	-\$267,647	-\$13,382	\$26,029	-\$281,029	\$279,972	-\$1,057	\$1,267,493	\$986,464
19	\$0	-\$78,917	-\$359,946	-\$17,997	\$0	-\$377,944	\$352,240	-\$25,704	\$1,244,009	\$866,066
20	\$0	-\$69,285	-\$447,229	-\$22,361	\$42,313	-\$469,590	\$455,119	-\$14,472	\$1,343,151	<b>\$873,560</b>
21	\$0	-\$69,885	-\$539,475	-\$26,974	\$39,677	-\$566,449	\$553,675	-\$12,774	\$1,416,503	\$850,054
22	\$0	-\$68,004	-\$634,453	-\$31,723	\$59,874	-\$666,176	\$668,072	\$1,896	\$1,522,209	\$856,033
23	\$0	-\$68,483	-\$734,659	-\$36,733	\$5,934	-\$771,392	\$726,343	-\$45,048	\$1,501,106	\$729,714
24	\$0	-\$58,377	-\$829,769	-\$41,488	\$78,499	-\$871,257	\$844,344	-\$26,913	\$1,615,161	\$743,904
25	\$0	-\$59,512	-\$930,769	-\$46,538	\$90,414	-\$977,308	\$972,504	-\$4,804	\$1,737,832	\$760,524
26	\$0	-\$60,842	-\$1,038,150	-\$51,907	\$103,352	-\$1,090,057	\$1,111,665	\$21,608	\$1,869,546	\$779,488
27	\$0	-\$62,359	-\$1,152,416	-\$57,621	\$84,374	-\$1,210,037	\$1,230,590	\$20,552	\$1,959,622	\$749,584
28	\$0	-\$59,967	-\$1,270,004	-\$63,500	\$129,161	-\$1,333,504	\$1,389,266	\$55,762	\$2,109,506	\$776,001
29	\$0	-\$62,080	-\$1,395,584	-\$69,779	\$145,387	-\$1,465,363	\$1,563,793	\$98,430	\$2,272,945	\$807,582
30	\$0	-\$64,607	-\$1,529,970	-\$76,499	\$0	-\$1,606,469	\$1,593,050	-\$13,419	\$2,223,603	<b>\$617,135</b>
31	\$0	-\$49,371	-\$1,655,839	-\$82,792	\$0	-\$1,738,631	\$1,605,096	-\$133,535	\$2,173,071	\$434,440
32	\$0	-\$34,755	-\$1,773,387	-\$88,669	\$164,144	-\$1,862,056	\$1,765,554	-\$96,502	\$2,339,648	\$477,592
33	\$0	-\$38,207	-\$1,900,263	-\$95,013	\$180,903	-\$1,995,276	\$1,945,815	-\$49,462	\$2,523,904	\$528,628
34	\$0	-\$42,290	-\$2,037,567	-\$101,878	\$199,837	-\$2,139,445	\$2,149,715	\$10,270	\$2,729,070	\$589,625
35	\$0	-\$47,170	-\$2,186,615	-\$109,331	\$188,247	-\$2,295,946	\$2,349,307	\$53,361	\$2,918,414	\$622,469
36	\$0	-\$49,797	-\$2,345,743	-\$117,287	\$242,750	-\$2,463,030	\$2,611,046	\$148,016	\$3,176,233	\$713,203
37	\$0	\$0	-\$2,463,030	-\$123,152	\$0	-\$2,586,182	\$2,589,459	\$3,277	\$3,149,973	\$563,792
38	\$0	\$0	-\$2,586,182	-\$129,309	\$0	-\$2,715,491	\$2,578,484	-\$137,007	\$3,136,622	\$421,131
39	\$0	\$0	-\$2,715,491	-\$135,775	\$204,482	-\$2,851,265	\$2,774,069	-\$77,197	\$3,374,543	\$523,278
40	\$0	\$0	-\$2,851,265	-\$142,563	\$0	-\$2,993,829	\$2,768,659	-\$225,170	\$3,367,962	<b>\$374,134</b>

**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.
- 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.



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

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	\$80,490	\$14,371
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$167,584	\$42,511
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260,941	\$140,034
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$362,858	\$246,067
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$473,883	\$361,183
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$539,896	\$431,263
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$667,007	\$562,368
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$806,122	\$718,927
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$908,734	\$838,983
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,075,262	\$1,022,954
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,128,963	\$1,128,963
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,212,872	\$1,212,872
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,187,931	\$1,187,931
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,280,925	\$1,280,925
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,382,037	\$1,382,037
16	\$0	-\$110,563	-\$110,563	-\$5,528	\$11,186	-\$116,091	\$120,319	\$4,228	\$1,503,991	\$1,387,900
17	\$0	-\$111,032	-\$227,123	-\$11,356	\$23,406	-\$238,479	\$251,752	\$13,273	\$1,636,616	\$1,398,137
18	\$0	-\$111,851	-\$350,330	-\$17,517	\$32,199	-\$367,847	\$391,045	\$23,198	\$1,760,133	\$1,392,286
19	\$0	-\$111,383	-\$479,230	-\$23,961	\$0	-\$503,191	\$495,724	-\$7,467	\$1,736,649	\$1,233,458
20	\$0	-\$98,677	-\$601,868	-\$30,093	\$0	-\$631,961	\$585,593	-\$46,368	\$1,710,917	\$1,078,956
21	\$0	-\$86,316	-\$718,278	-\$35,914	\$0	-\$754,191	\$660,852	-\$93,339	\$1,682,761	\$928,569
22	\$0	-\$74,286	-\$828,477	-\$41,424	\$73,976	-\$869,901	\$795,695	-\$74,206	\$1,821,378	\$951,477
23	\$0	-\$76,118	-\$946,019	-\$47,301	\$37,937	-\$993,320	\$893,780	-\$99,540	\$1,867,270	\$873,950
24	\$0	-\$69,916	-\$1,063,236	-\$53,162	\$79,052	-\$1,116,398	\$1,024,113	-\$92,285	\$1,984,335	\$867,937
25	\$0	-\$69,435	-\$1,185,833	-\$59,292	\$109,892	-\$1,245,124	\$1,182,004	-\$63,121	\$2,144,846	\$899,722
26	\$0	-\$71,978	-\$1,317,102	-\$65,855	\$0	-\$1,382,957	\$1,229,368	-\$153,589	\$2,102,747	\$719,790
27	\$0	-\$57,583	-\$1,440,540	-\$72,027	\$0	-\$1,512,567	\$1,259,849	-\$252,718	\$2,058,464	\$545,897
28	\$0	-\$43,672	-\$1,556,239	-\$77,812	\$130,610	-\$1,634,051	\$1,404,850	-\$229,201	\$2,218,479	\$584,428
29	\$0	-\$46,754	-\$1,680,805	-\$84,040	\$145,578	-\$1,764,846	\$1,565,856	-\$198,990	\$2,393,089	\$628,243
30	\$0	-\$50,259	-\$1,815,105	-\$90,755	\$32,354	-\$1,905,860	\$1,615,148	-\$290,713	\$2,391,657	\$485,796
31	\$0	-\$38,864	-\$1,944,724	-\$97,236	\$165,954	-\$2,041,960	\$1,785,019	-\$256,941	\$2,581,090	\$539,129
32	\$0	-\$43,130	-\$2,085,091	-\$104,255	\$183,687	-\$2,189,345	\$1,975,755	-\$213,590	\$2,789,488	\$600,143
33	\$0	-\$48,011	-\$2,237,357	-\$111,868	\$203,689	-\$2,349,225	\$2,190,896	-\$158,329	\$3,019,853	\$670,629
34	\$0	-\$53,650	-\$2,402,875	-\$120,144	\$0	-\$2,523,019	\$2,208,476	-\$314,542	\$2,971,324	\$448,306
35	\$0	-\$35,864	-\$2,558,883	-\$127,944	\$226,599	-\$2,686,827	\$2,437,325	-\$249,503	\$3,226,819	\$539,992
36	\$0	-\$43,199	-\$2,730,027	-\$136,501	\$251,301	-\$2,866,528	\$2,703,015	-\$163,513	\$3,516,250	\$649,722
37	\$0	\$0	-\$2,866,528	-\$143,326	\$0	-\$3,009,854	\$2,682,829	-\$327,026	\$3,489,990	\$480,136
38	\$0	\$0	-\$3,009,854	-\$150,493	\$273,938	-\$3,160,347	\$2,946,503	-\$213,843	\$3,832,995	\$672,648
39	\$0	\$0	-\$3,160,347	-\$158,017	\$301,164	-\$3,318,364	\$3,239,347	-\$79,017	\$4,213,944	\$895,580
40	\$0	\$0	-\$3,318,364	-\$165,918	\$331,515	-\$3,484,283	\$3,565,803	\$81,521	\$4,638,618	\$1,154,335

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.

**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:**

M55 - 3YF Income

**CLIENT ADVISOR:**

Darren Sugiyama

\_\_\_\_\_  
*signature* *date*

\_\_\_\_\_  
*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**

\_\_\_\_\_  
*signature* *date*