

# SUMMARY SECTION

PARTIAL-EQUITY INTEREST ACCRUAL with COST RECOVERY

# SUMMARY SECTION: ESTATE PLANNING



DATE CREATED: 08/26/22

PRIMARY INSURED: M55 - PEIACR \$10MM

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARISON SUMMARY:

1 Premium Financed Life Insurance Policy

...vs.

2 Non-Financed Life Insurance Policy

...vs.

3 Non-Insurance Based Investment Account

## ESTATE PLANNING COMPARISON SUMMARY:

1 Equities & Bonds Portfolio inside estate (subject to capital gains tax and estate tax)

...vs.

2 Hybrid Portfolio:

a. Same Equities & Bonds Portfolio inside estate (subject to capital gains tax and estate tax)

b. Reposition some portfolio funds into a Premium Financed Life Insurance Policy into an Irrevocable Life Insurance Trust (ILIT) outside the taxable estate

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARISON SUMMARY:

1 Leveraged Hypothetical Synthetic Proxy

...vs.

2 Non-Leveraged Hypothetical Synthetic Proxy

...vs.

3 Non-Leveraged Equities & Bonds Account

## PURPOSE OF SUMMARY SECTION:

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

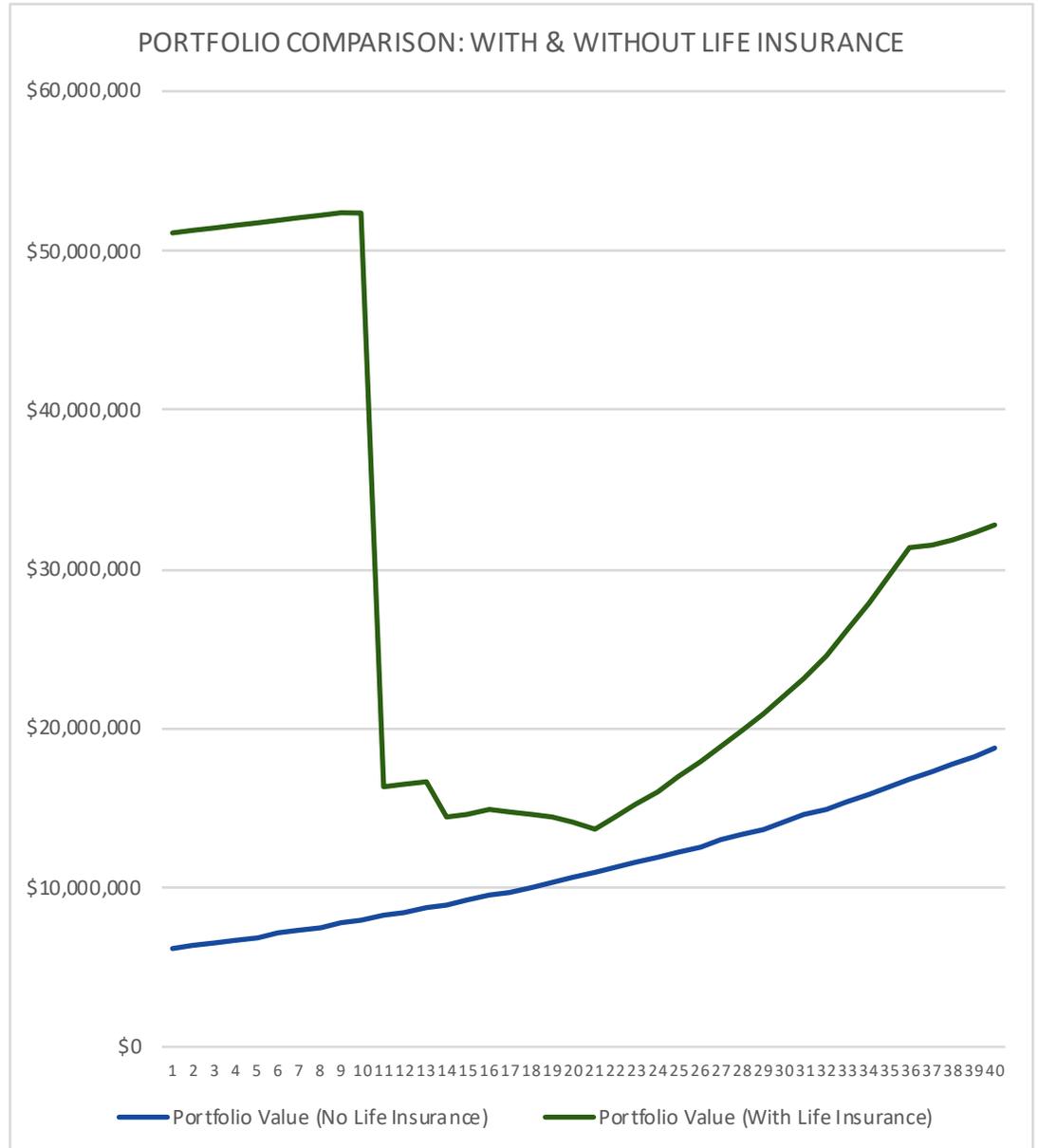
## REALLOCATION OF PORTFOLIO ASSETS

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

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

**TOTAL COST RECOVERY DRAWDOWNS: \$7,400,000**  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

Year	Age	CURRENT PORTFOLIO NET VALUE AT DEATH (NO LIFE INSURANCE)	vs	CURRENT PORTFOLIO THAT REPOSITIONS SOME CAPITAL INTO LIFE	-	AMOUNT REPOSITIONED INTO LIFE	=	TOTAL PORTFOLIO NET VALUE AT DEATH (WITH LIFE)
1	55	\$6,173,488	vs	\$5,716,650	-	\$740,000	=	\$51,099,853
2	56	\$6,351,992	vs	\$5,425,106	-	\$740,000	=	\$51,226,173
3	57	\$6,535,657	vs	\$5,125,133	-	\$740,000	=	\$51,373,138
4	58	\$6,724,633	vs	\$4,816,486	-	\$740,000	=	\$51,538,839
5	59	\$6,919,073	vs	\$4,498,915	-	\$740,000	=	\$51,719,747
6	60	\$7,119,135	vs	\$4,172,161	-	\$740,000	=	\$51,884,922
7	61	\$7,324,982	vs	\$3,835,959	-	\$740,000	=	\$52,044,854
8	62	\$7,536,781	vs	\$3,490,036	-	\$740,000	=	\$52,186,685
9	63	\$7,754,704	vs	\$3,134,111	-	\$740,000	=	\$52,296,016
10	64	\$7,978,928	vs	\$2,767,895	-	\$740,000	=	\$52,356,109
11	65	\$8,209,636	vs	\$2,847,927	-	\$0	=	\$16,313,151
12	66	\$8,447,014	vs	\$2,930,274	-	\$0	=	\$16,526,830
13	67	\$8,691,256	vs	\$3,015,002	-	\$0	=	\$16,674,313
14	68	\$8,942,560	vs	\$3,102,179	-	\$0	=	\$14,397,256
15	69	\$9,201,131	vs	\$3,191,877	-	\$0	=	\$14,531,915
16	70	\$9,467,178	vs	\$3,284,169	-	\$0	=	\$14,969,400
17	71	\$9,740,917	vs	\$3,379,130	-	\$0	=	\$14,824,917
18	72	\$10,022,572	vs	\$3,476,836	-	\$0	=	\$14,624,625
19	73	\$10,312,371	vs	\$3,577,367	-	\$0	=	\$14,365,815
20	74	\$10,610,549	vs	\$3,680,805	-	\$0	=	\$14,046,703
21	75	\$10,917,349	vs	\$3,787,234	-	\$0	=	\$13,667,649
22	76	\$11,233,019	vs	\$4,353,579	-	-\$740,000	=	\$14,420,026
23	77	\$11,557,818	vs	\$4,936,299	-	-\$740,000	=	\$15,212,340
24	78	\$11,892,007	vs	\$5,535,868	-	-\$740,000	=	\$16,046,415
25	79	\$12,235,860	vs	\$6,152,773	-	-\$740,000	=	\$16,925,569
26	80	\$12,589,655	vs	\$6,787,517	-	-\$740,000	=	\$17,845,667
27	81	\$12,953,680	vs	\$7,440,613	-	-\$740,000	=	\$18,810,862
28	82	\$13,328,230	vs	\$8,112,593	-	-\$740,000	=	\$19,821,538
29	83	\$13,713,611	vs	\$8,804,004	-	-\$740,000	=	\$20,877,835
30	84	\$14,110,134	vs	\$9,515,406	-	-\$740,000	=	\$21,979,548
31	85	\$14,518,123	vs	\$10,247,378	-	-\$740,000	=	\$23,122,489
32	86	\$14,937,909	vs	\$10,543,677	-	\$0	=	\$24,628,751
33	87	\$15,369,832	vs	\$10,848,543	-	\$0	=	\$26,201,642
34	88	\$15,814,245	vs	\$11,162,225	-	\$0	=	\$27,838,650
35	89	\$16,271,508	vs	\$11,484,976	-	\$0	=	\$29,536,874
36	90	\$16,741,992	vs	\$11,817,060	-	\$0	=	\$31,295,896
37	91	\$17,226,080	vs	\$12,158,745	-	\$0	=	\$31,539,868
38	92	\$17,724,165	vs	\$12,510,310	-	\$0	=	\$31,848,929
39	93	\$18,236,652	vs	\$12,872,041	-	\$0	=	\$32,256,761
40	94	\$18,763,958	vs	\$13,244,231	-	\$0	=	\$32,802,255



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

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

## STATIC RETURN LEDGER with LOAN PAYOFF

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

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

version 1197000

SL

## PARTIAL-EQUITY INTEREST ACCRUAL

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

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08/26/22

Health Rating:		PREFERRED			Third Party Loan Payoff Type:		PAR LOAN		PLR:	5.14%		Initial Gross Policy Face Amount:		\$45,000,000				
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	\$3,700,000	\$740,000	\$2,960,000	\$2,960,000	4.19%	\$124,024	\$124,024	\$740,000	\$963,838	5.64%	\$0	\$2,278,504	-\$681,496	\$45,383,204	6032.87%	1	55
2	56	\$3,700,000	\$740,000	\$2,960,000	\$6,044,024	4.29%	\$258,989	\$258,989	\$740,000	\$984,007	5.64%	\$0	\$5,880,875	-\$163,149	\$45,801,066	638.31%	2	56
3	57	\$3,700,000	\$740,000	\$2,960,000	\$9,263,013	4.38%	\$406,092	\$406,092	\$740,000	\$1,006,661	5.64%	\$0	\$9,648,233	\$385,220	\$46,248,005	258.47%	3	57
4	58	\$3,700,000	\$740,000	\$2,960,000	\$12,629,104	4.49%	\$566,681	\$566,681	\$740,000	\$1,021,348	5.64%	\$0	\$13,591,362	\$962,258	\$46,722,353	149.66%	4	58
5	59	\$3,700,000	\$740,000	\$2,960,000	\$16,155,785	4.59%	\$742,272	\$742,272	\$740,000	\$1,038,898	5.64%	\$0	\$17,720,472	\$1,564,687	\$47,220,832	101.39%	5	59
6	60	\$3,700,000	\$740,000	\$2,960,000	\$19,858,057	4.71%	\$934,577	\$934,577	\$740,000	\$1,088,754	5.64%	\$0	\$22,019,883	\$2,161,826	\$47,712,761	74.88%	6	60
7	61	\$3,700,000	\$740,000	\$2,960,000	\$23,752,634	4.82%	\$1,145,529	\$1,145,529	\$740,000	\$1,161,938	5.64%	\$0	\$26,517,378	\$2,764,745	\$48,208,895	58.40%	7	61
8	62	\$3,700,000	\$740,000	\$2,960,000	\$27,858,163	4.94%	\$1,377,319	\$1,377,319	\$740,000	\$1,273,207	5.64%	\$0	\$31,219,021	\$3,360,858	\$48,696,648	47.27%	8	62
9	63	\$3,700,000	\$740,000	\$2,960,000	\$32,195,482	5.07%	\$1,632,429	\$1,632,429	\$740,000	\$1,437,567	5.64%	\$0	\$36,131,532	\$3,936,050	\$49,161,905	39.29%	9	63
10	64	\$3,700,000	\$740,000	\$2,960,000	\$36,787,911	5.20%	\$1,913,684	\$1,913,684	\$740,000	\$1,672,229	5.64%	\$0	\$41,262,096	\$4,474,185	\$49,588,215	33.33%	10	64
11	65	\$0	\$0	\$0	\$38,701,596	5.34%	\$2,066,266	\$2,066,266	\$0	\$1,862,714	5.64%	\$0	\$43,472,350	\$4,770,754	\$13,465,224	9.12%	11	65
12	66	\$0	\$0	\$0	\$40,767,862	5.48%	\$2,234,766	\$2,234,766	\$0	\$2,056,672	5.64%	\$0	\$45,684,385	\$4,916,523	\$13,596,557	8.09%	12	66
13	67	\$0	\$0	\$0	\$43,002,628	5.63%	\$2,421,188	\$2,421,188	\$0	\$2,313,157	5.64%	\$0	\$48,018,592	\$5,159,965	\$13,659,311	7.22%	13	67
14	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$45,423,816	\$2,723,869	\$2,723,869	\$11,295,077	4.47%	14	68
15	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,868,342	\$2,868,342	\$11,340,038	4.08%	15	69
16	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,302,321	\$3,302,321	\$11,685,231	4.00%	16	70
17	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,777,085	\$3,777,085	\$11,445,787	3.51%	17	71
18	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,297,924	\$4,297,924	\$11,147,789	3.05%	18	72
19	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,871,509	\$4,871,509	\$10,788,448	2.61%	19	73
20	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$5,506,342	\$5,506,342	\$10,365,897	2.19%	20	74
21	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$6,214,125	\$6,214,125	\$9,880,414	1.76%	21	75
22	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,194,509	\$6,194,509	\$10,066,447	2.18%	22	76
23	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,187,493	\$6,187,493	\$10,276,041	2.55%	23	77
24	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,193,871	\$6,193,871	\$10,510,547	2.86%	24	78
25	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,215,823	\$6,215,823	\$10,772,795	3.13%	25	79
26	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,248,391	\$6,248,391	\$11,058,151	3.37%	26	80
27	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,294,469	\$6,294,469	\$11,370,249	3.58%	27	81
28	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,353,319	\$6,353,319	\$11,708,945	3.76%	28	82
29	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,423,927	\$6,423,927	\$12,073,831	3.93%	29	83
30	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,504,903	\$6,504,903	\$12,464,142	4.08%	30	84
31	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,591,017	\$6,591,017	\$12,875,110	4.21%	31	85
32	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$7,459,813	\$7,459,813	\$14,085,073	4.33%	32	86
33	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$8,369,729	\$8,369,729	\$15,353,098	4.43%	33	87
34	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$9,317,427	\$9,317,427	\$16,676,425	4.53%	34	88
35	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$10,299,157	\$10,299,157	\$18,051,898	4.61%	35	89
36	90	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$11,313,489	\$11,313,489	\$19,478,836	4.68%	36	90
37	91	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$12,497,498	\$12,497,498	\$19,381,123	4.57%	37	91
38	92	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$13,894,597	\$13,894,597	\$19,338,619	4.46%	38	92
39	93	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$15,554,600	\$15,554,600	\$19,384,721	4.38%	39	93
40	94	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$17,535,183	\$17,535,183	\$19,558,025	4.31%	40	94

-\$37,000,000    -\$7,400,000    -\$29,600,000

\$15,823,816    \$15,823,816    \$7,400,000

TOTAL INCOME DRAWN:

-\$7,400,000

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/26/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	1.90%
Total Rate Floor:	1.90%
<b>GLO1 \$2M-\$2.99M Year-1 Rate:</b>	<b>4.19%</b>
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (Average of every 25-yr run over last 65 years):	5.64%
Reduced Assumed Index Credit:	5.64%

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash    Index Credit
Collateral Valued At:	100.00%    Assumption (ICA)    0.00%
The Gap Collateral (in 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:	\$963,838
PREMIUMS PAID BY CLIENT:	-\$7,400,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$7,400,000
TOTAL DRAWDOWNS (excluding loan payoff):	\$7,400,000
40-YEAR PROGRAM NET CASH FLOW:	\$0
YEAR 40 NET CASH SURRENDER VALUE:	\$17,535,183
<b>40-YEAR CASH GAIN (excluding death benefit):</b>	<b>\$17,535,183</b>
<b>40-YEAR NET CSV IRR:</b>	<b>4.08%</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.



## ONGOING COST & BENEFIT COMPARISON:

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

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

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

## 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 NF250523

NON-FINANCED IUL		5.64%		
AGE	ANNUAL PREMIUM	CASH VALUE	DEATH BENEFIT	
1	55	\$312,593	\$81,636	\$10,000,000
2	56	\$312,593	\$349,339	\$10,000,000
3	57	\$312,593	\$628,296	\$10,000,000
4	58	\$312,593	\$918,814	\$10,000,000
5	59	\$312,593	\$1,221,069	\$10,000,000
6	60	\$312,593	\$1,535,145	\$10,000,000
7	61	\$312,593	\$1,862,249	\$10,000,000
8	62	\$312,593	\$2,204,126	\$10,000,000
9	63	\$312,593	\$2,561,762	\$10,000,000
10	64	\$312,593	\$2,935,820	\$10,000,000
11	65	\$312,593	\$3,371,276	\$10,000,000
12	66	\$0	\$3,514,664	\$10,000,000
13	67	\$0	\$3,662,074	\$10,000,000
14	68	\$0	\$3,813,325	\$10,000,000
15	69	\$0	\$3,968,284	\$10,000,000
16	70	\$0	\$4,126,800	\$10,000,000
17	71	\$0	\$4,288,370	\$10,000,000
18	72	\$0	\$4,452,088	\$10,000,000
19	73	\$0	\$4,617,978	\$10,000,000
20	74	\$0	\$4,786,602	\$10,000,000
21	75	\$0	\$4,957,849	\$10,000,000
22	76	\$0	\$5,131,614	\$10,000,000
23	77	\$0	\$5,307,830	\$10,000,000
24	78	\$0	\$5,486,417	\$10,000,000
25	79	\$0	\$5,667,303	\$10,000,000
26	80	\$0	\$5,850,472	\$10,000,000
27	81	\$0	\$6,034,868	\$10,000,000
28	82	\$0	\$6,217,365	\$10,000,000
29	83	\$0	\$6,397,131	\$10,000,000
30	84	\$0	\$6,573,793	\$10,000,000
31	85	\$0	\$6,746,917	\$10,000,000
32	86	\$0	\$6,916,526	\$10,000,000
33	87	\$0	\$7,083,258	\$10,000,000
34	88	\$0	\$7,248,555	\$10,000,000
35	89	\$0	\$7,411,752	\$10,000,000
36	90	\$0	\$7,570,962	\$10,000,000
37	91	\$0	\$7,725,081	\$10,000,000
38	92	\$0	\$7,873,658	\$10,000,000
39	93	\$0	\$8,018,155	\$10,000,000
40	94	\$0	\$8,162,383	\$10,000,000

**\$3,438,523**  
TOTAL NET COST  
(OVER 40 YEARS)

## PREMIUM FINANCED w/ COST RECOVERY

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

version 1197000

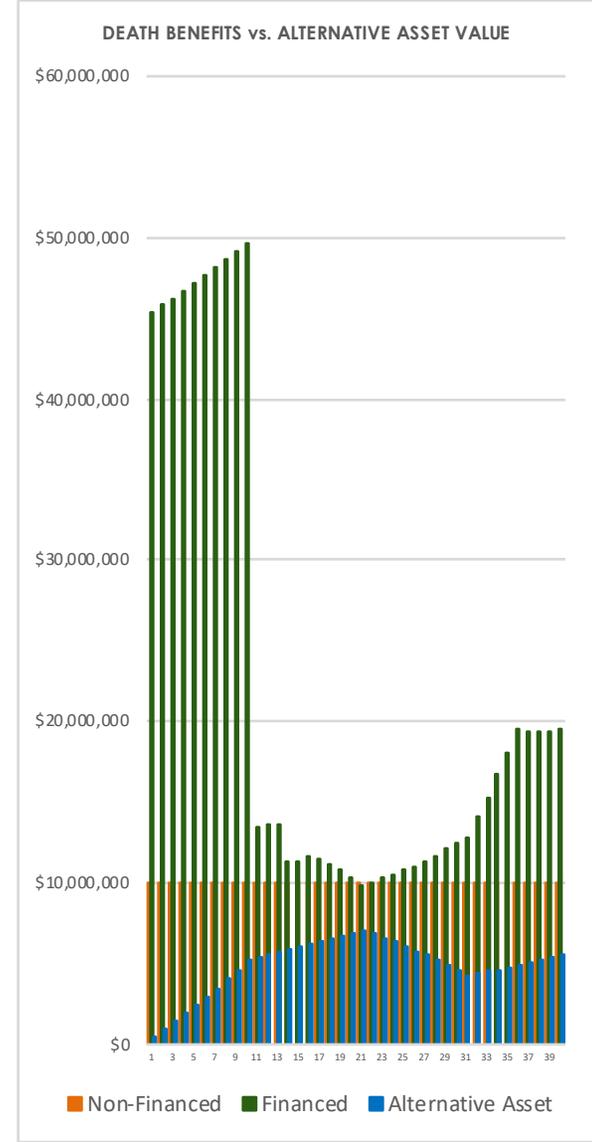
PARTIAL-EQUITY INTEREST ACCRUAL		5.64%		
AGE	ANNUAL CONTRIBUTION	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS	
1	55	\$740,000	\$0	\$45,383,204
2	56	\$740,000	\$0	\$45,801,066
3	57	\$740,000	\$385,220	\$46,248,005
4	58	\$740,000	\$962,258	\$46,722,353
5	59	\$740,000	\$1,564,687	\$47,220,832
6	60	\$740,000	\$2,161,826	\$47,712,761
7	61	\$740,000	\$2,764,745	\$48,208,895
8	62	\$740,000	\$3,360,858	\$48,696,648
9	63	\$740,000	\$3,936,050	\$49,161,905
10	64	\$740,000	\$4,474,185	\$49,588,215
11	65	\$0	\$4,770,754	\$13,465,224
12	66	\$0	\$4,916,523	\$13,596,557
13	67	\$0	\$5,015,965	\$13,659,311
14	68	\$0	\$2,723,869	\$11,295,077
15	69	\$0	\$2,868,342	\$11,340,038
16	70	\$0	\$3,302,321	\$11,685,231
17	71	\$0	\$3,777,085	\$11,445,787
18	72	\$0	\$4,297,924	\$11,147,789
19	73	\$0	\$4,871,509	\$10,788,448
20	74	\$0	\$5,506,342	\$10,365,897
21	75	\$0	\$6,214,125	\$9,880,414
22	76	-\$740,000	\$6,194,509	\$10,066,447
23	77	-\$740,000	\$6,187,493	\$10,276,041
24	78	-\$740,000	\$6,193,871	\$10,510,547
25	79	-\$740,000	\$6,215,823	\$10,772,795
26	80	-\$740,000	\$6,248,391	\$11,058,151
27	81	-\$740,000	\$6,294,469	\$11,370,249
28	82	-\$740,000	\$6,353,319	\$11,708,945
29	83	-\$740,000	\$6,423,927	\$12,073,831
30	84	-\$740,000	\$6,504,903	\$12,464,142
31	85	-\$740,000	\$6,591,017	\$12,875,110
32	86	\$0	\$7,459,813	\$14,085,073
33	87	\$0	\$8,369,729	\$15,353,098
34	88	\$0	\$9,317,427	\$16,676,425
35	89	\$0	\$10,299,157	\$18,051,898
36	90	\$0	\$11,313,489	\$19,478,836
37	91	\$0	\$12,497,498	\$19,381,123
38	92	\$0	\$13,894,597	\$19,338,619
39	93	\$0	\$15,554,600	\$19,384,721
40	94	\$0	\$17,535,183	\$19,558,025

**\$0**  
TOTAL NET COST  
AFTER \$7.4MM COST RECOVERY DRAWDOWNS

## NON-INSURANCE BASED ALTERNATIVE ASSET

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

5.64% ALTERNATIVE ASSET	
AGE	ALTERNATIVE ASSET
1	\$456,838
2	\$926,885
3	\$1,410,524
4	\$1,908,147
5	\$2,420,158
6	\$2,946,974
7	\$3,489,023
8	\$4,046,745
9	\$4,620,593
10	\$5,211,033
11	\$5,361,708
12	\$5,516,740
13	\$5,676,254
14	\$5,840,381
15	\$6,009,253
16	\$6,183,008
17	\$6,361,788
18	\$6,545,736
19	\$6,735,004
20	\$6,929,744
21	\$7,130,114
22	\$6,879,441
23	\$6,621,519
24	\$6,356,139
25	\$6,083,086
26	\$5,802,138
27	\$5,513,067
28	\$5,215,637
29	\$4,909,607
30	\$4,594,728
31	\$4,270,745
32	\$4,394,232
33	\$4,521,289
34	\$4,652,020
35	\$4,786,532
36	\$4,924,932
37	\$5,067,335
38	\$5,213,855
39	\$5,364,611
40	\$5,519,727



Taxable Gains Rate Assumption: 32.60%  
Estate Tax Rate Assumption: 40.00%  
Investment Fee Assumption: 1.35%



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

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

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

# 3 DIFFERENT FINANCIAL SOLUTIONS

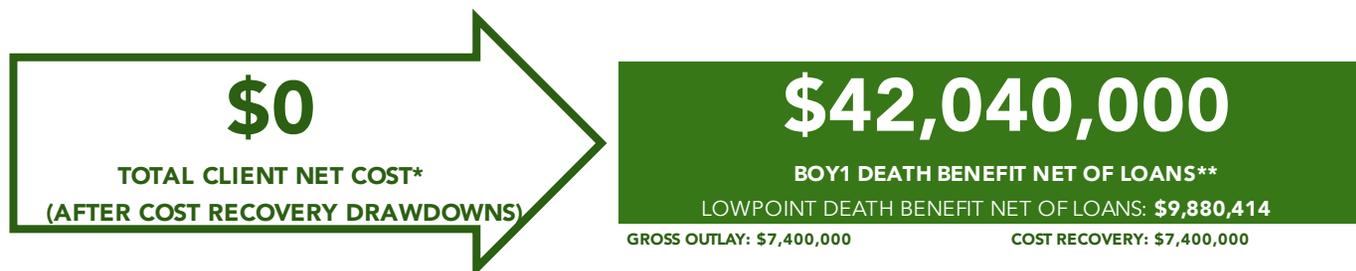


DATE CREATED: 08/26/22

PRIMARY INSURED: M55 - PEIACR \$10MM  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

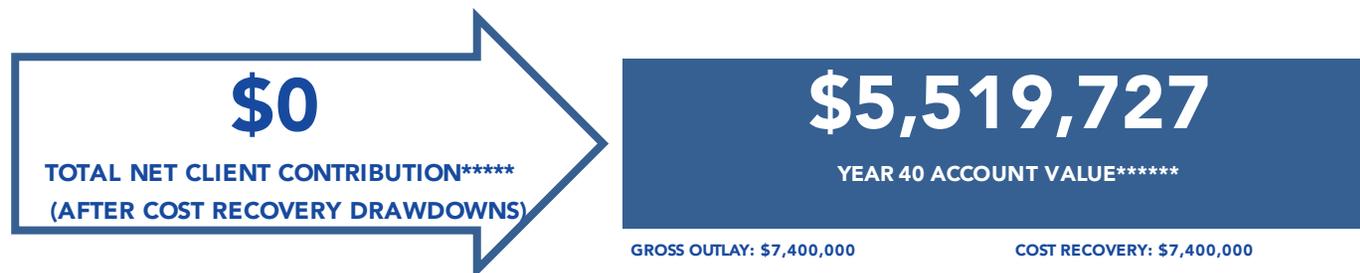
## PREMIUM FINANCED LIFE INSURANCE: PARTIAL-EQUITY INTEREST ACCRUAL



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



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

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

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

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

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

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

## BACKTESTED PROXY: WORST 40-YEAR PERIOD LEDGER

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

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

**HYPOTHETICAL SYNTHETIC PROXY**

**PARTIAL-EQUITY INTEREST ACCRUAL**

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

Current Pre-Bonus Cap: 8.75%

Current Post-Bonus Max Cap: 10.90%

PAGE 7

		Participation Rate: 100.00%			Floor Modeled: 0.00%		Upside Design: CAPPED				Pre-Bonus Cap Modeled: 8.25%		Post-Bonus Max Cap Modeled: 10.90%		8/26/2022			
#	YEAR	1 TOTAL INDEX CONTRIBUTION	2 CLIENT INDEX CONTRIBUTIONS	3 LENDER INDEX CONTRIBUTIONS	4 CUMULATIVE LOAN BALANCE	5 THIRD PARTY LOAN PAYOFF	6 FINANCING INTEREST RATE	7 INTEREST DUE	8 INTEREST ACCRUED	9 TOTAL CLIENT CONTRIBUTION	10 (Cash) GAP COLLATERAL	11 CALENDAR YEAR	12 INDEX RETURN (GROSS)	13 INDEX RETURN (FLOOR & CAP)	14 INDEX RETURN (EFFECTIVE)	15 ANNUAL INCOME DRAWDOWNS	16 EOY GROSS INDEX ACCUMULATED VALUE	17 EOY INDEX VALUE NET OF INT & EXT LOANS
1	55	\$3,700,000	\$740,000	\$2,960,000	\$2,960,000		4.19%	\$124,024	\$124,024	\$740,000	\$963,838	1971	12.42%	8.25%	8.25%	\$0	\$3,387,547	-\$637,153
2	56	\$3,700,000	\$740,000	\$2,960,000	\$6,044,024		4.29%	\$258,989	\$258,989	\$740,000	\$984,007	1972	-1.92%	0.00%	0.00%	\$0	\$6,446,394	-\$561,845
3	57	\$3,700,000	\$740,000	\$2,960,000	\$9,263,013		4.38%	\$406,092	\$406,092	\$740,000	\$964,535	1973	-41.40%	0.00%	0.00%	\$0	\$9,436,073	-\$689,725
4	58	\$3,700,000	\$740,000	\$2,960,000	\$12,629,104		4.49%	\$566,681	\$566,681	\$740,000	\$1,400,110	1974	32.00%	8.25%	10.90%	\$0	\$13,705,062	\$315,863
5	59	\$3,700,000	\$740,000	\$2,960,000	\$16,155,785		4.59%	\$742,272	\$742,272	\$740,000	\$2,060,095	1975	25.48%	8.25%	10.90%	\$0	\$18,350,046	\$1,538,116
6	60	\$3,700,000	\$740,000	\$2,960,000	\$19,858,057		4.71%	\$934,577	\$934,577	\$740,000	\$1,702,829	1976	-8.28%	0.00%	0.00%	\$0	\$21,082,373	\$673,381
7	61	\$3,700,000	\$740,000	\$2,960,000	\$23,752,634		4.82%	\$1,145,529	\$1,145,529	\$740,000	\$1,187,181	1977	6.23%	6.23%	9.03%	\$0	\$25,884,433	\$1,687,649
8	62	\$3,700,000	\$740,000	\$2,960,000	\$27,858,163		4.94%	\$1,377,319	\$1,377,319	\$740,000	\$2,687,230	1978	6.61%	6.61%	9.59%	\$0	\$31,170,875	\$2,976,922
9	63	\$3,700,000	\$740,000	\$2,960,000	\$32,195,482		5.07%	\$1,632,429	\$1,632,429	\$740,000	\$2,460,808	1979	14.76%	8.25%	10.90%	\$0	\$37,285,954	\$4,864,617
10	64	\$3,700,000	\$740,000	\$2,960,000	\$36,787,911		5.20%	\$1,913,684	\$1,913,684	\$740,000	\$2,036,968	1980	-7.40%	0.00%	0.00%	\$0	\$39,613,941	\$2,712,000
11	65	\$0	\$0	\$0	\$38,701,596		5.34%	\$2,066,266	\$2,066,266	\$0	\$980,576	1981	3.65%	3.65%	5.29%	\$0	\$40,967,935	\$2,266,339
12	66	\$0	\$0	\$0	\$40,767,862		5.48%	\$2,234,766	\$2,234,766	\$0	\$3,730,747	1982	37.91%	8.25%	10.90%	\$0	\$44,629,192	\$3,861,330
13	67	\$0	\$0	\$0	\$43,002,628		5.63%	\$2,421,188	\$2,421,188	\$0	\$4,692,351	1983	0.02%	0.02%	0.03%	\$0	\$43,871,788	\$869,161
14	68	\$0	\$0	\$0	\$0	-\$45,423,816	0.00%	\$0	\$0	\$0	\$0	1984	9.62%	8.25%	10.90%	\$0	\$47,801,323	\$106,316
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1985	27.04%	8.25%	10.90%	\$0	\$52,106,991	\$2,027,234
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1986	39.13%	8.25%	10.90%	\$0	\$57,108,686	\$4,524,941
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	\$0	\$56,445,218	\$1,232,286
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1988	28.41%	8.25%	10.90%	\$0	\$61,869,093	\$3,895,515
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	-12.34%	0.00%	0.00%	\$0	\$61,160,496	\$288,239
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	26.73%	8.25%	10.90%	\$0	\$67,056,626	\$3,140,755
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	10.90%	\$0	\$73,545,056	\$6,433,392
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	9.84%	8.25%	10.90%	-\$740,000	\$80,655,101	\$9,410,854
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	1.19%	-\$740,000	\$80,704,872	\$5,121,412
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	26.30%	8.25%	10.90%	-\$740,000	\$88,481,559	\$8,341,927
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	17.61%	8.25%	10.90%	-\$740,000	\$96,998,210	\$12,074,596
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	37.82%	8.25%	10.90%	-\$740,000	\$106,321,597	\$16,374,802
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	10.67%	-\$740,000	\$116,293,353	\$21,072,219
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	26.13%	8.25%	10.90%	-\$740,000	\$127,449,278	\$26,690,087
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	11.99%	8.25%	10.90%	-\$740,000	\$139,663,453	\$33,089,302
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$740,000	\$137,993,807	\$25,313,948
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$740,000	\$136,298,585	\$17,207,734
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	22.16%	8.25%	10.90%	\$0	\$149,244,949	\$24,199,555
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	11.91%	8.25%	10.90%	\$0	\$163,403,417	\$32,105,753
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	10.25%	8.25%	10.90%	\$0	\$178,884,261	\$41,021,714
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.25%	10.90%	\$0	\$195,808,194	\$51,052,520
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	14.29%	8.25%	10.90%	\$0	\$214,310,344	\$62,316,886
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	\$0	\$211,620,678	\$52,027,547
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	\$0	\$209,044,983	\$41,472,196
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	10.90%	\$0	\$229,136,897	\$53,185,470
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	\$0	\$226,665,866	\$41,916,868
		\$7,400,000	\$29,600,000					\$15,823,816	\$15,823,816	\$7,400,000		AVERAGE ANNUAL INCOME DRAWDOWN:		\$740,000			WORST 40	

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$2M-\$2.99M	1-Month CMT Rate: 2.29%
	Lender Spread: 1.90%
Starting Borrowing Rate: 4.19%	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 1.90%	
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$45,423,816
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:	\$963,838
TOTAL CLIENT OUTLAY:	-\$7,400,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$740,000
TOTAL INCOME DRAWDOWN:	\$7,400,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$41,916,868
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$49,316,868
RAW S&P 500 CAGR: 6.30%	40-YEAR NET ACCOUNT IRR: 6.00%

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

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



## BACKTESTED PROXY: CHARGES & CREDITS LEDGER

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

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

**HYPOTHETICAL SYNTHETIC PROXY**

**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	1.00%	-\$36,550	-\$534,077	1971	12.42%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$258,173	-\$570,627	-\$312,453	\$3,129,373	\$3,387,547	-\$637,153
2	1.00%	-\$65,779	-\$575,374	1972	-1.92%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$641,153	-\$641,153	\$6,446,394	\$6,446,394	-\$561,845
3	1.00%	-\$96,173	-\$614,148	1973	-41.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$710,321	-\$710,321	\$9,436,073	\$9,436,073	-\$689,725
4	1.00%	-\$125,880	-\$652,157	1974	32.00%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,347,026	-\$778,037	\$568,989	\$12,358,036	\$13,705,062	\$315,863
5	1.00%	-\$168,380	-\$690,203	1975	25.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,803,566	-\$858,583	\$944,984	\$16,546,479	\$18,350,046	\$1,538,116
6	1.00%	-\$214,515	-\$753,158	1976	-8.28%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$967,673	-\$967,673	\$21,082,373	\$21,082,373	\$673,381
7	1.00%	-\$241,606	-\$799,629	1977	6.23%	6.23%	x 1.45	= 9.03%	+ 0.00%	= 9.03%	\$2,143,295	-\$1,041,235	\$1,102,060	\$23,741,138	\$25,884,433	\$1,687,649
8	1.00%	-\$289,368	-\$851,235	1978	6.61%	6.61%	x 1.45	= 9.59%	+ 0.00%	= 9.59%	\$2,727,045	-\$1,140,603	\$1,586,442	\$28,443,830	\$31,170,875	\$2,976,922
9	1.00%	-\$341,950	-\$907,686	1979	14.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,664,715	-\$1,249,636	\$2,415,079	\$33,621,239	\$37,285,954	\$4,864,617
10	1.00%	-\$402,793	-\$969,219	1980	-7.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,372,012	-\$1,372,012	\$39,613,941	\$39,613,941	\$2,712,000
11	1.00%	-\$394,587	-\$310,398	1981	3.65%	3.65%	x 1.45	= 5.29%	+ 0.00%	= 5.29%	\$2,058,979	-\$704,985	\$1,353,993	\$38,908,956	\$40,967,935	\$2,266,339
12	1.00%	-\$408,094	-\$317,107	1982	37.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,386,458	-\$725,201	\$3,661,257	\$40,242,734	\$44,629,192	\$3,861,330
13	1.00%	-\$444,671	-\$324,221	1983	0.02%	0.02%	x 1.45	= 0.03%	+ 0.00%	= 0.03%	\$11,488	-\$768,892	-\$757,404	\$43,860,300	\$43,871,788	\$869,161
14	1.00%	-\$437,060	-\$331,642	1984	9.62%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,698,236	-\$768,702	\$3,929,535	\$43,103,087	\$47,801,323	\$1,06,316
15	1.00%	-\$476,316	-\$339,443	1985	27.04%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,121,426	-\$815,759	\$4,305,667	\$46,985,564	\$52,106,991	\$2,027,234
16	1.00%	-\$520,616	-\$90,715	1986	39.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,613,027	-\$611,331	\$5,001,696	\$51,495,659	\$57,108,686	\$4,524,941
17	1.00%	-\$570,623	-\$92,845	1987	-15.51%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$663,468	-\$663,468	\$56,445,218	\$56,445,218	\$1,232,286
18	1.00%	-\$563,987	-\$93,050	1988	28.41%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,080,912	-\$657,037	\$5,423,875	\$55,788,182	\$61,869,093	\$3,895,515
19	1.00%	-\$618,239	-\$90,358	1989	-12.34%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$708,597	-\$708,597	\$61,160,496	\$61,160,496	\$288,239
20	1.00%	-\$611,188	-\$83,460	1990	26.73%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,590,777	-\$694,648	\$5,896,130	\$60,465,849	\$67,056,626	\$3,140,755
21	1.00%	-\$670,217	-\$69,857	1991	7.72%	7.72%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,228,504	-\$740,074	\$6,488,430	\$66,316,552	\$73,545,056	\$6,433,392
22	1.00%	-\$735,039	-\$82,243	1992	9.84%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,927,327	-\$817,282	\$7,110,045	\$72,727,774	\$80,655,101	\$9,410,854
23	1.00%	-\$806,068	-\$96,644	1993	0.82%	0.82%	x 1.45	= 1.19%	+ 0.00%	= 1.19%	\$952,482	-\$902,712	\$49,770	\$79,752,389	\$80,704,872	\$5,121,412
24	1.00%	-\$806,482	-\$113,395	1994	26.30%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,696,564	-\$919,877	\$7,776,688	\$79,784,995	\$88,481,559	\$8,341,927
25	1.00%	-\$884,151	-\$132,836	1995	17.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,533,638	-\$1,016,987	\$8,516,651	\$87,464,572	\$96,998,210	\$12,074,596
26	1.00%	-\$969,195	-\$157,422	1996	37.82%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$10,450,004	-\$1,126,617	\$9,323,387	\$95,871,593	\$106,321,597	\$16,374,802
27	1.00%	-\$1,062,309	-\$181,475	1997	7.36%	7.36%	x 1.45	= 10.67%	+ 0.00%	= 10.67%	\$11,215,540	-\$1,243,784	\$9,971,757	\$105,077,813	\$116,293,353	\$21,072,219
28	1.00%	-\$1,161,890	-\$208,760	1998	26.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$12,526,575	-\$1,370,650	\$11,155,925	\$114,922,704	\$127,449,278	\$26,690,807
29	1.00%	-\$1,273,295	-\$239,597	1999	11.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$13,727,066	-\$1,512,892	\$12,214,174	\$125,936,387	\$139,663,453	\$33,089,302
30	1.00%	-\$1,395,263	-\$274,383	2000	-27.54%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,669,646	-\$1,669,646	\$137,993,807	\$137,993,807	\$25,313,948
31	1.00%	-\$1,378,354	-\$316,868	2001	-21.68%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,695,222	-\$1,695,222	\$136,298,585	\$136,298,585	\$17,207,734
32	1.00%	-\$1,361,180	-\$361,257	2002	22.16%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$14,668,800	-\$1,722,437	\$12,946,364	\$134,576,149	\$149,244,949	\$24,199,555
33	1.00%	-\$1,490,392	-\$411,530	2003	11.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$16,060,390	-\$1,901,922	\$14,158,468	\$147,343,027	\$163,403,417	\$32,105,753
34	1.00%	-\$1,631,687	-\$469,421	2004	10.25%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$17,581,952	-\$2,101,108	\$15,480,844	\$161,302,309	\$178,884,261	\$41,021,714
35	1.00%	-\$1,786,166	-\$535,250	2005	8.71%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$19,245,350	-\$2,321,416	\$16,923,934	\$176,562,844	\$195,808,194	\$51,052,520
36	1.00%	-\$1,955,049	-\$606,668	2006	14.29%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$21,063,866	-\$2,561,717	\$18,502,149	\$193,246,478	\$214,310,344	\$62,316,886
37	1.00%	-\$2,140,357	-\$549,309	2007	-23.61%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,689,666	-\$2,689,666	\$211,620,678	\$211,620,678	\$52,027,547
38	1.00%	-\$2,113,898	-\$461,797	2008	-9.37%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,575,695	-\$2,575,695	\$209,044,983	\$209,044,983	\$41,472,196
39	1.00%	-\$2,088,748	-\$340,458	2009	7.96%	7.96%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$22,521,120	-\$2,429,206	\$20,091,914	\$206,615,778	\$229,136,897	\$53,185,470
40	1.00%	-\$2,290,466	-\$180,565	2010	-0.86%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,471,031	-\$2,471,031	\$226,665,866	\$226,665,866	\$41,916,868

**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.

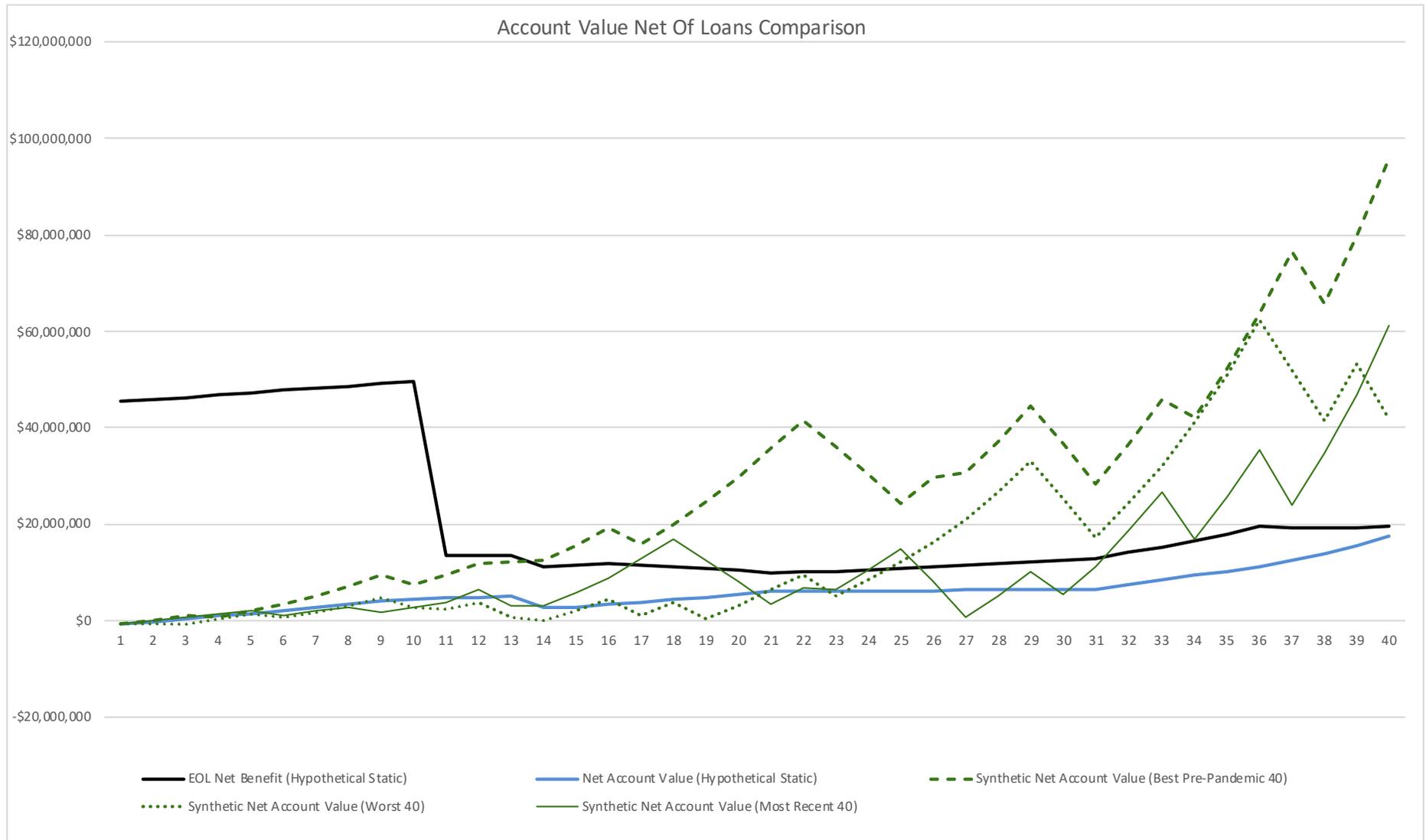
## GRAPH: BACKTESTED PROXY vs. AS-ILLUSTRATED STATIC

- ✓ 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:	14	-\$7,400,000	\$7,400,000	\$17,535,183	hypothetical static	no	5.64%	5.14%	<b>4.08%</b>
- - - Synthetic Best 40*:	14	-\$7,400,000	\$7,400,000	\$95,785,110	actual historical*	yes	9.02%	5.00%	<b>8.07%</b>
..... Synthetic Worst 40*:	14	-\$7,400,000	\$7,400,000	\$41,916,868	actual historical*	yes	6.30%	5.00%	<b>6.00%</b>
— Synthetic (1982-2021):	14	-\$7,400,000	\$7,400,000	\$61,179,750	actual historical*	yes	9.99%	5.00%	<b>6.92%</b>

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

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

✓ Leveraged Hypothetical Synthetic Asset Value (Proxy)

vs...

✓ Non-Leveraged Hypothetical Synthetic Asset Value (Proxy)

vs...

✓ Non-Leveraged Equities & Bonds Account

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

# HYPOTHETICAL SYNTHETIC PROXIES: BACKTESTING REPORT

## BEST CAGR IN 40-YEAR PERIOD\*

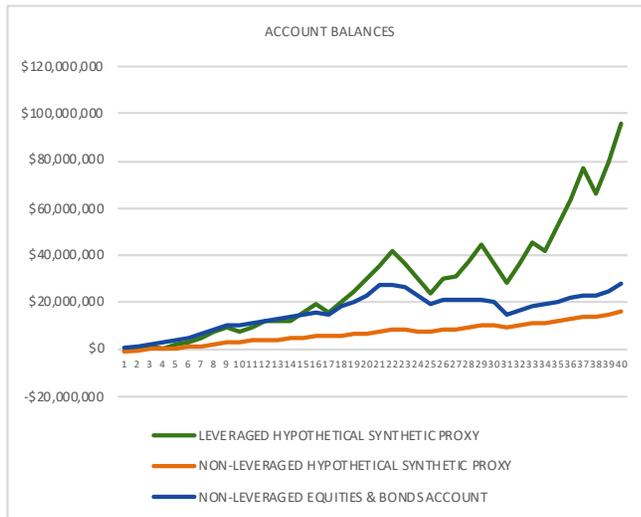
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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\*

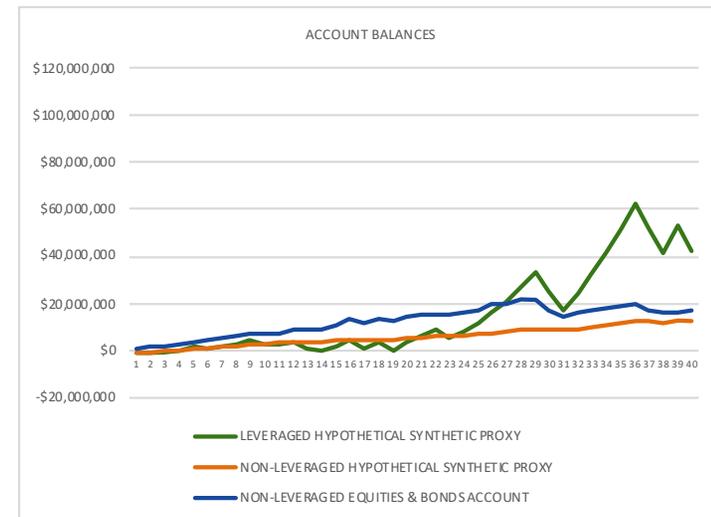
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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 - PEIACR \$10MM  
 ADVISOR: Darren Sugiyama  
 DATE CREATED: 8/26/2022

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

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

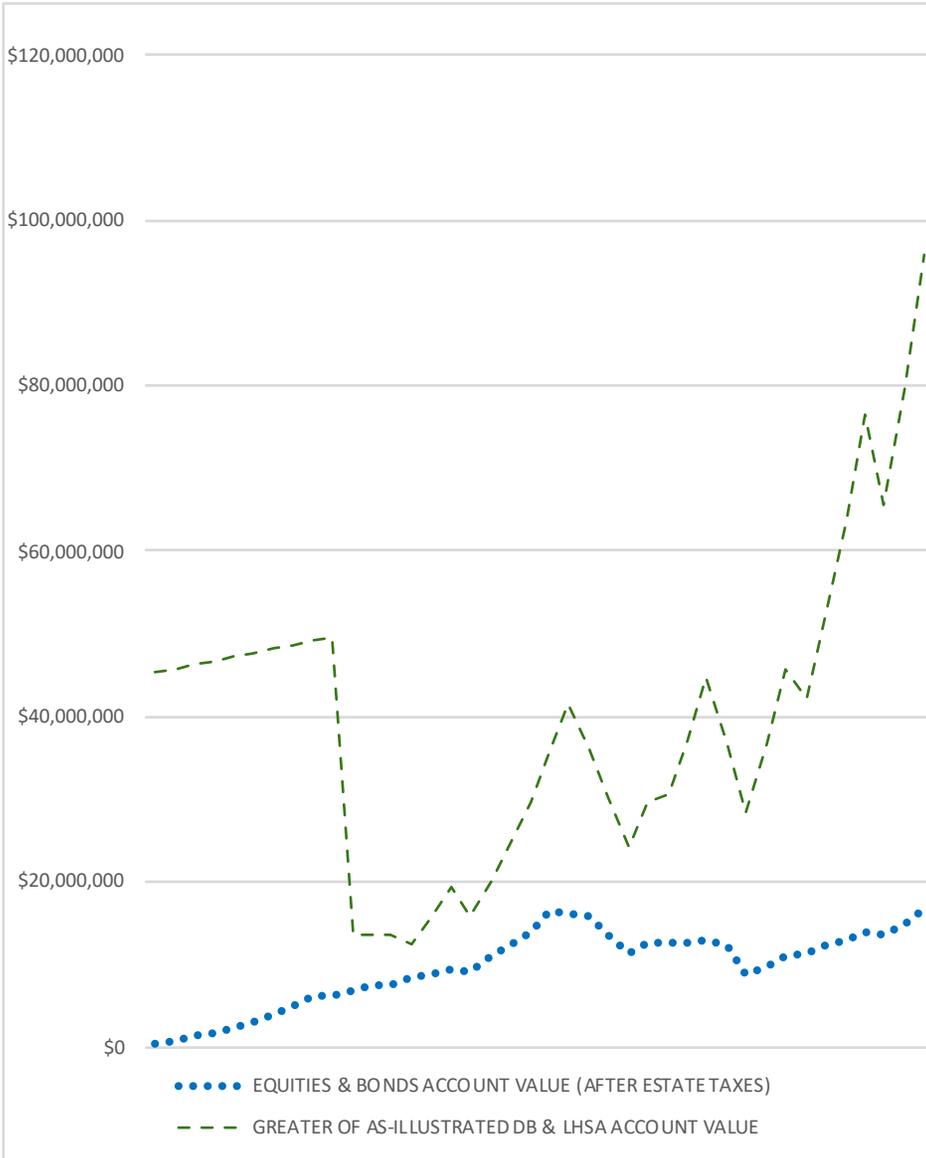
- ✓ The Greater Of The Leveraged Hypothetical Synthetic Asset Value (Proxy) & The As-Illustrated DB

vs...

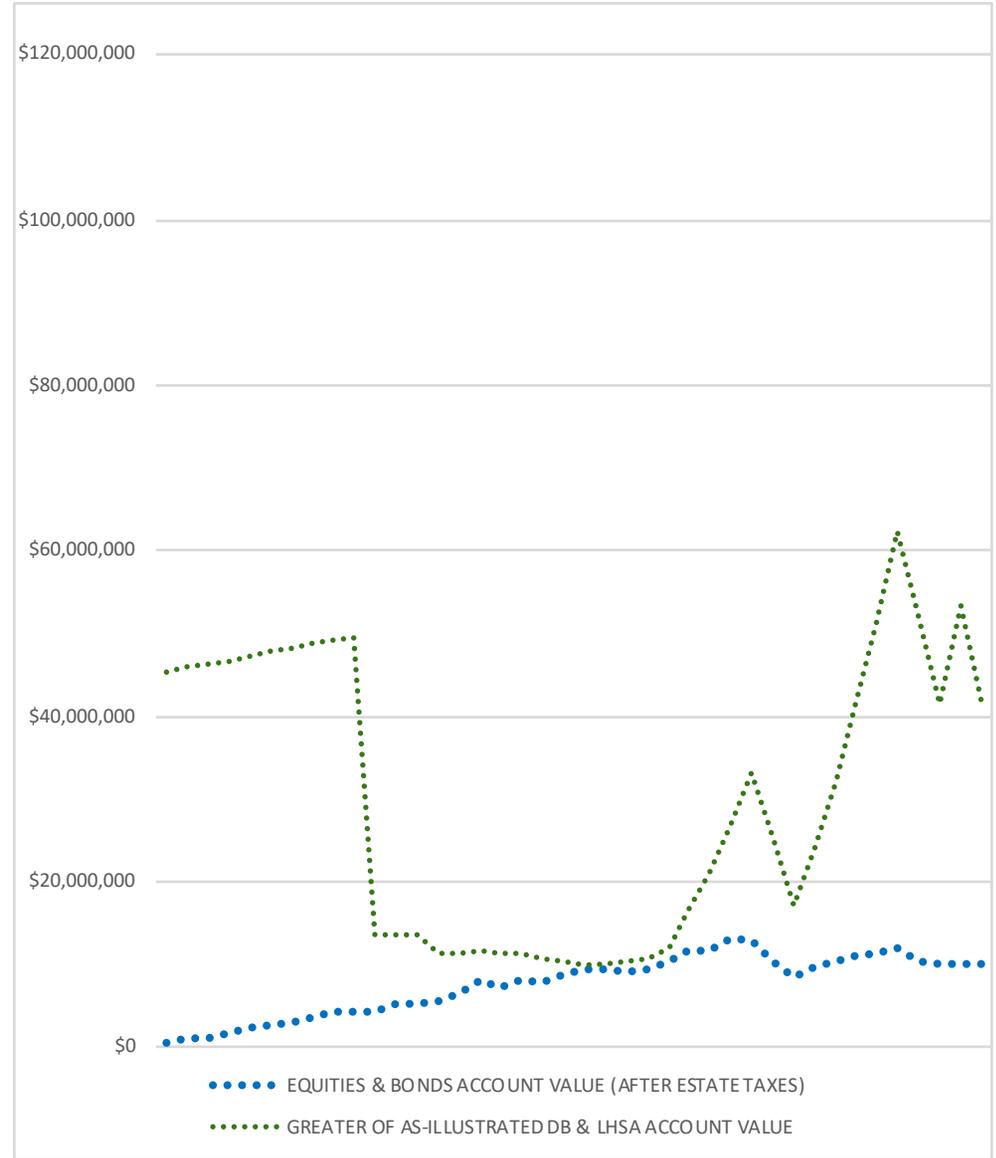
- ✓ Hypothetical Equities & Bonds Account

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

**BEST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&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. The "Greater Of DB & LHSA" is the greater of the as-illustrated carrier death benefit (based on a particular index credit assumption, which is not guaranteed) and the net account value of the Leveraged Hypothetical Synthetic Asset that acts as the proxy for a premium financed IUL. The Leveraged Hypothetical Synthetic Asset is not a life insurance illustration, rather it is a fictitious investment account whose charges and crediting methods behave similarly to some real world IUL products.*

## REALLOCATION OF PORTFOLIO ASSETS

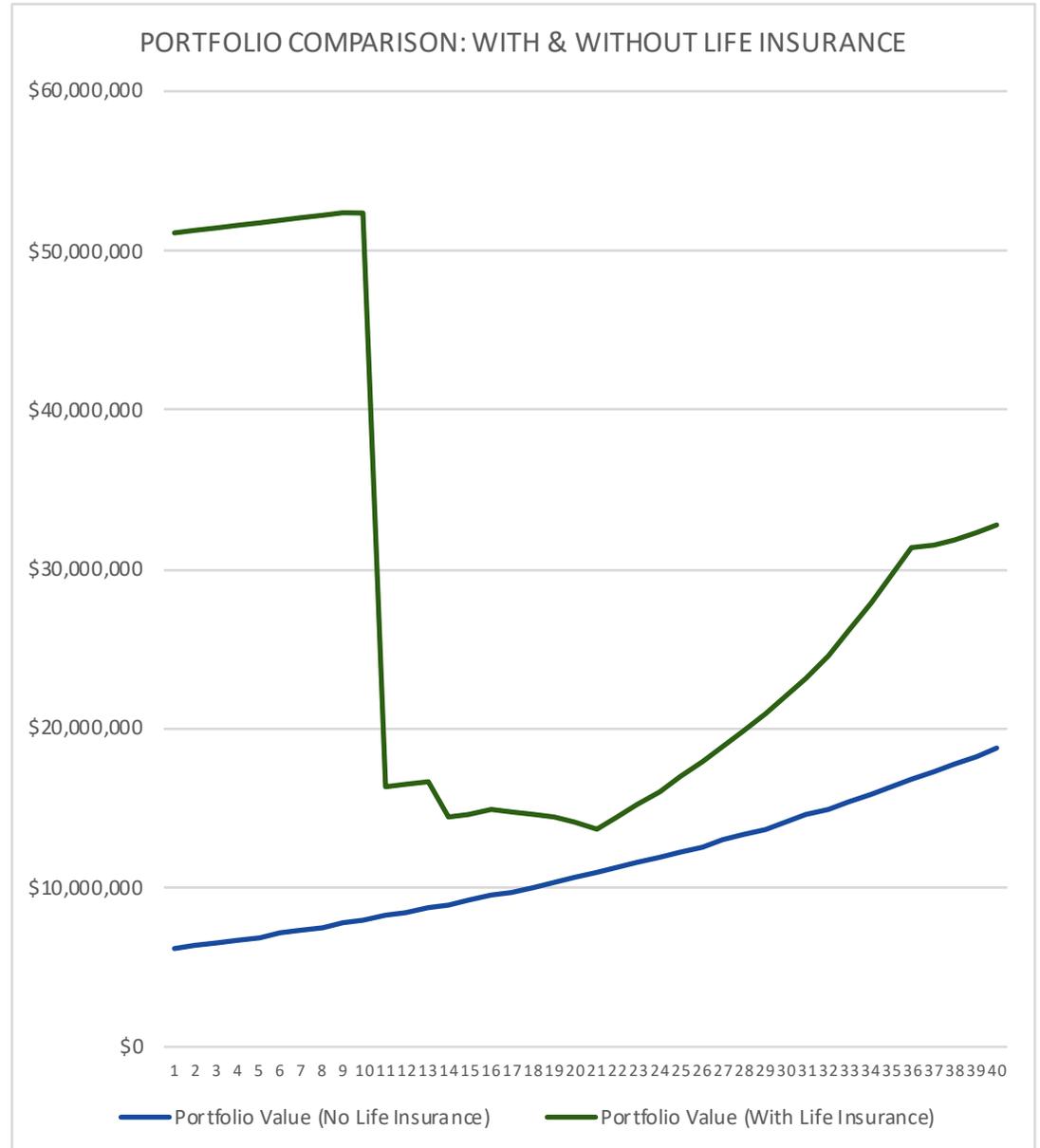
(repeated slide for summary purposes)

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

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

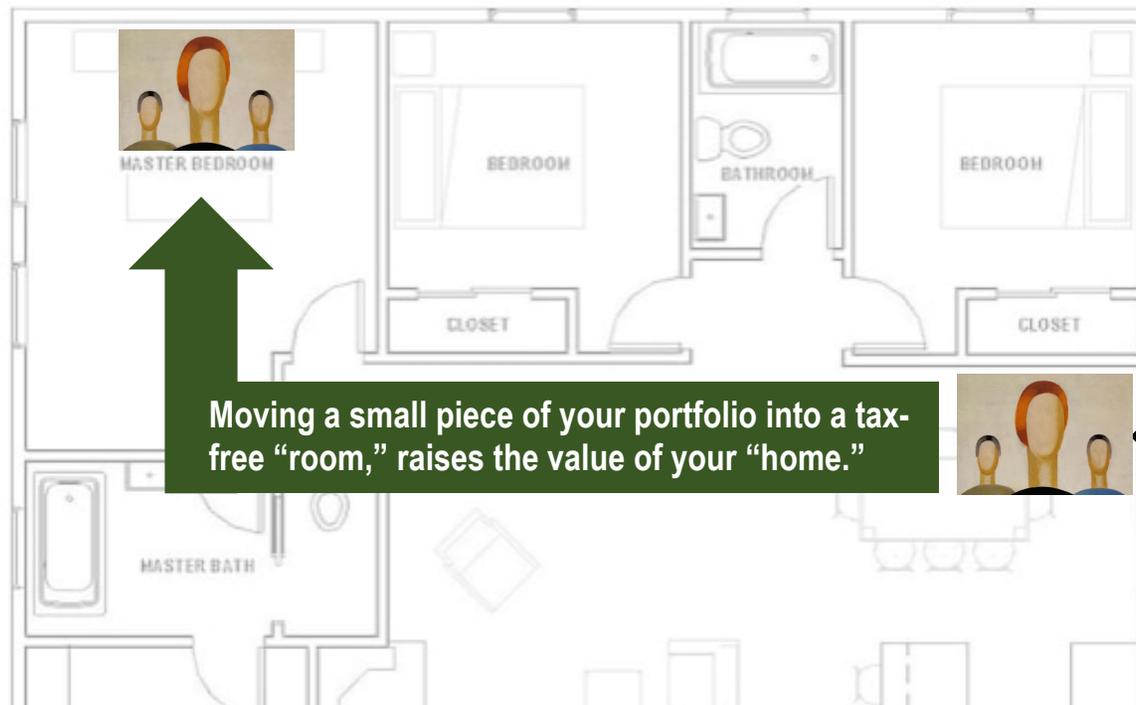
**TOTAL COST RECOVERY DRAWDOWNS: \$7,400,000**  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

Year	Age	CURRENT PORTFOLIO NET VALUE AT DEATH (NO LIFE INSURANCE)	vs	CURRENT PORTFOLIO THAT REPOSITIONS SOME CAPITAL INTO LIFE	-	AMOUNT REPOSITIONED INTO LIFE	=	TOTAL PORTFOLIO NET VALUE AT DEATH (WITH LIFE)
1	55	\$6,173,488	vs	\$5,716,650	-	\$740,000	=	\$51,099,853
2	56	\$6,351,992	vs	\$5,425,106	-	\$740,000	=	\$51,226,173
3	57	\$6,535,657	vs	\$5,125,133	-	\$740,000	=	\$51,373,138
4	58	\$6,724,633	vs	\$4,816,486	-	\$740,000	=	\$51,538,839
5	59	\$6,919,073	vs	\$4,498,915	-	\$740,000	=	\$51,719,747
6	60	\$7,119,135	vs	\$4,172,161	-	\$740,000	=	\$51,884,922
7	61	\$7,324,982	vs	\$3,835,959	-	\$740,000	=	\$52,044,854
8	62	\$7,536,781	vs	\$3,490,036	-	\$740,000	=	\$52,186,685
9	63	\$7,754,704	vs	\$3,134,111	-	\$740,000	=	\$52,296,016
10	64	\$7,978,928	vs	\$2,767,895	-	\$740,000	=	\$52,356,109
11	65	\$8,209,636	vs	\$2,847,927	-	\$0	=	\$16,313,151
12	66	\$8,447,014	vs	\$2,930,274	-	\$0	=	\$16,526,830
13	67	\$8,691,256	vs	\$3,015,002	-	\$0	=	\$16,674,313
14	68	\$8,942,560	vs	\$3,102,179	-	\$0	=	\$14,397,256
15	69	\$9,201,131	vs	\$3,191,877	-	\$0	=	\$14,531,915
16	70	\$9,467,178	vs	\$3,284,169	-	\$0	=	\$14,969,400
17	71	\$9,740,917	vs	\$3,379,130	-	\$0	=	\$14,824,917
18	72	\$10,022,572	vs	\$3,476,836	-	\$0	=	\$14,624,625
19	73	\$10,312,371	vs	\$3,577,367	-	\$0	=	\$14,365,815
20	74	\$10,610,549	vs	\$3,680,805	-	\$0	=	\$14,046,703
21	75	\$10,917,349	vs	\$3,787,234	-	\$0	=	\$13,667,649
22	76	\$11,233,019	vs	\$4,353,579	-	-\$740,000	=	\$14,420,026
23	77	\$11,557,818	vs	\$4,936,299	-	-\$740,000	=	\$15,212,340
24	78	\$11,892,007	vs	\$5,535,868	-	-\$740,000	=	\$16,046,415
25	79	\$12,235,860	vs	\$6,152,773	-	-\$740,000	=	\$16,925,569
26	80	\$12,589,655	vs	\$6,787,517	-	-\$740,000	=	\$17,845,667
27	81	\$12,953,680	vs	\$7,440,613	-	-\$740,000	=	\$18,810,862
28	82	\$13,328,230	vs	\$8,112,593	-	-\$740,000	=	\$19,821,538
29	83	\$13,713,611	vs	\$8,804,004	-	-\$740,000	=	\$20,877,835
30	84	\$14,110,134	vs	\$9,515,406	-	-\$740,000	=	\$21,979,548
31	85	\$14,518,123	vs	\$10,247,378	-	-\$740,000	=	\$23,122,489
32	86	\$14,937,909	vs	\$10,543,677	-	\$0	=	\$24,628,751
33	87	\$15,369,832	vs	\$10,848,543	-	\$0	=	\$26,201,642
34	88	\$15,814,245	vs	\$11,162,225	-	\$0	=	\$27,838,650
35	89	\$16,271,508	vs	\$11,484,976	-	\$0	=	\$29,536,874
36	90	\$16,741,992	vs	\$11,817,060	-	\$0	=	\$31,295,896
37	91	\$17,226,080	vs	\$12,158,745	-	\$0	=	\$31,539,868
38	92	\$17,724,165	vs	\$12,510,310	-	\$0	=	\$31,848,929
39	93	\$18,236,652	vs	\$12,872,041	-	\$0	=	\$32,256,761
40	94	\$18,763,958	vs	\$13,244,231	-	\$0	=	\$32,802,255



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

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



MASTER BEDROOM

Moving a small piece of your portfolio into a tax-free "room," raises the value of your "home."



Direct sunlight is damaging the value of your painting... (analogous to taxes)

## LIFE INSURANCE IS NOT A TRUE "EXPENSE"

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

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

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

# FULL ANALYSIS REPORT

PARTIAL-EQUITY INTEREST ACCRUAL with COST RECOVERY

# FULL ANALYSIS REPORT: ESTATE PLANNING



DATE CREATED: 08/26/22

PRIMARY INSURED: M55 - PEIACR \$10MM

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARSION:

1 Premium Financed Life Insurance Policy

...vs.

2 Non-Financed Life Insurance Policy

...vs.

3 Non-Insurance Based Investment Account

## ESTATE PLANNING COMPARSION:

1 Equities & Bonds Portfolio inside estate (subject to capital gains tax and estate tax)

...vs.

2 Hybrid Portfolio:

a. Same Equities & Bonds Portfolio inside estate (subject to capital gains tax and estate tax)

b. Reposition some portfolio funds into a Premium Financed Life Insurance Policy into an Irrevocable Life Insurance Trust (ILIT) outside the taxable estate

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARSION:

1 Leveraged Hypothetical Synthetic Proxy

...vs.

2 Non-Leveraged Hypothetical Synthetic Proxy

...vs.

3 Non-Leveraged Equities & Bonds Account



**DATE CREATED:** 08/26/22

**PRIMARY INSURED:** M55 - PEIACR \$10MM  
**ADDITIONAL INSURED:** N/A

**AGENT:** Darren Sugiyama

## **CAPITAL GAINS TAXES:**

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

## **ESTATE TAXES:**

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

## **THE PROBLEM:**

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

## **POTENTIAL SOLUTIONS:**

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

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

## **WAYS TO BUY LIFE INSURANCE:**

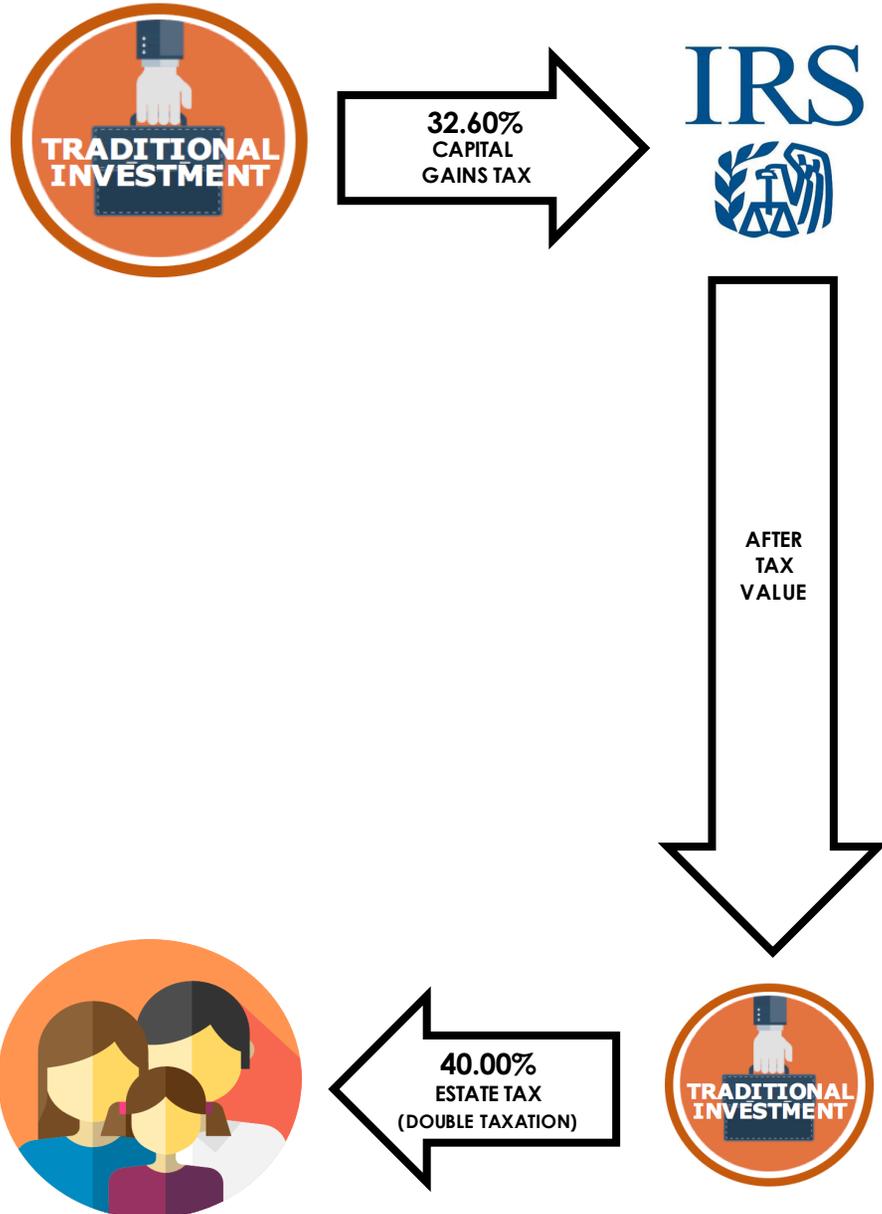
Option A: Pay the annual premiums yourself.

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

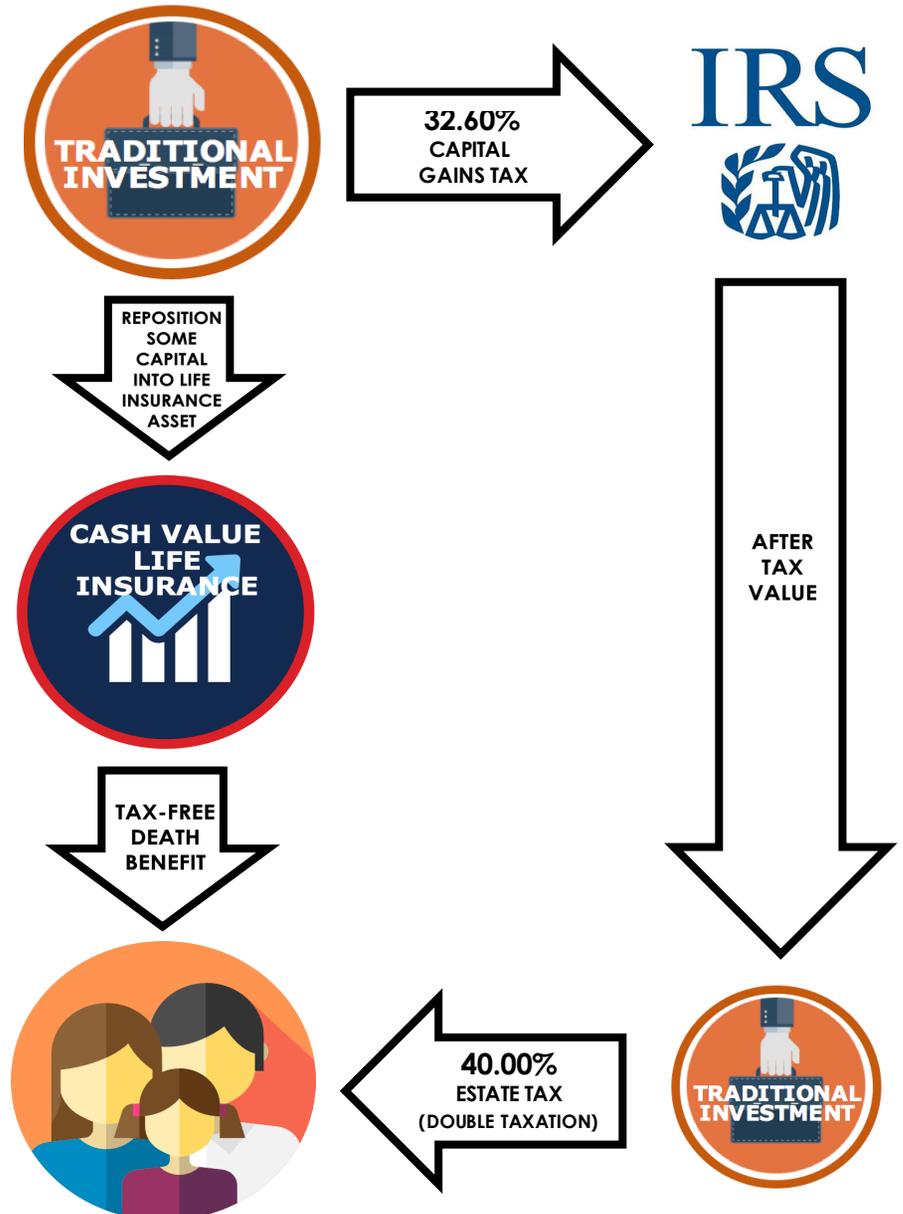
## **RE-BALANCING YOUR PORTFOLIO:**

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

**NO LIFE INSURANCE IN YOUR PORTFOLIO:**  
CREATES DOUBLE TAXATION ON YOUR ASSETS (CAPITAL GAINS TAX + ESTATE TAX)



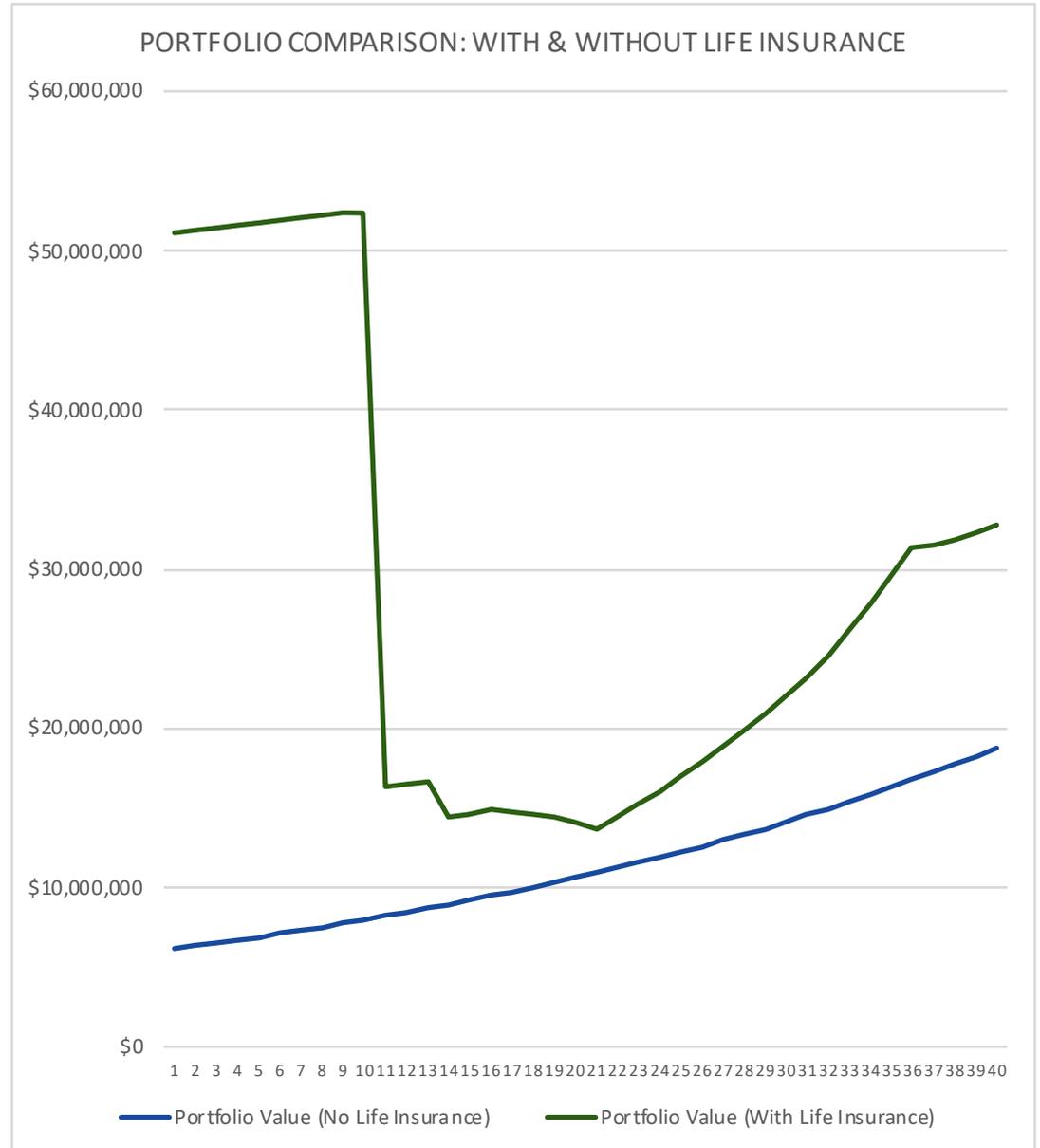
**ADDING LIFE INSURANCE TO YOUR PORTFOLIO:**  
REDUCES TAX & INCREASES GENERATIONAL WEALTH TRANSFER



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

**TOTAL COST RECOVERY DRAWDOWNS: \$7,400,000**  
 Adjusted Gross Income Assumption: \$250,000  
 Short-Term Capital Gains Tax Rate Assumption\*\*: 37.10%  
 Long-Term Capital Gains Tax Rate Assumption\*\*: 28.10%

Year	Age	CURRENT PORTFOLIO NET VALUE AT DEATH (NO LIFE INSURANCE)	vs	CURRENT PORTFOLIO THAT REPOSITIONS SOME CAPITAL INTO LIFE	-	AMOUNT REPOSITIONED INTO LIFE	=	TOTAL PORTFOLIO NET VALUE AT DEATH (WITH LIFE)
1	55	\$6,173,488	vs	\$5,716,650	-	\$740,000	=	\$51,099,853
2	56	\$6,351,992	vs	\$5,425,106	-	\$740,000	=	\$51,226,173
3	57	\$6,535,657	vs	\$5,125,133	-	\$740,000	=	\$51,373,138
4	58	\$6,724,633	vs	\$4,816,486	-	\$740,000	=	\$51,538,839
5	59	\$6,919,073	vs	\$4,498,915	-	\$740,000	=	\$51,719,747
6	60	\$7,119,135	vs	\$4,172,161	-	\$740,000	=	\$51,884,922
7	61	\$7,324,982	vs	\$3,835,959	-	\$740,000	=	\$52,044,854
8	62	\$7,536,781	vs	\$3,490,036	-	\$740,000	=	\$52,186,685
9	63	\$7,754,704	vs	\$3,134,111	-	\$740,000	=	\$52,296,016
10	64	\$7,978,928	vs	\$2,767,895	-	\$740,000	=	\$52,356,109
11	65	\$8,209,636	vs	\$2,847,927	-	\$0	=	\$16,313,151
12	66	\$8,447,014	vs	\$2,930,274	-	\$0	=	\$16,526,830
13	67	\$8,691,256	vs	\$3,015,002	-	\$0	=	\$16,674,313
14	68	\$8,942,560	vs	\$3,102,179	-	\$0	=	\$14,397,256
15	69	\$9,201,131	vs	\$3,191,877	-	\$0	=	\$14,531,915
16	70	\$9,467,178	vs	\$3,284,169	-	\$0	=	\$14,969,400
17	71	\$9,740,917	vs	\$3,379,130	-	\$0	=	\$14,824,917
18	72	\$10,022,572	vs	\$3,476,836	-	\$0	=	\$14,624,625
19	73	\$10,312,371	vs	\$3,577,367	-	\$0	=	\$14,365,815
20	74	\$10,610,549	vs	\$3,680,805	-	\$0	=	\$14,046,703
21	75	\$10,917,349	vs	\$3,787,234	-	\$0	=	\$13,667,649
22	76	\$11,233,019	vs	\$4,353,579	-	-\$740,000	=	\$14,420,026
23	77	\$11,557,818	vs	\$4,936,299	-	-\$740,000	=	\$15,212,340
24	78	\$11,892,007	vs	\$5,535,868	-	-\$740,000	=	\$16,046,415
25	79	\$12,235,860	vs	\$6,152,773	-	-\$740,000	=	\$16,925,569
26	80	\$12,589,655	vs	\$6,787,517	-	-\$740,000	=	\$17,845,667
27	81	\$12,953,680	vs	\$7,440,613	-	-\$740,000	=	\$18,810,862
28	82	\$13,328,230	vs	\$8,112,593	-	-\$740,000	=	\$19,821,538
29	83	\$13,713,611	vs	\$8,804,004	-	-\$740,000	=	\$20,877,835
30	84	\$14,110,134	vs	\$9,515,406	-	-\$740,000	=	\$21,979,548
31	85	\$14,518,123	vs	\$10,247,378	-	-\$740,000	=	\$23,122,489
32	86	\$14,937,909	vs	\$10,543,677	-	\$0	=	\$24,628,751
33	87	\$15,369,832	vs	\$10,848,543	-	\$0	=	\$26,201,642
34	88	\$15,814,245	vs	\$11,162,225	-	\$0	=	\$27,838,650
35	89	\$16,271,508	vs	\$11,484,976	-	\$0	=	\$29,536,874
36	90	\$16,741,992	vs	\$11,817,060	-	\$0	=	\$31,295,896
37	91	\$17,226,080	vs	\$12,158,745	-	\$0	=	\$31,539,868
38	92	\$17,724,165	vs	\$12,510,310	-	\$0	=	\$31,848,929
39	93	\$18,236,652	vs	\$12,872,041	-	\$0	=	\$32,256,761
40	94	\$18,763,958	vs	\$13,244,231	-	\$0	=	\$32,802,255



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

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

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

YEAR	AGE	BOY ACCOUNT VALUE BEFORE ESTATE TAX	ANNUAL LIFE INSURANCE CONTRIBUTION FROM PORTFOLIO	ACCOUNT VALUE AFTER LIFE INSURANCE CONTRIBUTION	RETURN NET OF FEES	ANNUAL INVESTMENT GAINS	32.60% CAPITAL GAINS TAX SUBTRACTED	EOY ACCOUNT VALUE AFTER CAPITAL GAINS	40.00% ESTATE TAX RATE	EOY ACCOUNT VALUE AFTER ESTATE TAX	DEATH BENEFIT NET OF LOANS	TOTAL EOY PORTFOLIO WITHOUT LIFE INSURANCE	TOTAL EOY PORTFOLIO VALUE + LIFE INSURANCE DEATH BENEFIT
1	55	\$10,000,000	- \$0	= \$10,000,000	x 4.29%	= \$429,000	- \$139,854	= \$10,289,146	- 40.00%	= \$6,173,488	+ N/A	= \$6,173,488	vs \$51,099,853
2	56	\$10,289,146	- \$0	= \$10,289,146	x 4.29%	= \$441,404	- \$143,898	= \$10,586,653	- 40.00%	= \$6,351,992	+ N/A	= \$6,351,992	vs \$51,226,173
3	57	\$10,586,653	- \$0	= \$10,586,653	x 4.29%	= \$454,167	- \$148,059	= \$10,892,761	- 40.00%	= \$6,535,657	+ N/A	= \$6,535,657	vs \$51,373,138
4	58	\$10,892,761	- \$0	= \$10,892,761	x 4.29%	= \$467,299	- \$152,340	= \$11,207,721	- 40.00%	= \$6,724,633	+ N/A	= \$6,724,633	vs \$51,538,839
5	59	\$11,207,721	- \$0	= \$11,207,721	x 4.29%	= \$480,811	- \$156,744	= \$11,531,788	- 40.00%	= \$6,919,073	+ N/A	= \$6,919,073	vs \$51,719,747
6	60	\$11,531,788	- \$0	= \$11,531,788	x 4.29%	= \$494,714	- \$161,277	= \$11,865,225	- 40.00%	= \$7,119,135	+ N/A	= \$7,119,135	vs \$51,884,922
7	61	\$11,865,225	- \$0	= \$11,865,225	x 4.29%	= \$509,018	- \$165,940	= \$12,208,303	- 40.00%	= \$7,324,982	+ N/A	= \$7,324,982	vs \$52,044,854
8	62	\$12,208,303	- \$0	= \$12,208,303	x 4.29%	= \$523,736	- \$170,738	= \$12,561,301	- 40.00%	= \$7,536,781	+ N/A	= \$7,536,781	vs \$52,186,685
9	63	\$12,561,301	- \$0	= \$12,561,301	x 4.29%	= \$538,880	- \$175,675	= \$12,924,506	- 40.00%	= \$7,754,704	+ N/A	= \$7,754,704	vs \$52,296,016
10	64	\$12,924,506	- \$0	= \$12,924,506	x 4.29%	= \$554,461	- \$180,754	= \$13,298,213	- 40.00%	= \$7,978,928	+ N/A	= \$7,978,928	vs \$52,356,109
11	65	\$13,298,213	- \$0	= \$13,298,213	x 4.29%	= \$570,493	- \$185,981	= \$13,682,726	- 40.00%	= \$8,209,636	+ N/A	= \$8,209,636	vs \$16,313,151
12	66	\$13,682,726	- \$0	= \$13,682,726	x 4.29%	= \$586,989	- \$191,358	= \$14,078,356	- 40.00%	= \$8,447,014	+ N/A	= \$8,447,014	vs \$16,526,830
13	67	\$14,078,356	- \$0	= \$14,078,356	x 4.29%	= \$603,961	- \$196,891	= \$14,485,427	- 40.00%	= \$8,691,256	+ N/A	= \$8,691,256	vs \$16,674,313
14	68	\$14,485,427	- \$0	= \$14,485,427	x 4.29%	= \$621,425	- \$202,584	= \$14,904,267	- 40.00%	= \$8,942,560	+ N/A	= \$8,942,560	vs \$14,397,256
15	69	\$14,904,267	- \$0	= \$14,904,267	x 4.29%	= \$639,393	- \$208,442	= \$15,335,218	- 40.00%	= \$9,201,131	+ N/A	= \$9,201,131	vs \$14,531,915
16	70	\$15,335,218	- \$0	= \$15,335,218	x 4.29%	= \$657,881	- \$214,469	= \$15,778,629	- 40.00%	= \$9,467,178	+ N/A	= \$9,467,178	vs \$14,969,400
17	71	\$15,778,629	- \$0	= \$15,778,629	x 4.29%	= \$676,903	- \$220,670	= \$16,234,862	- 40.00%	= \$9,740,917	+ N/A	= \$9,740,917	vs \$14,824,917
18	72	\$16,234,862	- \$0	= \$16,234,862	x 4.29%	= \$696,476	- \$227,051	= \$16,704,287	- 40.00%	= \$10,022,572	+ N/A	= \$10,022,572	vs \$14,624,625
19	73	\$16,704,287	- \$0	= \$16,704,287	x 4.29%	= \$716,614	- \$233,616	= \$17,187,284	- 40.00%	= \$10,312,371	+ N/A	= \$10,312,371	vs \$14,365,815
20	74	\$17,187,284	- \$0	= \$17,187,284	x 4.29%	= \$737,335	- \$240,371	= \$17,684,248	- 40.00%	= \$10,610,549	+ N/A	= \$10,610,549	vs \$14,046,703
21	75	\$17,684,248	- \$0	= \$17,684,248	x 4.29%	= \$758,654	- \$247,321	= \$18,195,581	- 40.00%	= \$10,917,349	+ N/A	= \$10,917,349	vs \$13,667,649
22	76	\$18,195,581	- \$0	= \$18,195,581	x 4.29%	= \$780,590	- \$254,472	= \$18,721,699	- 40.00%	= \$11,233,019	+ N/A	= \$11,233,019	vs \$14,420,026
23	77	\$18,721,699	- \$0	= \$18,721,699	x 4.29%	= \$803,161	- \$261,830	= \$19,263,029	- 40.00%	= \$11,557,818	+ N/A	= \$11,557,818	vs \$15,212,340
24	78	\$19,263,029	- \$0	= \$19,263,029	x 4.29%	= \$826,384	- \$269,401	= \$19,820,012	- 40.00%	= \$11,892,007	+ N/A	= \$11,892,007	vs \$16,046,415
25	79	\$19,820,012	- \$0	= \$19,820,012	x 4.29%	= \$850,279	- \$277,191	= \$20,393,100	- 40.00%	= \$12,235,860	+ N/A	= \$12,235,860	vs \$16,925,569
26	80	\$20,393,100	- \$0	= \$20,393,100	x 4.29%	= \$874,864	- \$285,206	= \$20,982,758	- 40.00%	= \$12,589,655	+ N/A	= \$12,589,655	vs \$17,845,667
27	81	\$20,982,758	- \$0	= \$20,982,758	x 4.29%	= \$900,160	- \$293,452	= \$21,589,466	- 40.00%	= \$12,953,680	+ N/A	= \$12,953,680	vs \$18,810,862
28	82	\$21,589,466	- \$0	= \$21,589,466	x 4.29%	= \$926,188	- \$301,937	= \$22,213,717	- 40.00%	= \$13,328,230	+ N/A	= \$13,328,230	vs \$19,821,538
29	83	\$22,213,717	- \$0	= \$22,213,717	x 4.29%	= \$952,968	- \$310,668	= \$22,856,018	- 40.00%	= \$13,713,611	+ N/A	= \$13,713,611	vs \$20,877,835
30	84	\$22,856,018	- \$0	= \$22,856,018	x 4.29%	= \$980,523	- \$319,651	= \$23,516,890	- 40.00%	= \$14,110,134	+ N/A	= \$14,110,134	vs \$21,979,548
31	85	\$23,516,890	- \$0	= \$23,516,890	x 4.29%	= \$1,008,875	- \$328,893	= \$24,196,872	- 40.00%	= \$14,518,123	+ N/A	= \$14,518,123	vs \$23,122,489
32	86	\$24,196,872	- \$0	= \$24,196,872	x 4.29%	= \$1,038,046	- \$338,403	= \$24,896,515	- 40.00%	= \$14,937,909	+ N/A	= \$14,937,909	vs \$24,628,751
33	87	\$24,896,515	- \$0	= \$24,896,515	x 4.29%	= \$1,068,060	- \$348,188	= \$25,616,387	- 40.00%	= \$15,369,832	+ N/A	= \$15,369,832	vs \$26,201,642
34	88	\$25,616,387	- \$0	= \$25,616,387	x 4.29%	= \$1,098,943	- \$358,255	= \$26,357,075	- 40.00%	= \$15,814,245	+ N/A	= \$15,814,245	vs \$27,838,650
35	89	\$26,357,075	- \$0	= \$26,357,075	x 4.29%	= \$1,130,719	- \$368,614	= \$27,119,179	- 40.00%	= \$16,271,508	+ N/A	= \$16,271,508	vs \$29,536,874
36	90	\$27,119,179	- \$0	= \$27,119,179	x 4.29%	= \$1,163,413	- \$379,273	= \$27,903,320	- 40.00%	= \$16,741,992	+ N/A	= \$16,741,992	vs \$31,295,896
37	91	\$27,903,320	- \$0	= \$27,903,320	x 4.29%	= \$1,197,052	- \$390,239	= \$28,710,133	- 40.00%	= \$17,226,080	+ N/A	= \$17,226,080	vs \$31,539,868
38	92	\$28,710,133	- \$0	= \$28,710,133	x 4.29%	= \$1,231,665	- \$401,523	= \$29,540,275	- 40.00%	= \$17,724,165	+ N/A	= \$17,724,165	vs \$31,848,929
39	93	\$29,540,275	- \$0	= \$29,540,275	x 4.29%	= \$1,267,278	- \$413,133	= \$30,394,420	- 40.00%	= \$18,236,652	+ N/A	= \$18,236,652	vs \$32,256,761
40	94	\$30,394,420	- \$0	= \$30,394,420	x 4.29%	= \$1,303,921	- \$425,078	= \$31,273,263	- 40.00%	= \$18,763,958	+ N/A	= \$18,763,958	vs \$32,802,255

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

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YEAR	AGE	BOY		ANNUAL		ACCOUNT VALUE		RETURN		ANNUAL		CAPITAL		EOY		ESTATE		EOY		TOTAL EOY		TOTAL EOY		
		ACCOUNT VALUE	BEFORE	LIFE INSURANCE	CONTRIBUTION	AFTER LIFE	NET OF	INVESTMENT	GAINS TAX	ACCOUNT VALUE	AFTER	TAX	ACCOUNT VALUE	AFTER	DEATH BENEFIT	NET OF LOANS	DEATH BENEFIT	PORTFOLIO	PORTFOLIO VALUE	DEATH BENEFIT	WITHOUT	LIFE INSURANCE		
1	55	\$10,000,000	-	\$740,000	=	\$9,260,000	x	4.29%	=	\$397,254	-	\$129,505	=	\$9,527,749	-	40.00%	=	\$5,716,650	+	\$45,383,204	=	\$51,099,853	vs	\$6,173,488
2	56	\$9,527,749	-	\$740,000	=	\$8,787,749	x	4.29%	=	\$376,994	-	\$122,900	=	\$9,041,843	-	40.00%	=	\$5,425,106	+	\$45,801,066	=	\$51,226,173	vs	\$6,351,992
3	57	\$9,041,843	-	\$740,000	=	\$8,301,843	x	4.29%	=	\$356,149	-	\$116,105	=	\$8,541,888	-	40.00%	=	\$5,125,133	+	\$46,248,005	=	\$51,373,138	vs	\$6,535,657
4	58	\$8,541,888	-	\$740,000	=	\$7,801,888	x	4.29%	=	\$334,701	-	\$109,113	=	\$8,027,476	-	40.00%	=	\$4,816,486	+	\$46,722,353	=	\$51,538,839	vs	\$6,724,633
5	59	\$8,027,476	-	\$740,000	=	\$7,287,476	x	4.29%	=	\$312,633	-	\$101,918	=	\$7,498,191	-	40.00%	=	\$4,498,915	+	\$47,220,832	=	\$51,719,747	vs	\$6,919,073
6	60	\$7,498,191	-	\$740,000	=	\$6,758,191	x	4.29%	=	\$289,926	-	\$94,516	=	\$6,953,601	-	40.00%	=	\$4,172,161	+	\$47,712,761	=	\$51,884,922	vs	\$7,119,135
7	61	\$6,953,601	-	\$740,000	=	\$6,213,601	x	4.29%	=	\$266,563	-	\$86,900	=	\$6,393,265	-	40.00%	=	\$3,835,959	+	\$48,208,895	=	\$52,044,854	vs	\$7,324,982
8	62	\$6,393,265	-	\$740,000	=	\$5,653,265	x	4.29%	=	\$242,525	-	\$79,063	=	\$5,816,727	-	40.00%	=	\$3,490,036	+	\$48,696,648	=	\$52,186,685	vs	\$7,536,781
9	63	\$5,816,727	-	\$740,000	=	\$5,076,727	x	4.29%	=	\$217,792	-	\$71,000	=	\$5,223,518	-	40.00%	=	\$3,134,111	+	\$49,161,905	=	\$52,296,016	vs	\$7,754,704
10	64	\$5,223,518	-	\$740,000	=	\$4,483,518	x	4.29%	=	\$192,343	-	\$62,704	=	\$4,613,158	-	40.00%	=	\$2,767,895	+	\$49,588,215	=	\$52,356,109	vs	\$7,978,928
11	65	\$4,613,158	-	\$0	=	\$4,613,158	x	4.29%	=	\$197,904	-	\$64,517	=	\$4,746,545	-	40.00%	=	\$2,847,927	+	\$13,465,224	=	\$16,313,151	vs	\$8,209,636
12	66	\$4,746,545	-	\$0	=	\$4,746,545	x	4.29%	=	\$203,627	-	\$66,382	=	\$4,883,790	-	40.00%	=	\$2,930,274	+	\$13,596,557	=	\$16,526,830	vs	\$8,447,014
13	67	\$4,883,790	-	\$0	=	\$4,883,790	x	4.29%	=	\$209,515	-	\$68,302	=	\$5,025,003	-	40.00%	=	\$3,015,002	+	\$13,659,311	=	\$16,674,313	vs	\$8,691,256
14	68	\$5,025,003	-	\$0	=	\$5,025,003	x	4.29%	=	\$215,573	-	\$70,277	=	\$5,170,298	-	40.00%	=	\$3,102,179	+	\$11,295,077	=	\$14,397,256	vs	\$8,942,560
15	69	\$5,170,298	-	\$0	=	\$5,170,298	x	4.29%	=	\$221,806	-	\$72,309	=	\$5,319,796	-	40.00%	=	\$3,191,877	+	\$11,340,038	=	\$14,531,915	vs	\$9,201,131
16	70	\$5,319,796	-	\$0	=	\$5,319,796	x	4.29%	=	\$228,219	-	\$74,399	=	\$5,473,615	-	40.00%	=	\$3,284,169	+	\$11,685,231	=	\$14,969,400	vs	\$9,467,178
17	71	\$5,473,615	-	\$0	=	\$5,473,615	x	4.29%	=	\$234,818	-	\$76,551	=	\$5,631,883	-	40.00%	=	\$3,379,130	+	\$11,445,787	=	\$14,824,917	vs	\$9,740,917
18	72	\$5,631,883	-	\$0	=	\$5,631,883	x	4.29%	=	\$241,608	-	\$78,764	=	\$5,794,726	-	40.00%	=	\$3,476,836	+	\$11,147,789	=	\$14,624,625	vs	\$10,022,572
19	73	\$5,794,726	-	\$0	=	\$5,794,726	x	4.29%	=	\$248,594	-	\$81,042	=	\$5,962,279	-	40.00%	=	\$3,577,367	+	\$10,788,448	=	\$14,365,815	vs	\$10,312,371
20	74	\$5,962,279	-	\$0	=	\$5,962,279	x	4.29%	=	\$255,782	-	\$83,385	=	\$6,134,675	-	40.00%	=	\$3,680,805	+	\$10,365,897	=	\$14,046,703	vs	\$10,610,549
21	75	\$6,134,675	-	\$0	=	\$6,134,675	x	4.29%	=	\$263,178	-	\$85,796	=	\$6,312,057	-	40.00%	=	\$3,787,234	+	\$9,880,414	=	\$13,667,649	vs	\$10,917,349
22	76	\$6,312,057	-	-\$740,000	=	\$7,052,057	x	4.29%	=	\$302,533	-	\$98,626	=	\$7,255,965	-	40.00%	=	\$4,353,579	+	\$10,066,447	=	\$14,420,026	vs	\$11,233,019
23	77	\$7,255,965	-	-\$740,000	=	\$7,995,965	x	4.29%	=	\$343,027	-	\$111,827	=	\$8,227,165	-	40.00%	=	\$4,936,299	+	\$10,276,041	=	\$15,212,340	vs	\$11,557,818
24	78	\$8,227,165	-	-\$740,000	=	\$8,967,165	x	4.29%	=	\$384,691	-	\$125,409	=	\$9,226,447	-	40.00%	=	\$5,535,868	+	\$10,510,547	=	\$16,046,415	vs	\$11,892,007
25	79	\$9,226,447	-	-\$740,000	=	\$9,966,447	x	4.29%	=	\$427,561	-	\$139,385	=	\$10,254,622	-	40.00%	=	\$6,152,773	+	\$10,772,795	=	\$16,925,569	vs	\$12,235,860
26	80	\$10,254,622	-	-\$740,000	=	\$10,994,622	x	4.29%	=	\$471,669	-	\$153,764	=	\$11,312,528	-	40.00%	=	\$6,787,517	+	\$11,058,151	=	\$17,845,667	vs	\$12,589,655
27	81	\$11,312,528	-	-\$740,000	=	\$12,052,528	x	4.29%	=	\$517,053	-	\$168,559	=	\$12,401,022	-	40.00%	=	\$7,440,613	+	\$11,370,249	=	\$18,810,862	vs	\$12,953,680
28	82	\$12,401,022	-	-\$740,000	=	\$13,141,022	x	4.29%	=	\$563,750	-	\$183,782	=	\$13,520,989	-	40.00%	=	\$8,112,593	+	\$11,708,945	=	\$19,821,538	vs	\$13,328,230
29	83	\$13,520,989	-	-\$740,000	=	\$14,260,989	x	4.29%	=	\$611,796	-	\$199,446	=	\$14,673,340	-	40.00%	=	\$8,804,004	+	\$12,073,831	=	\$20,877,835	vs	\$13,713,611
30	84	\$14,673,340	-	-\$740,000	=	\$15,413,340	x	4.29%	=	\$661,232	-	\$215,562	=	\$15,859,010	-	40.00%	=	\$9,515,406	+	\$12,464,142	=	\$21,979,548	vs	\$14,110,134
31	85	\$15,859,010	-	-\$740,000	=	\$16,599,010	x	4.29%	=	\$712,098	-	\$232,144	=	\$17,078,964	-	40.00%	=	\$10,247,378	+	\$12,875,110	=	\$23,122,489	vs	\$14,518,123
32	86	\$17,078,964	-	\$0	=	\$17,078,964	x	4.29%	=	\$732,688	-	\$238,856	=	\$17,572,795	-	40.00%	=	\$10,543,677	+	\$14,085,073	=	\$24,628,751	vs	\$14,937,909
33	87	\$17,572,795	-	\$0	=	\$17,572,795	x	4.29%	=	\$753,873	-	\$245,763	=	\$18,080,906	-	40.00%	=	\$10,848,543	+	\$15,353,098	=	\$26,201,642	vs	\$15,369,832
34	88	\$18,080,906	-	\$0	=	\$18,080,906	x	4.29%	=	\$775,671	-	\$252,869	=	\$18,603,708	-	40.00%	=	\$11,162,225	+	\$16,676,425	=	\$27,838,650	vs	\$15,814,245
35	89	\$18,603,708	-	\$0	=	\$18,603,708	x	4.29%	=	\$798,099	-	\$260,180	=	\$19,141,627	-	40.00%	=	\$11,484,976	+	\$18,051,898	=	\$29,536,874	vs	\$16,271,508
36	90	\$19,141,627	-	\$0	=	\$19,141,627	x	4.29%	=	\$821,176	-	\$267,703	=	\$19,695,099	-	40.00%	=	\$11,817,060	+	\$19,478,836	=	\$31,295,896	vs	\$16,741,992
37	91	\$19,695,099	-	\$0	=	\$19,695,099	x	4.29%	=	\$844,920	-	\$275,444	=	\$20,264,575	-	40.00%	=	\$12,158,745	+	\$19,381,123	=	\$31,539,868	vs	\$17,226,080
38	92	\$20,264,575	-	\$0	=	\$20,264,575	x	4.29%	=	\$869,350	-	\$283,408	=	\$20,850,517	-	40.00%	=	\$12,510,310	+	\$19,338,619	=	\$31,848,929	vs	\$17,724,165
39	93	\$20,850,517	-	\$0	=	\$20,850,517	x	4.29%	=	\$894,487	-	\$291,603	=	\$21,453,402	-	40.00%	=	\$12,872,041	+	\$19,384,721	=	\$32,256,761	vs	\$18,236,652
40	94	\$21,453,402	-	\$0	=	\$21,453,402	x	4.29%	=	\$920,351	-	\$300,034	=	\$22,073,718	-	40.00%	=	\$13,244,231	+	\$19,558,025	=	\$32,802,255	vs	\$18,763,958

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

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



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

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

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

# 3 DIFFERENT FINANCIAL SOLUTIONS

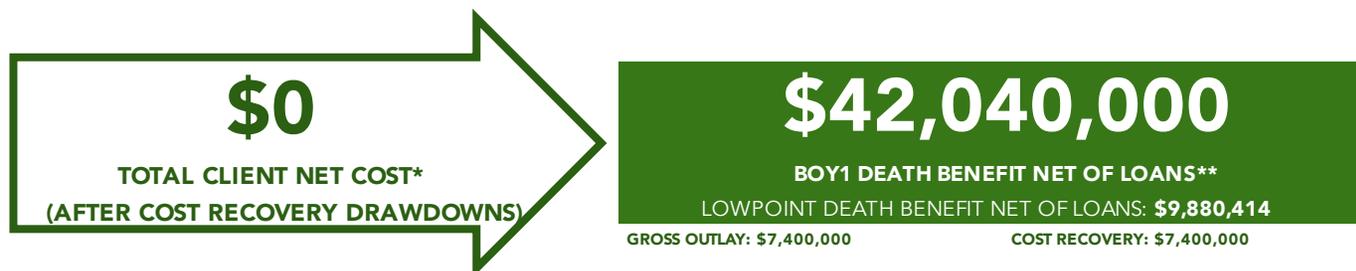


DATE CREATED: 08/26/22

PRIMARY INSURED: M55 - PEIACR \$10MM  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

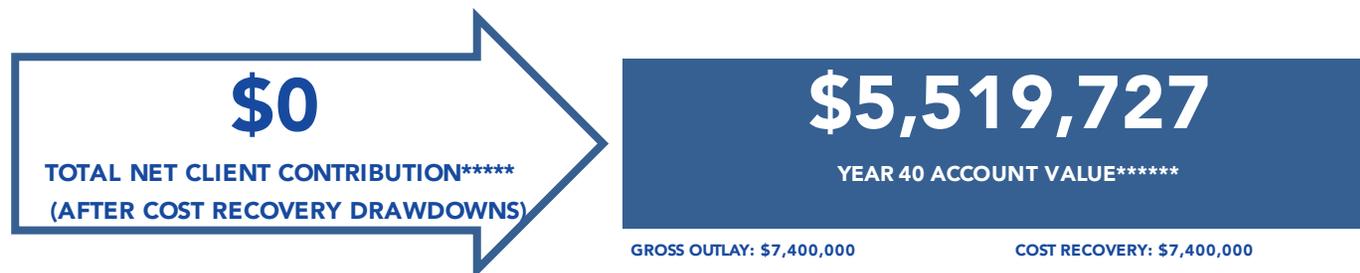
## PREMIUM FINANCED LIFE INSURANCE: PARTIAL-EQUITY INTEREST ACCRUAL



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



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

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

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

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

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

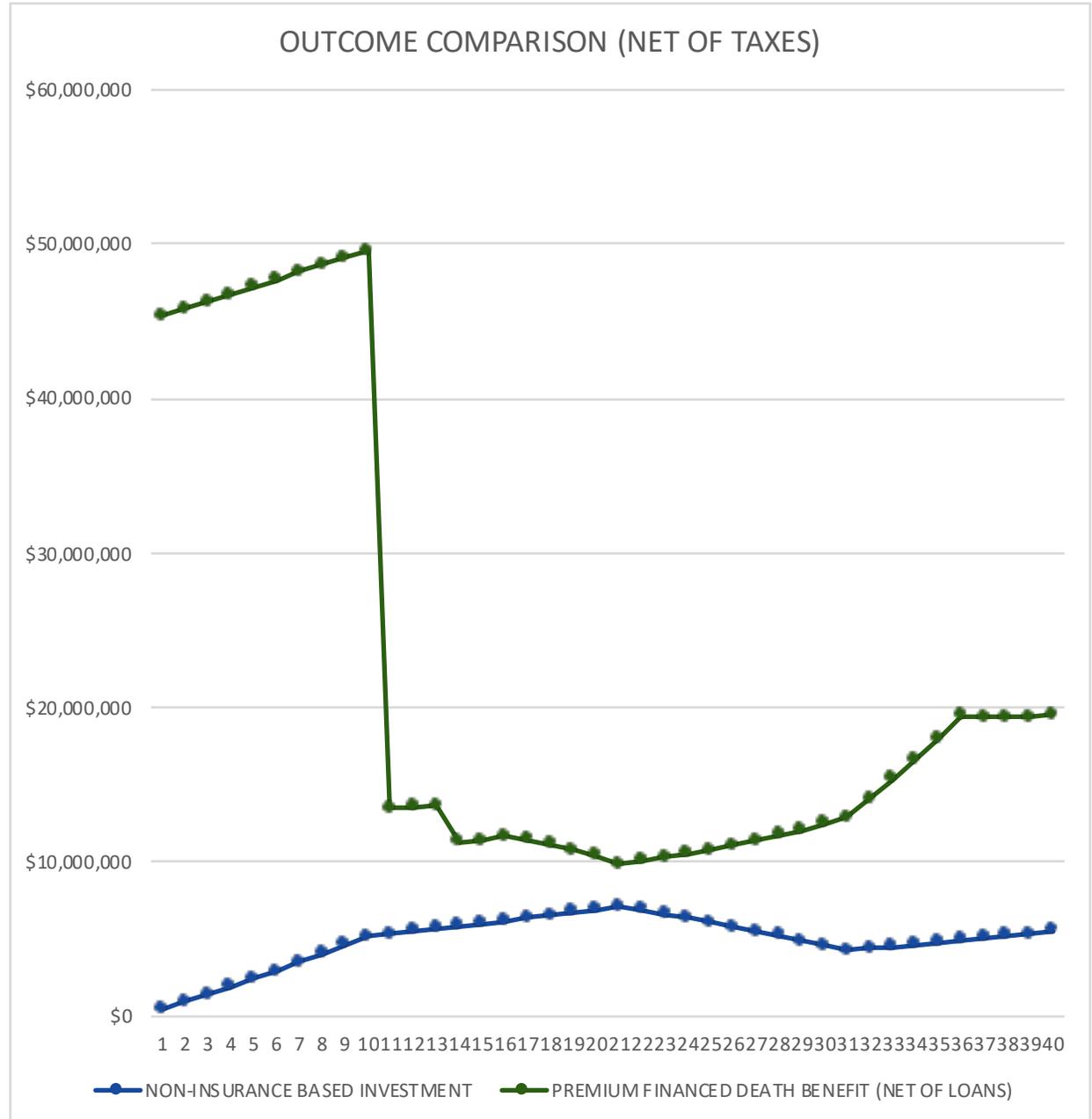
\*\*\*\*\*YEAR 40 ACCOUNT VALUE assumes a 5.64% return, 1.35% investment fees, 32.6% tax on gains, and 40% estate taxes.

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

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

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

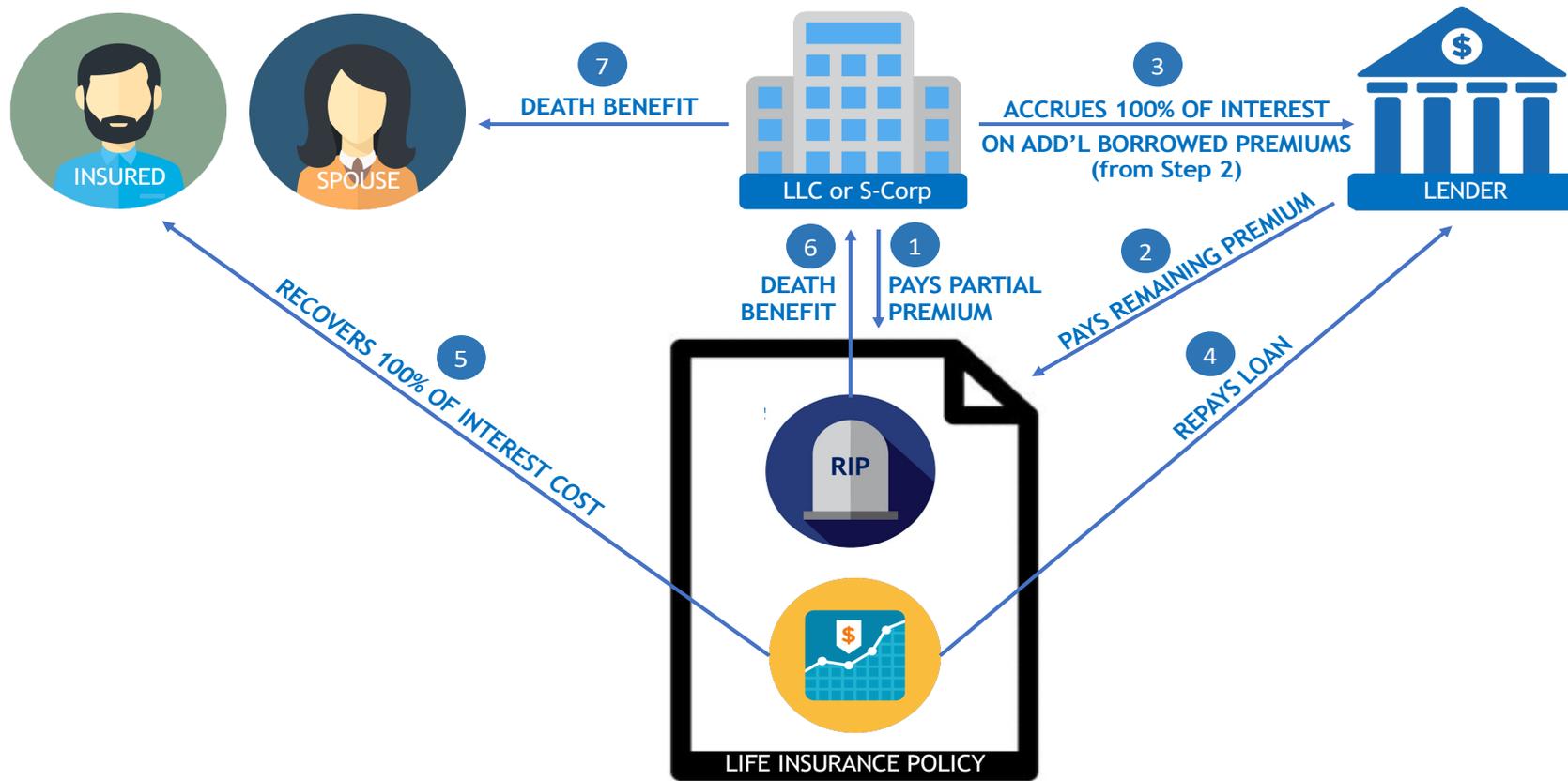
(+ SAME ANNUAL CONTRIBUTION (-) INCOME DRAWDOWNS)		NON-INSURANCE BASED INVESTMENT AFTER ESTATE TAX ACCOUNT VALUE	PREMIUM FINANCED LIFE INSURANCE TAX-FREE NET DEATH BENEFIT	
1	55	\$740,000	\$456,838	\$45,383,204
2	56	\$740,000	\$926,885	\$45,801,066
3	57	\$740,000	\$1,410,524	\$46,248,005
4	58	\$740,000	\$1,908,147	\$46,722,353
5	59	\$740,000	\$2,420,158	\$47,220,832
6	60	\$740,000	\$2,946,974	\$47,712,761
7	61	\$740,000	\$3,489,023	\$48,208,895
8	62	\$740,000	\$4,046,745	\$48,696,648
9	63	\$740,000	\$4,620,593	\$49,161,905
10	64	\$740,000	\$5,211,033	\$49,588,215
11	65	\$0	\$5,361,708	\$13,465,224
12	66	\$0	\$5,516,740	\$13,596,557
13	67	\$0	\$5,676,254	\$13,659,311
14	68	\$0	\$5,840,381	\$11,295,077
15	69	\$0	\$6,009,253	\$11,340,038
16	70	\$0	\$6,183,008	\$11,685,231
17	71	\$0	\$6,361,788	\$11,445,787
18	72	\$0	\$6,545,736	\$11,147,789
19	73	\$0	\$6,735,004	\$10,788,448
20	74	\$0	\$6,929,744	\$10,365,897
21	75	\$0	\$7,130,114	\$9,880,414
22	76	-\$740,000	\$6,879,441	\$10,066,447
23	77	-\$740,000	\$6,621,519	\$10,276,041
24	78	-\$740,000	\$6,356,139	\$10,510,547
25	79	-\$740,000	\$6,083,086	\$10,772,795
26	80	-\$740,000	\$5,802,138	\$11,058,151
27	81	-\$740,000	\$5,513,067	\$11,370,249
28	82	-\$740,000	\$5,215,637	\$11,708,945
29	83	-\$740,000	\$4,909,607	\$12,073,831
30	84	-\$740,000	\$4,594,728	\$12,464,142
31	85	-\$740,000	\$4,270,745	\$12,875,110
32	86	\$0	\$4,394,232	\$14,085,073
33	87	\$0	\$4,521,289	\$15,353,098
34	88	\$0	\$4,652,020	\$16,676,425
35	89	\$0	\$4,786,532	\$18,051,898
36	90	\$0	\$4,924,932	\$19,478,836
37	91	\$0	\$5,067,335	\$19,381,123
38	92	\$0	\$5,213,855	\$19,338,619
39	93	\$0	\$5,364,611	\$19,384,721
40	94	\$0	\$5,519,727	\$19,558,025



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



# PARTIAL-EQUITY INTEREST ACCRUAL: COST RECOVERY



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

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

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

## 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 NF250523

NON-FINANCED IUL		5.64%		
AGE	ANNUAL PREMIUM	CASH VALUE	DEATH BENEFIT	
1	55	\$312,593	\$81,636	\$10,000,000
2	56	\$312,593	\$349,339	\$10,000,000
3	57	\$312,593	\$628,296	\$10,000,000
4	58	\$312,593	\$918,814	\$10,000,000
5	59	\$312,593	\$1,221,069	\$10,000,000
6	60	\$312,593	\$1,535,145	\$10,000,000
7	61	\$312,593	\$1,862,249	\$10,000,000
8	62	\$312,593	\$2,204,126	\$10,000,000
9	63	\$312,593	\$2,561,762	\$10,000,000
10	64	\$312,593	\$2,935,820	\$10,000,000
11	65	\$312,593	\$3,371,276	\$10,000,000
12	66	\$0	\$3,514,664	\$10,000,000
13	67	\$0	\$3,662,074	\$10,000,000
14	68	\$0	\$3,813,325	\$10,000,000
15	69	\$0	\$3,968,284	\$10,000,000
16	70	\$0	\$4,126,800	\$10,000,000
17	71	\$0	\$4,288,370	\$10,000,000
18	72	\$0	\$4,452,088	\$10,000,000
19	73	\$0	\$4,617,978	\$10,000,000
20	74	\$0	\$4,786,602	\$10,000,000
21	75	\$0	\$4,957,849	\$10,000,000
22	76	\$0	\$5,131,614	\$10,000,000
23	77	\$0	\$5,307,830	\$10,000,000
24	78	\$0	\$5,486,417	\$10,000,000
25	79	\$0	\$5,667,303	\$10,000,000
26	80	\$0	\$5,850,472	\$10,000,000
27	81	\$0	\$6,034,868	\$10,000,000
28	82	\$0	\$6,217,365	\$10,000,000
29	83	\$0	\$6,397,131	\$10,000,000
30	84	\$0	\$6,573,793	\$10,000,000
31	85	\$0	\$6,746,917	\$10,000,000
32	86	\$0	\$6,916,526	\$10,000,000
33	87	\$0	\$7,083,258	\$10,000,000
34	88	\$0	\$7,248,555	\$10,000,000
35	89	\$0	\$7,411,752	\$10,000,000
36	90	\$0	\$7,570,962	\$10,000,000
37	91	\$0	\$7,725,081	\$10,000,000
38	92	\$0	\$7,873,658	\$10,000,000
39	93	\$0	\$8,018,155	\$10,000,000
40	94	\$0	\$8,162,383	\$10,000,000

**\$3,438,523**  
TOTAL NET COST  
(OVER 40 YEARS)

## PREMIUM FINANCED w/ COST RECOVERY

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

version 1197000

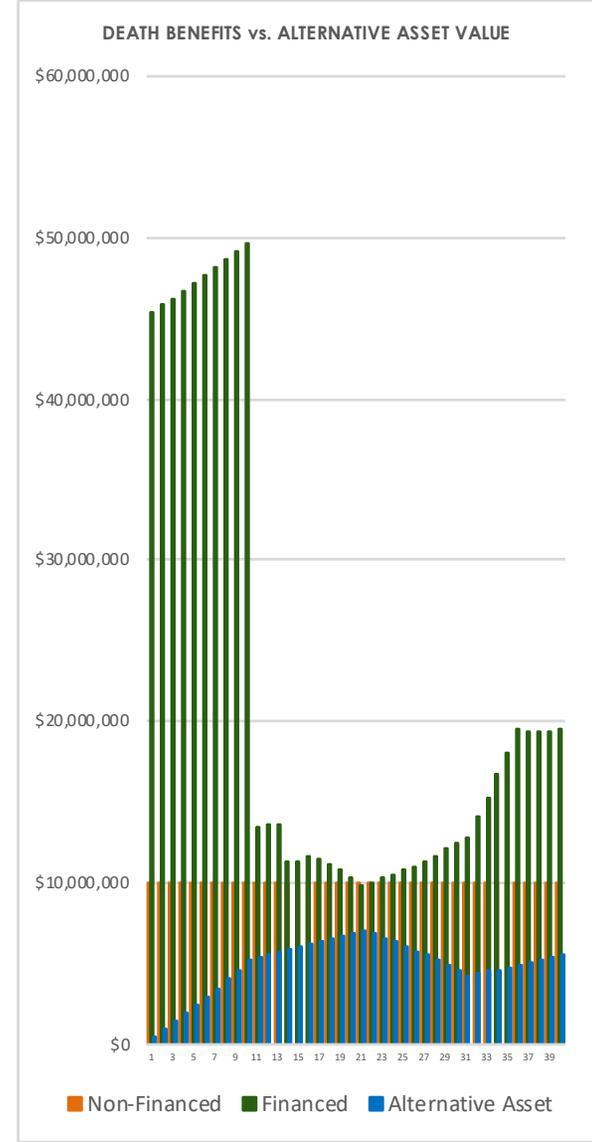
PARTIAL-EQUITY INTEREST ACCRUAL		5.64%		
AGE	ANNUAL CONTRIBUTION	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS	
1	55	\$740,000	\$0	\$45,383,204
2	56	\$740,000	\$0	\$45,801,066
3	57	\$740,000	\$385,220	\$46,248,005
4	58	\$740,000	\$962,258	\$46,722,353
5	59	\$740,000	\$1,564,687	\$47,220,832
6	60	\$740,000	\$2,161,826	\$47,712,761
7	61	\$740,000	\$2,764,745	\$48,208,895
8	62	\$740,000	\$3,360,858	\$48,696,648
9	63	\$740,000	\$3,936,050	\$49,161,905
10	64	\$740,000	\$4,474,185	\$49,588,215
11	65	\$0	\$4,770,754	\$13,465,224
12	66	\$0	\$4,916,523	\$13,596,557
13	67	\$0	\$5,015,965	\$13,659,311
14	68	\$0	\$2,723,869	\$11,295,077
15	69	\$0	\$2,868,342	\$11,340,038
16	70	\$0	\$3,302,321	\$11,685,231
17	71	\$0	\$3,777,085	\$11,445,787
18	72	\$0	\$4,297,924	\$11,147,789
19	73	\$0	\$4,871,509	\$10,788,448
20	74	\$0	\$5,506,342	\$10,365,897
21	75	\$0	\$6,214,125	\$9,880,414
22	76	-\$740,000	\$6,194,509	\$10,066,447
23	77	-\$740,000	\$6,187,493	\$10,276,041
24	78	-\$740,000	\$6,193,871	\$10,510,547
25	79	-\$740,000	\$6,215,823	\$10,772,795
26	80	-\$740,000	\$6,248,391	\$11,058,151
27	81	-\$740,000	\$6,294,469	\$11,370,249
28	82	-\$740,000	\$6,353,319	\$11,708,945
29	83	-\$740,000	\$6,423,927	\$12,073,831
30	84	-\$740,000	\$6,504,903	\$12,464,142
31	85	-\$740,000	\$6,591,017	\$12,875,110
32	86	\$0	\$7,459,813	\$14,085,073
33	87	\$0	\$8,369,729	\$15,353,098
34	88	\$0	\$9,317,427	\$16,676,425
35	89	\$0	\$10,299,157	\$18,051,898
36	90	\$0	\$11,313,489	\$19,478,836
37	91	\$0	\$12,497,498	\$19,381,123
38	92	\$0	\$13,894,597	\$19,338,619
39	93	\$0	\$15,554,600	\$19,384,721
40	94	\$0	\$17,535,183	\$19,558,025

**\$0**  
TOTAL NET COST  
AFTER \$7.4MM COST RECOVERY DRAWDOWNS

## NON-INSURANCE BASED ALTERNATIVE ASSET

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

5.64% ALTERNATIVE ASSET	
AGE	ALTERNATIVE ASSET
1	\$456,838
2	\$926,885
3	\$1,410,524
4	\$1,908,147
5	\$2,420,158
6	\$2,946,974
7	\$3,489,023
8	\$4,046,745
9	\$4,620,593
10	\$5,211,033
11	\$5,361,708
12	\$5,516,740
13	\$5,676,254
14	\$5,840,381
15	\$6,009,253
16	\$6,183,008
17	\$6,361,788
18	\$6,545,736
19	\$6,735,004
20	\$6,929,744
21	\$7,130,114
22	\$6,879,441
23	\$6,621,519
24	\$6,356,139
25	\$6,083,086
26	\$5,802,138
27	\$5,513,067
28	\$5,215,637
29	\$4,909,607
30	\$4,594,728
31	\$4,270,745
32	\$4,394,232
33	\$4,521,289
34	\$4,652,020
35	\$4,786,532
36	\$4,924,932
37	\$5,067,335
38	\$5,213,855
39	\$5,364,611
40	\$5,519,727



Taxable Gains Rate Assumption: 32.60%  
Estate Tax Rate Assumption: 40.00%  
Investment Fee Assumption: 1.35%



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

version 1197000

SL

## PARTIAL-EQUITY INTEREST ACCRUAL

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

Initial Gross Policy Face Amount: **\$45,000,000**

5 of 10  
08/26/22

Health Rating: <b>PREFERRED</b>		Third Party Loan Payoff Type: <b>PAR LOAN</b>		PLR: <b>5.14%</b>	Initial Gross Policy Face Amount: <b>\$45,000,000</b>													
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
YEAR	AGE	TOTAL POLICY PREMIUMS	EQUITY PREMIUMS	BORROWED PREMIUMS	CUMULATIVE PF LOAN BALANCE	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	CLIENT CONTRIBUTION	GAP COLLATERAL (Cash)	HYPOTHETICAL INDEX CREDIT	POLICY DRAWDOWNS	GROSS POLICY CSV	POLICY CSV NET OF LOANS	DEATH BENEFIT NET OF LOANS	DEATH BENEFIT + YTY INCOME DRAWDOWN IRR	YEAR	AGE
1	55	\$3,700,000	\$740,000	\$2,960,000	\$2,960,000	4.19%	\$124,024	\$124,024	\$740,000	\$963,838	5.64%	\$0	\$2,278,504	-\$681,496	\$45,383,204	6032.87%	1	55
2	56	\$3,700,000	\$740,000	\$2,960,000	\$6,044,024	4.29%	\$258,989	\$258,989	\$740,000	\$984,007	5.64%	\$0	\$5,880,875	-\$163,149	\$45,801,066	638.31%	2	56
3	57	\$3,700,000	\$740,000	\$2,960,000	\$9,263,013	4.38%	\$406,092	\$406,092	\$740,000	\$1,006,661	5.64%	\$0	\$9,648,233	\$385,220	\$46,248,005	258.47%	3	57
4	58	\$3,700,000	\$740,000	\$2,960,000	\$12,629,104	4.49%	\$566,681	\$566,681	\$740,000	\$1,021,348	5.64%	\$0	\$13,591,362	\$962,258	\$46,722,353	149.66%	4	58
5	59	\$3,700,000	\$740,000	\$2,960,000	\$16,155,785	4.59%	\$742,272	\$742,272	\$740,000	\$1,038,898	5.64%	\$0	\$17,720,472	\$1,564,687	\$47,220,832	101.39%	5	59
6	60	\$3,700,000	\$740,000	\$2,960,000	\$19,858,057	4.71%	\$934,577	\$934,577	\$740,000	\$1,088,754	5.64%	\$0	\$22,019,883	\$2,161,826	\$47,712,761	74.88%	6	60
7	61	\$3,700,000	\$740,000	\$2,960,000	\$23,752,634	4.82%	\$1,145,529	\$1,145,529	\$740,000	\$1,161,938	5.64%	\$0	\$26,517,378	\$2,764,745	\$48,208,895	58.40%	7	61
8	62	\$3,700,000	\$740,000	\$2,960,000	\$27,858,163	4.94%	\$1,377,319	\$1,377,319	\$740,000	\$1,273,207	5.64%	\$0	\$31,219,021	\$3,360,858	\$48,696,648	47.27%	8	62
9	63	\$3,700,000	\$740,000	\$2,960,000	\$32,195,482	5.07%	\$1,632,429	\$1,632,429	\$740,000	\$1,437,567	5.64%	\$0	\$36,131,532	\$3,936,050	\$49,161,905	39.29%	9	63
10	64	\$3,700,000	\$740,000	\$2,960,000	\$36,787,911	5.20%	\$1,913,684	\$1,913,684	\$740,000	\$1,672,229	5.64%	\$0	\$41,262,096	\$4,474,185	\$49,588,215	33.33%	10	64
11	65	\$0	\$0	\$0	\$38,701,596	5.34%	\$2,066,266	\$2,066,266	\$0	\$1,862,714	5.64%	\$0	\$43,472,350	\$4,770,754	\$13,465,224	9.12%	11	65
12	66	\$0	\$0	\$0	\$40,767,862	5.48%	\$2,234,766	\$2,234,766	\$0	\$2,056,672	5.64%	\$0	\$45,684,385	\$4,916,523	\$13,596,557	8.09%	12	66
13	67	\$0	\$0	\$0	\$43,002,628	5.63%	\$2,421,188	\$2,421,188	\$0	\$2,313,157	5.64%	\$0	\$48,018,592	\$5,159,965	\$13,659,311	7.22%	13	67
14	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$45,423,816	\$2,723,869	\$2,723,869	\$11,295,077	4.47%	14	68
15	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$2,868,342	\$2,868,342	\$11,340,038	4.08%	15	69
16	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,302,321	\$3,302,321	\$11,685,231	4.00%	16	70
17	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$3,777,085	\$3,777,085	\$11,445,787	3.51%	17	71
18	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,297,924	\$4,297,924	\$11,147,789	3.05%	18	72
19	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$4,871,509	\$4,871,509	\$10,788,448	2.61%	19	73
20	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$5,506,342	\$5,506,342	\$10,365,897	2.19%	20	74
21	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$6,214,125	\$6,214,125	\$9,880,414	1.76%	21	75
22	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,194,509	\$6,194,509	\$10,066,447	2.18%	22	76
23	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,187,493	\$6,187,493	\$10,276,041	2.55%	23	77
24	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,193,871	\$6,193,871	\$10,510,547	2.86%	24	78
25	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,215,823	\$6,215,823	\$10,772,795	3.13%	25	79
26	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,248,391	\$6,248,391	\$11,058,151	3.37%	26	80
27	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,294,469	\$6,294,469	\$11,370,249	3.58%	27	81
28	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,353,319	\$6,353,319	\$11,708,945	3.76%	28	82
29	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,423,927	\$6,423,927	\$12,073,831	3.93%	29	83
30	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,504,903	\$6,504,903	\$12,464,142	4.08%	30	84
31	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	-\$740,000	\$6,591,017	\$6,591,017	\$12,875,110	4.21%	31	85
32	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$7,459,813	\$7,459,813	\$14,085,073	4.33%	32	86
33	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$8,369,729	\$8,369,729	\$15,353,098	4.43%	33	87
34	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$9,317,427	\$9,317,427	\$16,676,425	4.53%	34	88
35	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$10,299,157	\$10,299,157	\$18,051,898	4.61%	35	89
36	90	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$11,313,489	\$11,313,489	\$19,478,836	4.68%	36	90
37	91	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$12,497,498	\$12,497,498	\$19,381,123	4.57%	37	91
38	92	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$13,894,597	\$13,894,597	\$19,338,619	4.46%	38	92
39	93	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$15,554,600	\$15,554,600	\$19,384,721	4.38%	39	93
40	94	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	5.64%	\$0	\$17,535,183	\$17,535,183	\$19,558,025	4.31%	40	94

-\$37,000,000    -\$7,400,000    -\$29,600,000

\$15,823,816    \$15,823,816    \$7,400,000    TOTAL INCOME DRAWN:    -\$7,400,000

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/26/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	1.90%
Total Rate Floor:	1.90%
<b>GLO1 \$2M-\$2.99M Year-1 Rate:</b>	<b>4.19%</b>
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (Average of every 25-yr run over last 65 years):	5.64%
Reduced Assumed Index Credit:	5.64%

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash    Index Credit
Collateral Valued At:	100.00%    Assumption (ICA)    0.00%
The Gap Collateral (in 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:	\$963,838
PREMIUMS PAID BY CLIENT:	-\$7,400,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$7,400,000
TOTAL DRAWDOWNS (excluding loan payoff):	\$7,400,000
40-YEAR PROGRAM NET CASH FLOW:	\$0
YEAR 40 NET CASH SURRENDER VALUE:	\$17,535,183
<b>40-YEAR CASH GAIN (excluding death benefit):</b>	<b>\$17,535,183</b>
<b>40-YEAR NET CSV IRR:</b>	<b>4.08%</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 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 - PEIACR \$10MM**



**X**

\_\_\_\_\_  
*Signature* *Date Signed*

**ADDITIONAL INSURED (if applicable):**

N/A



**X**

\_\_\_\_\_  
*Signature* *Date Signed*

**POLICY OWNER:**

,  


**X**

\_\_\_\_\_  
*Signature* *Date Signed*

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

**SOLICITING AGENT:**  
**Darren Sugiyama**



**X**

\_\_\_\_\_  
*Signature* *Date Signed*

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

**LIONSMARK CAPITAL:**  
**Darren Sugiyama**



**X**

\_\_\_\_\_  
*Signature* *Date Signed*

# HYPOTHETICAL SYNTHETIC PROXIES: BACKTESTING REPORT

## BEST CAGR IN 40-YEAR PERIOD\*

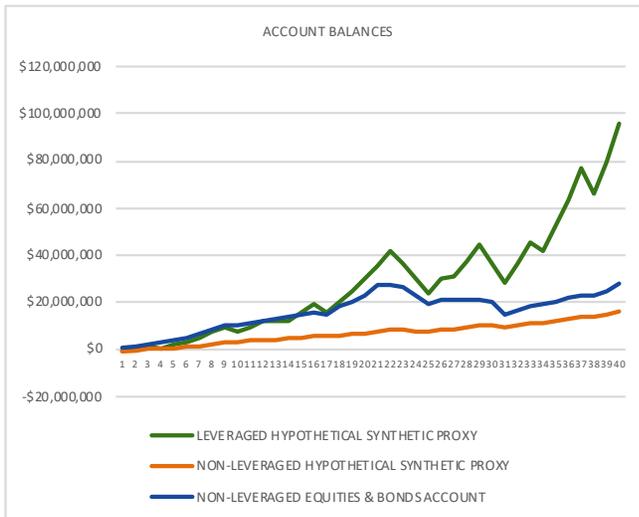
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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\*

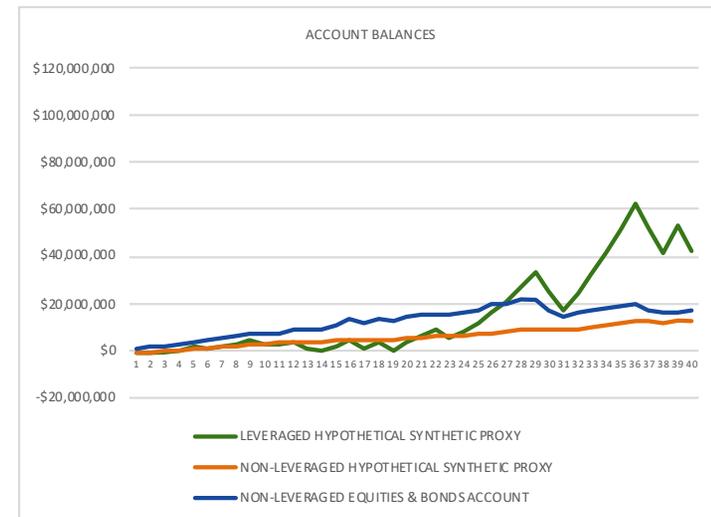
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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 - PEIACR \$10MM  
 ADVISOR: Darren Sugiyama  
 DATE CREATED: 8/26/2022

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

## PURPOSE OF THIS DOCUMENT

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

### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY

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

**0.00%** Protective Floor  
**8.25%** 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 worse case scenario that could ever happen." It is only the 40-year period that produced the worst CAGR of the 40-year periods analyzed in this particular report.

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

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

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

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

PARTIAL-EQUITY INTEREST ACCRUAL

**HYPOTHETICAL SYNTHETIC PROXY**

**PARTIAL-EQUITY INTEREST ACCRUAL**

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

Current Pre-Bonus Cap: 8.75%

Current Post-Bonus Max Cap: 10.90%

PAGE 5

		Participation Rate: 100.00%		Floor Modeled: 0.00%		Upside Design: CAPPED		Pre-Bonus Cap Modeled: 8.25%		Post-Bonus Max Cap Modeled: 10.90%		8/26/2022						
#	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	GAP COLLATERAL (Cash)	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWNINGS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	55	\$3,700,000	\$740,000	\$2,960,000	\$2,960,000		4.19%	\$124,024	\$124,024	\$740,000	\$963,838	1978	11.97%	8.25%	8.25%	\$0	\$3,387,547	-\$637,153
2	56	\$3,700,000	\$740,000	\$2,960,000	\$6,044,024		4.29%	\$258,989	\$258,989	\$740,000	\$984,007	1979	14.24%	8.25%	10.90%	\$0	\$7,149,051	\$140,812
3	57	\$3,700,000	\$740,000	\$2,960,000	\$9,263,013		4.38%	\$406,092	\$406,092	\$740,000	\$964,535	1980	13.48%	8.25%	10.90%	\$0	\$11,236,059	\$1,110,261
4	58	\$3,700,000	\$740,000	\$2,960,000	\$12,629,104		4.49%	\$566,681	\$566,681	\$740,000	\$732,586	1981	-7.06%	0.00%	0.00%	\$0	\$14,140,022	\$750,823
5	59	\$3,700,000	\$740,000	\$2,960,000	\$16,155,785		4.59%	\$742,272	\$742,272	\$740,000	\$350,109	1982	20.68%	8.25%	10.90%	\$0	\$18,827,593	\$2,015,663
6	60	\$3,700,000	\$740,000	\$2,960,000	\$19,858,057		4.71%	\$934,577	\$934,577	\$740,000	\$1,289,617	1983	12.46%	8.25%	10.90%	\$0	\$23,904,655	\$3,495,664
7	61	\$3,700,000	\$740,000	\$2,960,000	\$23,752,634		4.82%	\$1,145,529	\$1,145,529	\$740,000	\$733,511	1984	9.93%	8.25%	10.90%	\$0	\$29,427,535	\$5,230,751
8	62	\$3,700,000	\$740,000	\$2,960,000	\$27,858,163		4.94%	\$1,377,319	\$1,377,319	\$740,000	\$6,062	1985	17.90%	8.25%	10.90%	\$0	\$35,434,214	\$7,240,261
9	63	\$3,700,000	\$740,000	\$2,960,000	\$32,195,482		5.07%	\$1,632,429	\$1,632,429	\$740,000	\$0	1986	29.42%	8.25%	10.90%	\$0	\$41,966,716	\$9,545,379
10	64	\$3,700,000	\$740,000	\$2,960,000	\$36,787,911		5.20%	\$1,913,684	\$1,913,684	\$740,000	\$0	1987	-6.21%	0.00%	0.00%	\$0	\$44,247,896	\$7,345,955
11	65	\$0	\$0	\$0	\$38,701,596		5.34%	\$2,066,266	\$2,066,266	\$0	\$0	1988	15.72%	8.25%	10.90%	\$0	\$48,237,697	\$9,536,102
12	66	\$0	\$0	\$0	\$40,767,862		5.48%	\$2,234,766	\$2,234,766	\$0	\$0	1989	10.63%	8.25%	10.90%	\$0	\$52,610,737	\$11,842,875
13	67	\$0	\$0	\$0	\$43,002,628		5.63%	\$2,421,188	\$2,421,188	\$0	\$0	1990	4.51%	4.51%	6.54%	\$0	\$55,148,946	\$12,146,318
14	68	\$0	\$0	\$0	\$0	-\$45,423,816	0.00%	\$0	\$0	\$0	\$0	1991	18.86%	8.25%	10.90%	\$0	\$60,182,627	\$12,487,620
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	7.34%	7.34%	10.64%	\$0	\$65,547,358	\$15,467,601
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	9.76%	8.25%	10.90%	\$0	\$71,865,000	\$19,281,255
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	-2.32%	0.00%	0.00%	\$0	\$71,053,969	\$15,841,037
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	35.20%	8.25%	10.90%	\$0	\$77,908,187	\$19,934,608
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	23.61%	8.25%	10.90%	\$0	\$85,436,471	\$24,564,214
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	24.69%	8.25%	10.90%	\$0	\$93,709,462	\$29,793,591
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	30.54%	8.25%	10.90%	\$0	\$102,807,471	\$35,695,807
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.25%	10.90%	-\$740,000	\$112,782,599	\$41,538,352
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	-\$740,000	\$111,558,612	\$35,975,153
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	-\$740,000	\$110,330,198	\$30,190,566
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	-\$740,000	\$109,094,724	\$24,171,110
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	32.19%	8.25%	10.90%	-\$740,000	\$119,602,481	\$29,655,686
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	6.43%	-\$740,000	\$125,824,820	\$30,603,685
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.25%	10.90%	-\$740,000	\$137,913,971	\$37,154,779
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	12.36%	8.25%	10.90%	-\$740,000	\$151,152,743	\$44,578,592
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$740,000	\$149,368,205	\$36,688,346
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$740,000	\$147,559,239	\$28,468,387
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	30.03%	8.25%	10.90%	\$0	\$161,608,133	\$36,562,739
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	19.76%	8.25%	10.90%	\$0	\$176,977,081	\$45,679,417
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.96%	\$0	\$179,919,531	\$42,056,984
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2012	14.15%	8.25%	10.90%	\$0	\$196,944,828	\$52,189,154
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2013	18.99%	8.25%	10.90%	\$0	\$215,558,265	\$63,564,807
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2014	11.92%	8.25%	10.90%	\$0	\$236,057,437	\$76,464,306
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	\$0	\$233,237,375	\$65,664,587
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2016	17.45%	8.25%	10.90%	\$0	\$255,697,966	\$79,746,539
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2017	23.91%	8.25%	10.90%	\$0	\$280,534,109	\$95,785,110
		\$7,400,000	\$29,600,000					\$15,823,816	\$15,823,816	\$7,400,000		AVERAGE ANNUAL INCOME DRAWDOWN:		\$740,000			BEST 40	

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$2M-\$2.99M	1-Month CMT Rate: 2.29%
	Lender Spread: 1.90%
<b>Starting Borrowing Rate: 4.19%</b>	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 1.90%	
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$45,423,816
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:	\$963,838
TOTAL CLIENT OUTLAY:	-\$7,400,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$740,000
TOTAL INCOME DRAWDOWN:	\$7,400,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$95,785,110
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$103,185,110
RAW S&P 500 CAGR:	9.02%
40-YEAR NET ACCOUNT IRR:	8.07%

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

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



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

PARTIAL-EQUITY INTEREST ACCRUAL

**HYPOTHETICAL SYNTHETIC PROXY**

**PARTIAL-EQUITY INTEREST ACCRUAL**

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

Current Pre-Bonus Cap: 8.75%

Current Post-Bonus Max Cap: 10.90%

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		Participation Rate: 100.00%			Floor Modeled: 0.00%		Upside Design: CAPPED				Pre-Bonus Cap Modeled: 8.25%		Post-Bonus Max Cap Modeled: 10.90%			8/26/2022		
#	YEAR	1 TOTAL INDEX CONTRIBUTION	2 CLIENT INDEX CONTRIBUTIONS	3 LENDER INDEX CONTRIBUTIONS	4 CUMULATIVE LOAN BALANCE	5 THIRD PARTY LOAN PAYOFF	6 FINANCING INTEREST RATE	7 INTEREST DUE	8 INTEREST ACCRUED	9 TOTAL CLIENT CONTRIBUTION	10 (Cash) GAP COLLATERAL	11 CALENDAR YEAR	12 INDEX RETURN (GROSS)	13 INDEX RETURN (FLOOR & CAP)	14 INDEX RETURN (EFFECTIVE)	15 ANNUAL INCOME DRAWDOWNS	16 EOY GROSS INDEX ACCUMULATED VALUE	17 EOY INDEX VALUE NET OF INT & EXT LOANS
1	55	\$3,700,000	\$740,000	\$2,960,000	\$2,960,000		4.19%	\$124,024	\$124,024	\$740,000	\$963,838	1971	12.42%	8.25%	8.25%	\$0	\$3,387,547	-\$637,153
2	56	\$3,700,000	\$740,000	\$2,960,000	\$6,044,024		4.29%	\$258,989	\$258,989	\$740,000	\$984,007	1972	-1.92%	0.00%	0.00%	\$0	\$6,446,394	-\$561,845
3	57	\$3,700,000	\$740,000	\$2,960,000	\$9,263,013		4.38%	\$406,092	\$406,092	\$740,000	\$964,535	1973	-41.40%	0.00%	0.00%	\$0	\$9,436,073	-\$689,725
4	58	\$3,700,000	\$740,000	\$2,960,000	\$12,629,104		4.49%	\$566,681	\$566,681	\$740,000	\$1,400,110	1974	32.00%	8.25%	10.90%	\$0	\$13,705,062	\$315,863
5	59	\$3,700,000	\$740,000	\$2,960,000	\$16,155,785		4.59%	\$742,272	\$742,272	\$740,000	\$2,060,095	1975	25.48%	8.25%	10.90%	\$0	\$18,350,046	\$1,538,116
6	60	\$3,700,000	\$740,000	\$2,960,000	\$19,858,057		4.71%	\$934,577	\$934,577	\$740,000	\$1,702,829	1976	-8.28%	0.00%	0.00%	\$0	\$21,082,373	\$673,381
7	61	\$3,700,000	\$740,000	\$2,960,000	\$23,752,634		4.82%	\$1,145,529	\$1,145,529	\$740,000	\$1,187,181	1977	6.23%	6.23%	9.03%	\$0	\$25,884,433	\$1,687,649
8	62	\$3,700,000	\$740,000	\$2,960,000	\$27,858,163		4.94%	\$1,377,319	\$1,377,319	\$740,000	\$2,687,230	1978	6.61%	6.61%	9.59%	\$0	\$31,170,875	\$2,976,922
9	63	\$3,700,000	\$740,000	\$2,960,000	\$32,195,482		5.07%	\$1,632,429	\$1,632,429	\$740,000	\$2,460,808	1979	14.76%	8.25%	10.90%	\$0	\$37,285,954	\$4,864,617
10	64	\$3,700,000	\$740,000	\$2,960,000	\$36,787,911		5.20%	\$1,913,684	\$1,913,684	\$740,000	\$2,036,968	1980	-7.40%	0.00%	0.00%	\$0	\$39,613,941	\$2,712,000
11	65	\$0	\$0	\$0	\$38,701,596		5.34%	\$2,066,266	\$2,066,266	\$0	\$980,576	1981	3.65%	3.65%	5.29%	\$0	\$40,967,935	\$2,266,339
12	66	\$0	\$0	\$0	\$40,767,862		5.48%	\$2,234,766	\$2,234,766	\$0	\$3,730,747	1982	37.91%	8.25%	10.90%	\$0	\$44,629,192	\$3,861,330
13	67	\$0	\$0	\$0	\$43,002,628		5.63%	\$2,421,188	\$2,421,188	\$0	\$4,692,351	1983	0.02%	0.02%	0.03%	\$0	\$43,871,788	\$869,161
14	68	\$0	\$0	\$0	\$0	-\$45,423,816	0.00%	\$0	\$0	\$0	\$0	1984	9.62%	8.25%	10.90%	\$0	\$47,801,323	\$106,316
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1985	27.04%	8.25%	10.90%	\$0	\$52,106,991	\$2,027,234
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1986	39.13%	8.25%	10.90%	\$0	\$57,108,686	\$4,524,941
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	\$0	\$56,445,218	\$1,232,286
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1988	28.41%	8.25%	10.90%	\$0	\$61,869,093	\$3,895,515
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	-12.34%	0.00%	0.00%	\$0	\$61,160,496	\$288,239
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	26.73%	8.25%	10.90%	\$0	\$67,056,626	\$3,140,755
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	10.90%	\$0	\$73,545,056	\$6,433,392
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	9.84%	8.25%	10.90%	-\$740,000	\$80,655,101	\$9,410,854
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	1.19%	-\$740,000	\$80,704,872	\$5,121,412
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	26.30%	8.25%	10.90%	-\$740,000	\$88,481,559	\$8,341,927
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	17.61%	8.25%	10.90%	-\$740,000	\$96,998,210	\$12,074,596
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	37.82%	8.25%	10.90%	-\$740,000	\$106,321,597	\$16,374,802
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	10.67%	-\$740,000	\$116,293,353	\$21,072,219
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	26.13%	8.25%	10.90%	-\$740,000	\$127,449,278	\$26,690,087
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	11.99%	8.25%	10.90%	-\$740,000	\$139,663,453	\$33,089,302
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$740,000	\$137,993,807	\$25,313,948
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$740,000	\$136,298,585	\$17,207,734
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	22.16%	8.25%	10.90%	\$0	\$149,244,949	\$24,199,555
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	11.91%	8.25%	10.90%	\$0	\$163,403,417	\$32,105,753
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	10.25%	8.25%	10.90%	\$0	\$178,884,261	\$41,021,714
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.25%	10.90%	\$0	\$195,808,194	\$51,052,520
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	14.29%	8.25%	10.90%	\$0	\$214,310,344	\$62,316,886
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	\$0	\$211,620,678	\$52,027,547
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	\$0	\$209,044,983	\$41,472,196
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	10.90%	\$0	\$229,136,897	\$53,185,470
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	\$0	\$226,665,866	\$41,916,868
		\$7,400,000	\$29,600,000					\$15,823,816	\$15,823,816	\$7,400,000		AVERAGE ANNUAL INCOME DRAWDOWN:			\$740,000			WORST 40

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$2M-\$2.99M	1-Month CMT Rate: 2.29%
	Lender Spread: 1.90%
Starting Borrowing Rate: 4.19%	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 1.90%	
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$45,423,816
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:	\$963,838
TOTAL CLIENT OUTLAY:	-\$7,400,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$740,000
TOTAL INCOME DRAWDOWN:	\$7,400,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$41,916,868
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$49,316,868
RAW S&P 500 CAGR: 6.30%	40-YEAR NET ACCOUNT IRR: 6.00%

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

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



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

**HYPOTHETICAL SYNTHETIC PROXY**

**PARTIAL-EQUITY INTEREST ACCRUAL**

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

Current Pre-Bonus Cap: 8.75%

Current Post-Bonus Max Cap: 10.90%

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		Participation Rate: 100.00%		Floor Modeled: 0.00%		Upside Design: <b>CAPPED</b>		Pre-Bonus Cap Modeled: 8.25%		Post-Bonus Max Cap Modeled: 10.90%		8/26/2022						
#	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	GAP COLLATERAL (Cash)	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	55	\$3,700,000	\$740,000	\$2,960,000	\$2,960,000		9.40%	\$278,240	\$278,240	\$740,000	\$963,838	1982	20.68%	8.25%	8.25%	\$0	\$3,387,547	-\$637,153
2	56	\$3,700,000	\$740,000	\$2,960,000	\$6,198,240		9.40%	\$582,635	\$582,635	\$740,000	\$1,138,223	1983	12.46%	8.25%	10.90%	\$0	\$7,149,051	-\$13,404
3	57	\$3,700,000	\$740,000	\$2,960,000	\$9,740,875		9.15%	\$891,290	\$891,290	\$740,000	\$1,442,397	1984	9.93%	8.25%	10.90%	\$0	\$11,236,059	\$632,399
4	58	\$3,700,000	\$740,000	\$2,960,000	\$13,592,165		7.90%	\$1,073,781	\$1,073,781	\$740,000	\$1,695,646	1985	17.90%	8.25%	10.90%	\$0	\$15,681,285	\$1,329,025
5	59	\$3,700,000	\$740,000	\$2,960,000	\$17,625,946		5.90%	\$1,039,931	\$1,039,931	\$740,000	\$1,820,269	1986	29.42%	8.25%	10.90%	\$0	\$20,519,760	\$2,237,670
6	60	\$3,700,000	\$740,000	\$2,960,000	\$21,625,876		7.15%	\$1,546,250	\$1,546,250	\$740,000	\$1,593,237	1987	-6.21%	0.00%	0.00%	\$0	\$23,230,390	\$1,053,579
7	61	\$3,700,000	\$740,000	\$2,960,000	\$26,132,127		8.90%	\$2,325,759	\$2,325,759	\$740,000	\$1,505,445	1988	15.72%	8.25%	10.90%	\$0	\$28,687,252	\$2,110,976
8	62	\$3,700,000	\$740,000	\$2,960,000	\$31,417,886		9.90%	\$3,110,371	\$3,110,371	\$740,000	\$4,206,336	1989	10.63%	8.25%	10.90%	\$0	\$34,621,451	\$2,867,775
9	63	\$3,700,000	\$740,000	\$2,960,000	\$37,488,256		8.40%	\$3,149,014	\$3,149,014	\$740,000	\$5,090,904	1990	4.51%	4.51%	6.54%	\$0	\$39,460,750	\$1,746,639
10	64	\$3,700,000	\$740,000	\$2,960,000	\$43,597,270		6.90%	\$3,008,212	\$3,008,212	\$740,000	\$5,568,280	1991	18.86%	8.25%	10.90%	\$0	\$46,319,592	\$2,608,292
11	65	\$0	\$0	\$0	\$46,605,482		4.40%	\$2,050,641	\$2,050,641	\$0	\$6,818,405	1992	7.34%	7.34%	10.64%	\$0	\$50,394,456	\$3,788,975
12	66	\$0	\$0	\$0	\$48,656,123		4.65%	\$2,262,510	\$2,262,510	\$0	\$5,248,641	1993	9.76%	8.25%	10.90%	\$0	\$54,978,664	\$6,322,541
13	67	\$0	\$0	\$0	\$50,918,633		4.65%	\$2,367,716	\$2,367,716	\$0	\$3,653,161	1994	-2.32%	0.00%	0.00%	\$0	\$54,106,278	\$3,187,645
14	68	\$0	\$0	\$0	\$0	-\$53,286,349	0.00%	\$0	\$0	\$0	\$0	1995	35.20%	8.25%	10.90%	\$0	\$59,037,871	\$3,087,205
15	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	23.61%	8.25%	10.90%	\$0	\$64,443,709	\$5,695,509
16	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	24.69%	8.25%	10.90%	\$0	\$70,653,293	\$8,967,683
17	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	30.54%	8.25%	10.90%	\$0	\$77,468,506	\$12,698,616
18	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.25%	10.90%	\$0	\$84,950,771	\$16,942,386
19	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	\$0	\$84,011,357	\$12,602,553
20	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	\$0	\$83,088,201	\$8,108,957
21	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	\$0	\$82,187,811	\$3,459,605
22	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	32.19%	8.25%	10.90%	-\$740,000	\$90,144,068	\$6,702,452
23	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	6.43%	-\$740,000	\$94,876,328	\$6,485,630
24	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.25%	10.90%	-\$740,000	\$104,040,543	\$10,453,310
25	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	12.36%	8.25%	10.90%	-\$740,000	\$114,080,574	\$15,036,980
26	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$740,000	\$112,783,133	\$8,010,359
27	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$740,000	\$111,474,734	\$686,322
28	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	30.03%	8.25%	10.90%	-\$740,000	\$122,158,868	\$5,054,035
29	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	19.76%	8.25%	10.90%	-\$740,000	\$133,855,058	\$10,117,984
30	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.96%	-\$740,000	\$136,163,190	\$5,462,261
31	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2012	14.15%	8.25%	10.90%	-\$740,000	\$149,145,278	\$11,132,303
32	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2013	18.99%	8.25%	10.90%	\$0	\$163,349,462	\$18,435,838
33	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2014	11.92%	8.25%	10.90%	\$0	\$178,888,903	\$26,729,598
34	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	\$0	\$176,632,940	\$16,865,670
35	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2016	17.45%	8.25%	10.90%	\$0	\$193,336,447	\$25,580,813
36	90	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2017	23.91%	8.25%	10.90%	\$0	\$211,596,587	\$35,453,172
37	91	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2018	-4.41%	0.00%	0.00%	\$0	\$208,934,059	\$23,983,473
38	92	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2019	31.74%	8.25%	10.90%	\$0	\$228,881,220	\$34,683,105
39	93	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2020	18.38%	8.25%	10.90%	\$0	\$250,915,301	\$47,007,279
40	94	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2021	28.83%	8.25%	10.90%	\$0	\$275,283,172	\$61,179,750
		\$7,400,000	\$29,600,000	\$29,600,000				\$23,686,349	\$23,686,349	\$7,400,000		AVERAGE ANNUAL INCOME DRAWDOWN:		\$740,000			MOST RECENT 40	

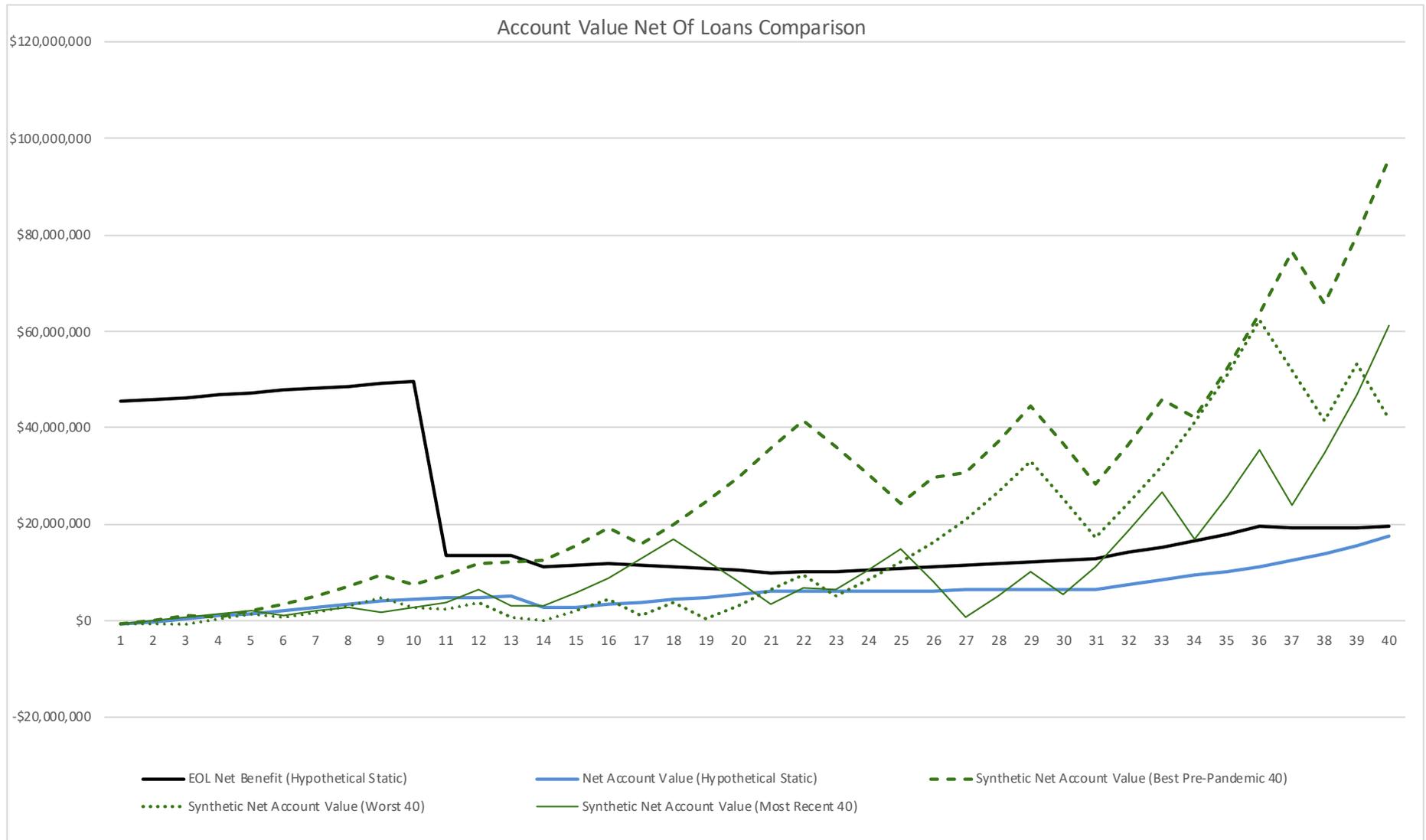
BORROWING INTEREST ASSUMPTIONS	
Hypothetical Loan Rate	Prime: 2.29%
	Lender Spread: -1.60%
Starting Borrowing Rate:	0.69%
Borrowing Rate Volatility:	HistoricalRates
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	<b>PARTICIPATING</b>
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	14
Payoff Amount:	\$53,286,349
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:	\$963,838
TOTAL CLIENT OUTLAY:	-\$7,400,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$740,000
TOTAL INCOME DRAWDOWN:	\$7,400,000
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$61,179,750
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$68,579,750
RAW S&P 500 CAGR: 9.99%	40-YEAR NET ACCOUNT IRR: 6.92%

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:	14	-\$7,400,000	\$7,400,000	\$17,535,183	hypothetical static	no	5.64%	5.14%	<b>4.08%</b>
- - - Synthetic Best 40*:	14	-\$7,400,000	\$7,400,000	\$95,785,110	actual historical*	yes	9.02%	5.00%	<b>8.07%</b>
..... Synthetic Worst 40*:	14	-\$7,400,000	\$7,400,000	\$41,916,868	actual historical*	yes	6.30%	5.00%	<b>6.00%</b>
— Synthetic (1982-2021):	14	-\$7,400,000	\$7,400,000	\$61,179,750	actual historical*	yes	9.99%	5.00%	<b>6.92%</b>

\*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	1.00%	-\$36,550	-\$534,077	1978	11.97%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$258,173	-\$570,627	-\$312,453	\$3,129,373	\$3,387,547	-\$637,153
2	1.00%	-\$65,779	-\$575,374	1979	14.24%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$702,657	-\$641,153	\$61,504	\$6,446,394	\$7,149,051	\$140,812
3	1.00%	-\$103,200	-\$614,148	1980	13.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,104,356	-\$717,348	\$387,008	\$10,131,703	\$11,236,059	\$1,110,261
4	1.00%	-\$143,880	-\$652,157	1981	-7.06%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$796,037	-\$796,037	\$14,140,022	\$14,140,022	\$750,823
5	1.00%	-\$172,729	-\$690,203	1982	20.68%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,850,503	-\$862,932	\$987,571	\$16,977,090	\$18,827,593	\$2,015,663
6	1.00%	-\$219,290	-\$753,158	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,349,511	-\$972,448	\$1,377,063	\$21,555,145	\$23,904,655	\$3,495,664
7	1.00%	-\$269,828	-\$799,629	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,892,337	-\$1,069,457	\$1,822,879	\$26,535,198	\$29,427,535	\$5,230,751
8	1.00%	-\$324,799	-\$851,235	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,482,714	-\$1,176,034	\$2,306,679	\$31,951,500	\$35,434,214	\$7,240,261
9	1.00%	-\$384,584	-\$907,686	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,124,772	-\$1,292,270	\$2,832,502	\$37,841,944	\$41,966,716	\$9,545,379
10	1.00%	-\$449,601	-\$969,219	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,418,820	-\$1,418,820	\$44,247,896	\$44,247,896	\$7,345,955
11	1.00%	-\$440,927	-\$310,398	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,741,126	-\$751,325	\$3,989,801	\$43,496,571	\$48,237,697	\$9,536,102
12	1.00%	-\$480,791	-\$317,107	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,170,938	-\$797,898	\$4,373,040	\$47,439,799	\$52,610,737	\$11,842,875
13	1.00%	-\$524,486	-\$324,221	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$3,386,916	-\$848,707	\$2,538,209	\$51,762,030	\$55,148,946	\$12,146,318
14	1.00%	-\$549,831	-\$331,642	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,915,155	-\$881,473	\$5,033,681	\$54,267,473	\$60,182,627	\$12,487,620
15	1.00%	-\$600,129	-\$339,443	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$6,304,303	-\$939,572	\$5,364,731	\$59,243,055	\$65,547,358	\$15,467,601
16	1.00%	-\$655,020	-\$90,715	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,063,377	-\$745,735	\$6,317,642	\$64,801,623	\$71,865,000	\$19,281,255
17	1.00%	-\$718,186	-\$92,845	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$811,031	-\$811,031	\$71,053,969	\$71,053,969	\$15,841,037
18	1.00%	-\$710,074	-\$93,050	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,657,342	-\$803,124	\$6,854,218	\$70,250,845	\$77,908,187	\$19,934,608
19	1.00%	-\$778,630	-\$90,358	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,397,273	-\$868,988	\$7,528,285	\$77,039,199	\$85,436,471	\$24,564,214
20	1.00%	-\$853,947	-\$83,460	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,210,398	-\$937,407	\$8,272,991	\$84,499,064	\$93,709,462	\$29,793,591
21	1.00%	-\$936,745	-\$69,857	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$10,104,612	-\$1,006,602	\$9,098,009	\$92,702,859	\$102,807,471	\$35,695,807
22	1.00%	-\$1,027,663	-\$82,243	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$11,085,035	-\$1,109,906	\$9,975,128	\$101,697,565	\$112,782,599	\$41,538,352
23	1.00%	-\$1,127,343	-\$96,644	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,223,987	-\$1,223,987	\$111,558,612	\$111,558,612	\$35,975,153
24	1.00%	-\$1,115,019	-\$113,395	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,228,414	-\$1,228,414	\$110,330,198	\$110,330,198	\$30,190,566
25	1.00%	-\$1,102,638	-\$132,836	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,235,474	-\$1,235,474	\$109,094,724	\$109,094,724	\$24,171,110
26	1.00%	-\$1,090,160	-\$157,422	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$11,755,339	-\$1,247,582	\$10,507,756	\$107,847,142	\$119,602,481	\$29,655,686
27	1.00%	-\$1,195,117	-\$181,475	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$7,598,931	-\$1,376,592	\$6,222,339	\$118,225,888	\$125,824,820	\$30,603,685
28	1.00%	-\$1,257,204	-\$208,760	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$13,555,115	-\$1,465,964	\$12,089,151	\$124,358,855	\$137,913,971	\$37,154,779
29	1.00%	-\$1,377,942	-\$239,597	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$14,856,311	-\$1,617,539	\$13,238,772	\$136,296,432	\$151,152,743	\$44,578,592
30	1.00%	-\$1,510,156	-\$274,383	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,784,539	-\$1,784,539	\$149,368,205	\$149,368,205	\$36,688,346
31	1.00%	-\$1,492,098	-\$316,868	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,808,966	-\$1,808,966	\$147,559,239	\$147,559,239	\$28,468,387
32	1.00%	-\$1,473,786	-\$361,257	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$15,883,937	-\$1,835,043	\$14,048,894	\$145,724,196	\$161,608,133	\$36,562,739
33	1.00%	-\$1,614,024	-\$411,530	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$17,394,501	-\$2,025,554	\$15,368,947	\$159,582,579	\$176,977,081	\$45,679,417
34	1.00%	-\$1,767,424	-\$469,421	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$5,179,295	-\$2,236,845	\$2,942,450	\$174,740,236	\$179,919,531	\$42,056,984
35	1.00%	-\$1,796,519	-\$535,250	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$19,357,066	-\$2,331,769	\$17,025,297	\$177,587,762	\$196,944,828	\$52,189,154
36	1.00%	-\$1,966,415	-\$606,668	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$21,186,520	-\$2,573,083	\$18,613,437	\$194,371,745	\$215,558,265	\$63,564,807
37	1.00%	-\$2,152,836	-\$549,309	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$23,201,317	-\$2,702,145	\$20,499,172	\$212,856,120	\$236,057,437	\$76,464,306
38	1.00%	-\$2,358,265	-\$461,797	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,820,062	-\$2,820,062	\$233,237,375	\$233,237,375	\$65,664,587
39	1.00%	-\$2,330,671	-\$340,458	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$25,131,721	-\$2,671,129	\$22,460,591	\$230,566,245	\$255,697,966	\$79,746,539
40	1.00%	-\$2,556,077	-\$180,565	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$27,572,784	-\$2,736,642	\$24,836,143	\$252,961,324	\$280,534,109	\$95,785,110

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	1.00%	-\$36,550	-\$534,077	1971	12.42%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$258,173	-\$570,627	-\$312,453	\$3,129,373	\$3,387,547	-\$637,153
2	1.00%	-\$65,779	-\$575,374	1972	-1.92%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$641,153	-\$641,153	\$6,446,394	\$6,446,394	-\$561,845
3	1.00%	-\$96,173	-\$614,148	1973	-41.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$710,321	-\$710,321	\$9,436,073	\$9,436,073	-\$689,725
4	1.00%	-\$125,880	-\$652,157	1974	32.00%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,347,026	-\$778,037	\$568,989	\$12,358,036	\$13,705,062	\$315,863
5	1.00%	-\$168,380	-\$690,203	1975	25.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,803,566	-\$858,583	\$944,984	\$16,546,479	\$18,350,046	\$1,538,116
6	1.00%	-\$214,515	-\$753,158	1976	-8.28%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$967,673	-\$967,673	\$21,082,373	\$21,082,373	\$673,381
7	1.00%	-\$241,606	-\$799,629	1977	6.23%	6.23%	x 1.45	= 9.03%	+ 0.00%	= 9.03%	\$2,143,295	-\$1,041,235	\$1,102,060	\$23,741,138	\$25,884,433	\$1,687,649
8	1.00%	-\$289,368	-\$851,235	1978	6.61%	6.61%	x 1.45	= 9.59%	+ 0.00%	= 9.59%	\$2,727,045	-\$1,140,603	\$1,586,442	\$28,443,830	\$31,170,875	\$2,976,922
9	1.00%	-\$341,950	-\$907,686	1979	14.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,664,715	-\$1,249,636	\$2,415,079	\$33,621,239	\$37,285,954	\$4,864,617
10	1.00%	-\$402,793	-\$969,219	1980	-7.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,372,012	-\$1,372,012	\$39,613,941	\$39,613,941	\$2,712,000
11	1.00%	-\$394,587	-\$310,398	1981	3.65%	3.65%	x 1.45	= 5.29%	+ 0.00%	= 5.29%	\$2,058,979	-\$704,985	\$1,353,993	\$38,908,956	\$40,967,935	\$2,266,339
12	1.00%	-\$408,094	-\$317,107	1982	37.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,386,458	-\$725,201	\$3,661,257	\$40,242,734	\$44,629,192	\$3,861,330
13	1.00%	-\$444,671	-\$324,221	1983	0.02%	0.02%	x 1.45	= 0.03%	+ 0.00%	= 0.03%	\$11,488	-\$768,892	-\$757,404	\$43,860,300	\$43,871,788	\$869,161
14	1.00%	-\$437,060	-\$331,642	1984	9.62%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,698,236	-\$768,702	\$3,929,535	\$43,103,087	\$47,801,323	\$1,06,316
15	1.00%	-\$476,316	-\$339,443	1985	27.04%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,121,426	-\$815,759	\$4,305,667	\$46,985,564	\$52,106,991	\$2,027,234
16	1.00%	-\$520,616	-\$90,715	1986	39.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,613,027	-\$611,331	\$5,001,696	\$51,495,659	\$57,108,686	\$4,524,941
17	1.00%	-\$570,623	-\$92,845	1987	-15.51%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$663,468	-\$663,468	\$56,445,218	\$56,445,218	\$1,232,286
18	1.00%	-\$563,987	-\$93,050	1988	28.41%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,080,912	-\$657,037	\$5,423,875	\$55,788,182	\$61,869,093	\$3,895,515
19	1.00%	-\$618,239	-\$90,358	1989	-12.34%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$708,597	-\$708,597	\$61,160,496	\$61,160,496	\$288,239
20	1.00%	-\$611,188	-\$83,460	1990	26.73%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,590,777	-\$694,648	\$5,896,130	\$60,465,849	\$67,056,626	\$3,140,755
21	1.00%	-\$670,217	-\$69,857	1991	7.72%	7.72%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,228,504	-\$740,074	\$6,488,430	\$66,316,552	\$73,545,056	\$6,433,392
22	1.00%	-\$735,039	-\$82,243	1992	9.84%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,927,327	-\$817,282	\$7,110,045	\$72,727,774	\$80,655,101	\$9,410,854
23	1.00%	-\$806,068	-\$96,644	1993	0.82%	0.82%	x 1.45	= 1.19%	+ 0.00%	= 1.19%	\$952,482	-\$902,712	\$49,770	\$79,752,389	\$80,704,872	\$5,121,412
24	1.00%	-\$806,482	-\$113,395	1994	26.30%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,696,564	-\$919,877	\$7,776,688	\$79,784,995	\$88,481,559	\$8,341,927
25	1.00%	-\$884,151	-\$132,836	1995	17.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$9,533,638	-\$1,016,987	\$8,516,651	\$87,464,572	\$96,998,210	\$12,074,596
26	1.00%	-\$969,195	-\$157,422	1996	37.82%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$10,450,004	-\$1,126,617	\$9,323,387	\$95,871,593	\$106,321,597	\$16,374,802
27	1.00%	-\$1,062,309	-\$181,475	1997	7.36%	7.36%	x 1.45	= 10.67%	+ 0.00%	= 10.67%	\$11,215,540	-\$1,243,784	\$9,971,757	\$105,077,813	\$116,293,353	\$21,072,219
28	1.00%	-\$1,161,890	-\$208,760	1998	26.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$12,526,575	-\$1,370,650	\$11,155,925	\$114,922,704	\$127,449,278	\$26,690,807
29	1.00%	-\$1,273,295	-\$239,597	1999	11.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$13,727,066	-\$1,512,892	\$12,214,174	\$125,936,387	\$139,663,453	\$33,089,302
30	1.00%	-\$1,395,263	-\$274,383	2000	-27.54%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,669,646	-\$1,669,646	\$137,993,807	\$137,993,807	\$25,313,948
31	1.00%	-\$1,378,354	-\$316,868	2001	-21.68%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,695,222	-\$1,695,222	\$136,298,585	\$136,298,585	\$17,207,734
32	1.00%	-\$1,361,180	-\$361,257	2002	22.16%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$14,668,800	-\$1,722,437	\$12,946,364	\$134,576,149	\$149,244,949	\$24,199,555
33	1.00%	-\$1,490,392	-\$411,530	2003	11.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$16,060,390	-\$1,901,922	\$14,158,468	\$147,343,027	\$163,403,417	\$32,105,753
34	1.00%	-\$1,631,687	-\$469,421	2004	10.25%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$17,581,952	-\$2,101,108	\$15,480,844	\$161,302,309	\$178,884,261	\$41,021,714
35	1.00%	-\$1,786,166	-\$535,250	2005	8.71%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$19,245,350	-\$2,321,416	\$16,923,934	\$176,562,844	\$195,808,194	\$51,052,520
36	1.00%	-\$1,955,049	-\$606,668	2006	14.29%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$21,063,866	-\$2,561,717	\$18,502,149	\$193,246,478	\$214,310,344	\$62,316,886
37	1.00%	-\$2,140,357	-\$549,309	2007	-23.61%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,689,666	-\$2,689,666	\$211,620,678	\$211,620,678	\$52,027,547
38	1.00%	-\$2,113,898	-\$461,797	2008	-9.37%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,575,695	-\$2,575,695	\$209,044,983	\$209,044,983	\$41,472,196
39	1.00%	-\$2,088,748	-\$340,458	2009	7.96%	7.96%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$22,521,120	-\$2,429,206	\$20,091,914	\$206,615,778	\$229,136,897	\$53,185,470
40	1.00%	-\$2,290,466	-\$180,565	2010	-0.86%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,471,031	-\$2,471,031	\$226,665,866	\$226,665,866	\$41,916,868

**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**

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

**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	1.00%	-\$36,550	-\$534,077	1982	20.68%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$258,173	-\$570,627	-\$312,453	\$3,129,373	\$3,387,547	-\$637,153
2	1.00%	-\$65,779	-\$575,374	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$702,657	-\$641,153	\$61,504	\$6,446,394	\$7,149,051	-\$13,404
3	1.00%	-\$103,200	-\$614,148	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,104,356	-\$717,348	\$387,008	\$10,131,703	\$11,236,059	\$632,399
4	1.00%	-\$143,880	-\$652,157	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,541,262	-\$796,037	\$745,226	\$14,140,022	\$15,681,285	\$1,329,025
5	1.00%	-\$188,142	-\$690,203	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,016,820	-\$878,345	\$1,138,476	\$18,502,940	\$20,519,760	\$2,237,670
6	1.00%	-\$236,212	-\$753,158	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$989,370	-\$989,370	\$23,230,390	\$23,230,390	\$1,053,579
7	1.00%	-\$263,086	-\$799,629	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$2,819,577	-\$1,062,715	\$1,756,862	\$25,867,676	\$28,687,252	\$2,110,976
8	1.00%	-\$317,396	-\$851,235	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$3,402,830	-\$1,168,631	\$2,234,198	\$31,218,621	\$34,621,451	\$2,867,775
9	1.00%	-\$376,456	-\$907,686	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$2,423,442	-\$1,284,142	\$1,139,300	\$37,037,308	\$39,460,750	\$1,746,639
10	1.00%	-\$424,541	-\$969,219	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$4,552,602	-\$1,393,760	\$3,158,841	\$41,766,990	\$46,319,592	\$2,608,292
11	1.00%	-\$461,644	-\$310,397	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$4,846,906	-\$772,042	\$4,074,865	\$45,547,550	\$50,394,456	\$3,788,975
12	1.00%	-\$502,359	-\$317,108	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,403,674	-\$819,466	\$4,584,208	\$49,574,990	\$54,978,664	\$6,322,541
13	1.00%	-\$548,166	-\$324,221	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$872,387	-\$872,387	\$54,106,278	\$54,106,278	\$3,187,645
14	1.00%	-\$539,405	-\$331,642	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$5,802,640	-\$871,047	\$4,931,594	\$53,235,231	\$59,037,871	\$3,087,205
15	1.00%	-\$588,681	-\$339,443	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,333,962	-\$928,124	\$5,405,838	\$58,109,747	\$64,443,709	\$5,695,509
16	1.00%	-\$643,984	-\$90,715	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$6,944,282	-\$734,699	\$6,209,584	\$63,709,011	\$70,653,293	\$8,967,683
17	1.00%	-\$706,069	-\$92,845	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$7,614,127	-\$798,914	\$6,815,214	\$69,854,379	\$77,468,506	\$12,698,616
18	1.00%	-\$774,220	-\$93,050	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,349,535	-\$867,270	\$7,482,265	\$76,601,236	\$84,950,771	\$16,942,386
19	1.00%	-\$849,056	-\$90,358	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$939,414	-\$939,414	\$84,011,357	\$84,011,357	\$12,602,553
20	1.00%	-\$839,696	-\$83,460	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$923,156	-\$923,156	\$83,088,201	\$83,088,201	\$8,108,957
21	1.00%	-\$830,533	-\$69,857	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$900,390	-\$900,390	\$82,187,811	\$82,187,811	\$3,459,605
22	1.00%	-\$821,467	-\$82,243	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$8,859,967	-\$903,710	\$7,956,257	\$81,284,101	\$90,144,068	\$6,702,452
23	1.00%	-\$900,957	-\$96,644	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$5,729,861	-\$997,601	\$4,732,259	\$89,146,467	\$94,876,328	\$6,485,630
24	1.00%	-\$948,196	-\$113,395	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$10,225,806	-\$1,061,591	\$9,164,215	\$93,814,737	\$104,040,543	\$10,453,310
25	1.00%	-\$1,039,741	-\$132,836	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$11,212,608	-\$1,172,577	\$10,040,031	\$102,867,966	\$114,080,574	\$15,036,980
26	1.00%	-\$1,140,019	-\$157,422	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,297,441	-\$1,297,441	\$112,783,133	\$112,783,133	\$8,010,359
27	1.00%	-\$1,126,924	-\$181,475	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$1,308,399	-\$1,308,399	\$111,474,734	\$111,474,734	\$686,322
28	1.00%	-\$1,113,704	-\$208,760	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$12,006,598	-\$1,322,464	\$10,684,134	\$110,152,271	\$122,158,868	\$5,054,035
29	1.00%	-\$1,220,391	-\$239,577	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$13,156,178	-\$1,459,988	\$11,696,190	\$120,698,881	\$133,855,058	\$10,117,984
30	1.00%	-\$1,337,179	-\$274,383	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$3,919,693	-\$1,611,562	\$2,308,131	\$132,243,497	\$136,163,190	\$5,462,261
31	1.00%	-\$1,360,048	-\$316,868	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$14,659,004	-\$1,676,916	\$12,982,088	\$134,486,274	\$149,145,278	\$11,132,303
32	1.00%	-\$1,489,646	-\$361,257	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$16,055,087	-\$1,850,903	\$14,204,183	\$147,294,375	\$163,349,462	\$18,435,838
33	1.00%	-\$1,631,437	-\$411,530	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$17,582,408	-\$2,042,967	\$15,539,441	\$161,306,495	\$178,888,903	\$26,729,598
34	1.00%	-\$1,786,542	-\$469,421	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,255,963	-\$2,255,963	\$176,632,940	\$176,632,940	\$16,865,670
35	1.00%	-\$1,763,653	-\$535,250	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$19,002,410	-\$2,298,903	\$16,703,507	\$174,334,037	\$193,336,447	\$25,580,813
36	1.00%	-\$1,930,331	-\$606,668	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$20,797,140	-\$2,536,999	\$18,260,141	\$190,799,447	\$211,596,587	\$35,453,172
37	1.00%	-\$2,113,219	-\$549,309	2018	-4.41%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$2,662,528	-\$2,662,528	\$208,934,059	\$208,934,059	\$23,983,473
38	1.00%	-\$2,087,032	-\$461,797	2019	31.74%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$22,495,990	-\$2,548,829	\$19,947,161	\$206,385,230	\$228,881,220	\$34,683,103
39	1.00%	-\$2,287,110	-\$340,458	2020	18.38%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$24,661,648	-\$2,627,568	\$22,034,080	\$226,253,652	\$250,915,301	\$47,007,279
40	1.00%	-\$2,508,250	-\$180,565	2021	28.83%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$27,056,687	-\$2,688,815	\$24,367,872	\$248,226,485	\$275,283,172	\$61,179,750

**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%	
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	\$3,387,547	-\$637,153	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,149,051	\$140,812	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,236,059	\$1,110,261	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,140,022	\$750,823	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,827,593	\$2,015,663	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,904,655	\$3,495,664	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,427,535	\$5,230,751	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,434,214	\$7,240,261	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,966,716	\$9,545,379	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,247,896	\$7,345,955	
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,237,697	\$9,536,102	
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,610,737	\$11,842,875	
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$55,148,946	\$12,146,318	
14	-\$45,423,816	\$0	-\$45,423,816	-\$2,271,191	\$3,687,567	-\$47,695,007	\$49,569,843	\$1,874,836	\$60,182,627	\$12,487,620	
15	\$0	\$0	-\$47,695,007	-\$2,384,750	\$3,581,092	-\$50,079,757	\$53,988,541	\$3,908,784	\$65,547,358	\$15,467,601	
16	\$0	\$0	-\$50,079,757	-\$2,503,988	\$4,403,381	-\$52,583,745	\$59,192,111	\$6,608,366	\$71,865,000	\$19,281,255	
17	\$0	\$0	-\$52,583,745	-\$2,629,187	\$0	-\$55,212,932	\$58,524,100	\$3,311,168	\$71,053,969	\$15,841,037	
18	\$0	\$0	-\$55,212,932	-\$2,760,647	\$4,773,665	-\$57,973,579	\$64,169,624	\$6,196,045	\$77,908,187	\$19,934,608	
19	\$0	\$0	-\$57,973,579	-\$2,898,679	\$5,234,945	-\$60,872,258	\$70,370,348	\$9,498,091	\$85,436,471	\$24,564,214	
20	\$0	\$0	-\$60,872,258	-\$3,043,613	\$5,741,855	-\$63,915,871	\$77,184,455	\$13,268,585	\$93,709,462	\$29,793,591	
21	\$0	\$0	-\$63,915,871	-\$3,195,794	\$6,299,317	-\$67,111,664	\$84,678,094	\$17,566,430	\$102,807,471	\$35,695,807	
22	\$0	-\$740,000	-\$67,851,664	-\$3,392,583	\$6,970,914	-\$71,244,247	\$93,705,979	\$22,461,731	\$112,782,599	\$41,538,352	
23	\$0	-\$740,000	-\$71,984,247	-\$3,599,212	\$0	-\$75,583,460	\$93,420,992	\$17,837,533	\$111,558,612	\$35,975,153	
24	\$0	-\$740,000	-\$76,323,460	-\$3,816,173	\$0	-\$80,139,633	\$93,124,150	\$12,984,517	\$110,330,198	\$30,190,566	
25	\$0	-\$740,000	-\$80,879,633	-\$4,043,982	\$0	-\$84,923,614	\$92,813,062	\$7,889,448	\$109,094,724	\$24,171,110	
26	\$0	-\$740,000	-\$85,663,614	-\$4,283,181	\$7,629,865	-\$89,946,795	\$102,563,881	\$12,617,086	\$119,602,481	\$29,655,686	
27	\$0	-\$740,000	-\$90,686,795	-\$4,534,340	\$4,526,484	-\$95,221,135	\$108,678,283	\$13,457,148	\$125,824,820	\$30,603,685	
28	\$0	-\$740,000	-\$95,961,135	-\$4,798,057	\$8,921,836	-\$100,759,191	\$119,931,106	\$19,171,915	\$137,913,971	\$37,154,779	
29	\$0	-\$740,000	-\$101,499,191	-\$5,074,960	\$9,838,604	-\$106,574,151	\$132,254,685	\$25,680,534	\$151,152,743	\$44,578,592	
30	\$0	-\$740,000	-\$107,314,151	-\$5,365,708	\$0	-\$112,679,859	\$131,424,524	\$18,744,665	\$149,368,205	\$36,688,346	
31	\$0	-\$740,000	-\$113,419,859	-\$5,670,993	\$0	-\$119,090,852	\$130,563,908	\$11,473,057	\$147,559,239	\$28,468,387	
32	\$0	\$0	-\$119,090,852	-\$5,954,543	\$10,637,568	-\$125,045,394	\$142,994,702	\$17,949,308	\$161,608,133	\$36,562,739	
33	\$0	\$0	-\$125,045,394	-\$6,252,270	\$11,649,202	-\$131,297,664	\$156,593,511	\$25,295,847	\$176,977,081	\$45,679,417	
34	\$0	\$0	-\$131,297,664	-\$6,564,883	\$3,160,526	-\$137,862,547	\$159,197,061	\$21,334,514	\$179,919,531	\$42,056,984	
35	\$0	\$0	-\$137,862,547	-\$6,893,127	\$12,963,543	-\$144,755,674	\$174,261,447	\$29,505,772	\$196,944,828	\$52,189,154	
36	\$0	\$0	-\$144,755,674	-\$7,237,784	\$14,188,740	-\$151,993,458	\$190,731,057	\$38,737,598	\$215,558,265	\$63,564,807	
37	\$0	\$0	-\$151,993,458	-\$7,599,673	\$15,538,061	-\$159,593,131	\$208,869,209	\$49,276,078	\$236,057,437	\$76,464,306	
38	\$0	\$0	-\$159,593,131	-\$7,979,657	\$0	-\$167,572,788	\$206,373,951	\$38,801,164	\$233,237,375	\$65,664,587	
39	\$0	\$0	-\$167,572,788	-\$8,378,639	\$16,830,864	-\$175,951,427	\$226,247,614	\$50,296,187	\$255,697,966	\$79,746,539	
40	\$0	\$0	-\$175,951,427	-\$8,797,571	\$18,465,659	-\$184,748,998	\$248,223,221	\$63,474,223	\$280,534,109	\$95,785,110	

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.

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	\$3,387,547	-\$637,153	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,446,394	-\$561,845	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,436,073	-\$689,725	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,705,062	\$315,863	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,350,046	\$1,538,116	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,082,373	\$673,381	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,884,433	\$1,687,649	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,170,875	\$2,976,922	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,285,954	\$4,864,617	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,613,941	<b>\$2,712,000</b>	
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,967,935	\$2,266,339	
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,629,192	\$3,861,330	
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,871,788	\$869,161	
14	-\$45,423,816	\$0	-\$45,423,816	-\$2,271,191	\$3,681,803	-\$47,695,007	\$49,492,364	\$1,797,357	\$47,801,323	\$106,316	
15	\$0	\$0	-\$47,695,007	-\$2,384,750	\$4,013,439	-\$50,079,757	\$53,950,350	\$3,870,593	\$52,106,991	\$2,027,234	
16	\$0	\$0	-\$50,079,757	-\$2,503,988	\$4,398,685	-\$52,583,745	\$59,128,988	\$6,545,243	\$57,108,686	\$4,524,941	
17	\$0	\$0	-\$52,583,745	-\$2,629,187	\$0	-\$55,212,932	\$58,442,049	\$3,229,117	\$56,445,218	\$1,232,286	
18	\$0	\$0	-\$55,212,932	-\$2,760,647	\$4,765,346	-\$57,973,579	\$64,057,801	\$6,084,223	\$61,869,093	\$3,895,515	
19	\$0	\$0	-\$57,973,579	-\$2,898,679	\$0	-\$60,872,258	\$63,324,137	\$2,451,879	\$61,160,496	\$288,239	
20	\$0	\$0	-\$60,872,258	-\$3,043,613	\$5,164,905	-\$63,915,871	\$69,428,851	\$5,512,980	\$67,056,626	<b>\$3,140,755</b>	
21	\$0	\$0	-\$63,915,871	-\$3,195,794	\$5,300,259	-\$67,111,664	\$76,146,818	\$9,035,154	\$73,545,056	\$6,433,392	
22	\$0	-\$740,000	-\$67,851,664	-\$3,392,583	\$6,272,673	-\$71,244,247	\$84,319,932	\$13,075,684	\$80,655,101	\$9,410,854	
23	\$0	-\$740,000	-\$71,984,247	-\$3,599,212	\$6,927,759	-\$75,583,460	\$85,112,420	\$9,528,960	\$80,704,872	\$5,121,412	
24	\$0	-\$740,000	-\$76,323,460	-\$3,816,173	\$7,002,094	-\$80,139,633	\$94,125,123	\$13,985,491	\$88,481,559	\$8,341,927	
25	\$0	-\$740,000	-\$80,879,633	-\$4,043,982	\$7,736,418	-\$84,923,614	\$103,996,214	\$19,072,600	\$96,998,210	\$12,074,596	
26	\$0	-\$740,000	-\$85,663,614	-\$4,283,181	\$8,540,377	-\$89,946,795	\$114,803,371	\$24,856,576	\$106,321,597	\$16,374,802	
27	\$0	-\$740,000	-\$90,686,795	-\$4,534,340	\$8,405,736	-\$95,221,135	\$126,380,025	\$31,158,891	\$116,293,353	\$21,072,219	
28	\$0	-\$740,000	-\$95,961,135	-\$4,798,057	\$10,363,796	-\$100,759,191	\$139,314,544	\$38,555,352	\$127,449,278	\$26,690,087	
29	\$0	-\$740,000	-\$101,499,191	-\$5,074,960	\$11,417,342	-\$106,574,151	\$153,476,751	\$46,902,600	\$139,663,453	\$33,089,302	
30	\$0	-\$740,000	-\$107,314,151	-\$5,365,708	\$0	-\$112,679,859	\$152,373,124	\$39,693,265	\$137,993,807	<b>\$25,313,948</b>	
31	\$0	-\$740,000	-\$113,419,859	-\$5,670,993	\$0	-\$119,090,852	\$151,232,165	\$32,141,313	\$136,298,585	\$17,207,734	
32	\$0	\$0	-\$119,090,852	-\$5,954,543	\$12,318,983	-\$125,045,394	\$165,596,999	\$40,551,605	\$149,244,949	\$24,199,555	
33	\$0	\$0	-\$125,045,394	-\$6,252,270	\$13,487,652	-\$131,297,664	\$181,306,743	\$50,009,079	\$163,403,417	\$32,105,753	
34	\$0	\$0	-\$131,297,664	-\$6,564,883	\$14,765,473	-\$137,862,547	\$198,483,748	\$60,621,201	\$178,884,261	\$41,021,714	
35	\$0	\$0	-\$137,862,547	-\$6,893,127	\$16,162,409	-\$144,755,674	\$217,261,955	\$72,506,281	\$195,808,194	\$51,052,520	
36	\$0	\$0	-\$144,755,674	-\$7,237,784	\$17,689,614	-\$151,993,458	\$237,791,296	\$85,797,838	\$214,310,344	\$62,316,886	
37	\$0	\$0	-\$151,993,458	-\$7,599,673	\$0	-\$159,593,131	\$234,806,937	\$75,213,806	\$211,620,678	\$52,027,547	
38	\$0	\$0	-\$159,593,131	-\$7,979,657	\$0	-\$167,572,788	\$231,949,035	\$64,376,248	\$209,044,983	\$41,472,196	
39	\$0	\$0	-\$167,572,788	-\$8,378,639	\$18,243,481	-\$175,951,427	\$254,242,324	\$78,290,897	\$229,136,897	\$53,185,470	
40	\$0	\$0	-\$175,951,427	-\$8,797,571	\$0	-\$184,748,998	\$251,500,554	\$66,751,555	\$226,665,866	<b>\$41,916,868</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.

**HYPOTHETICAL SYNTHETIC PROXY**

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

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	\$3,387,547	-\$637,153	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,149,051	-\$13,404	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,236,059	\$632,399	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,681,285	\$1,329,025	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,519,760	\$2,237,670	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,230,390	\$1,053,579	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,687,252	\$2,110,976	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,621,451	\$2,867,775	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,460,750	\$1,746,639	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,319,592	<b>\$2,608,292</b>	
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,394,456	\$3,788,975	
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,978,664	\$6,322,541	
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,106,278	\$3,187,645	
14	-\$53,286,349	\$0	-\$53,286,349	-\$2,664,317	\$4,325,351	-\$55,950,666	\$58,143,209	\$2,192,543	\$59,037,871	\$3,087,205	
15	\$0	\$0	-\$55,950,666	-\$2,797,533	\$4,721,405	-\$58,748,200	\$63,467,127	\$4,718,927	\$64,443,709	\$5,695,509	
16	\$0	\$0	-\$58,748,200	-\$2,937,410	\$5,176,344	-\$61,685,610	\$69,582,610	\$7,897,000	\$70,653,293	\$8,967,683	
17	\$0	\$0	-\$61,685,610	-\$3,084,280	\$5,675,654	-\$64,769,890	\$76,294,546	\$11,524,655	\$77,468,506	\$12,698,616	
18	\$0	\$0	-\$64,769,890	-\$3,238,495	\$6,223,835	-\$68,008,385	\$83,663,424	\$15,655,039	\$84,950,771	\$16,942,386	
19	\$0	\$0	-\$68,008,385	-\$3,400,419	\$0	-\$71,408,804	\$82,738,246	\$11,329,442	\$84,011,357	\$12,602,553	
20	\$0	\$0	-\$71,408,804	-\$3,570,440	\$0	-\$74,979,244	\$81,829,079	\$6,849,835	\$83,088,201	<b>\$8,108,957</b>	
21	\$0	\$0	-\$74,979,244	-\$3,748,962	\$0	-\$78,728,206	\$80,942,334	\$2,214,128	\$82,187,811	\$3,459,605	
22	\$0	-\$740,000	-\$79,468,206	-\$3,973,410	\$6,664,695	-\$83,441,617	\$89,589,658	\$6,148,041	\$90,144,068	\$6,702,452	
23	\$0	-\$740,000	-\$84,181,617	-\$4,209,081	\$3,959,764	-\$88,390,698	\$95,071,660	\$6,680,963	\$94,876,328	\$6,485,630	
24	\$0	-\$740,000	-\$89,130,698	-\$4,456,535	\$7,816,017	-\$93,587,232	\$105,066,220	\$11,478,988	\$104,040,543	\$10,453,310	
25	\$0	-\$740,000	-\$94,327,232	-\$4,716,362	\$8,630,634	-\$99,043,594	\$116,016,641	\$16,973,047	\$114,080,574	\$15,036,980	
26	\$0	-\$740,000	-\$99,783,594	-\$4,989,180	\$0	-\$104,772,774	\$115,428,766	\$10,655,992	\$112,783,133	\$8,010,359	
27	\$0	-\$740,000	-\$105,512,774	-\$5,275,639	\$0	-\$110,788,412	\$114,821,090	\$4,032,677	\$111,474,734	\$686,322	
28	\$0	-\$740,000	-\$111,528,412	-\$5,576,421	\$9,420,687	-\$117,104,833	\$126,636,875	\$9,532,042	\$122,158,868	\$5,054,035	
29	\$0	-\$740,000	-\$117,844,833	-\$5,892,242	\$10,382,998	-\$123,737,075	\$139,572,667	\$15,835,592	\$133,855,058	\$10,117,984	
30	\$0	-\$740,000	-\$124,477,075	-\$6,223,854	\$2,833,650	-\$130,700,928	\$142,732,150	\$12,031,222	\$136,163,190	<b>\$5,462,261</b>	
31	\$0	-\$740,000	-\$131,440,928	-\$6,572,046	\$11,690,681	-\$138,012,975	\$157,151,090	\$19,138,115	\$149,145,278	\$11,132,303	
32	\$0	\$0	-\$138,012,975	-\$6,900,649	\$12,804,069	-\$144,913,624	\$172,117,725	\$27,204,101	\$163,349,462	\$18,435,838	
33	\$0	\$0	-\$144,913,624	-\$7,245,681	\$14,022,120	-\$152,159,305	\$188,491,291	\$36,331,986	\$178,888,903	\$26,729,598	
34	\$0	\$0	-\$152,159,305	-\$7,607,965	\$0	-\$159,767,270	\$186,114,233	\$26,346,963	\$176,632,940	\$16,865,670	
35	\$0	\$0	-\$159,767,270	-\$7,988,364	\$15,154,584	-\$167,755,634	\$203,714,349	\$35,958,716	\$193,336,447	\$25,580,813	
36	\$0	\$0	-\$167,755,634	-\$8,387,782	\$16,585,896	-\$176,143,415	\$222,954,657	\$46,811,242	\$211,596,587	\$35,453,172	
37	\$0	\$0	-\$176,143,415	-\$8,807,171	\$0	-\$184,950,586	\$220,149,209	\$35,198,624	\$208,934,059	\$23,983,473	
38	\$0	\$0	-\$184,950,586	-\$9,247,529	\$17,940,744	-\$194,198,115	\$241,167,094	\$46,968,978	\$228,881,220	\$34,683,105	
39	\$0	\$0	-\$194,198,115	-\$9,709,906	\$19,667,875	-\$203,908,021	\$264,383,918	\$60,475,897	\$250,915,301	\$47,007,279	
40	\$0	\$0	-\$203,908,021	-\$10,195,401	\$21,577,939	-\$214,103,422	\$290,059,807	\$75,956,385	\$275,283,172	<b>\$61,179,750</b>	

**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).

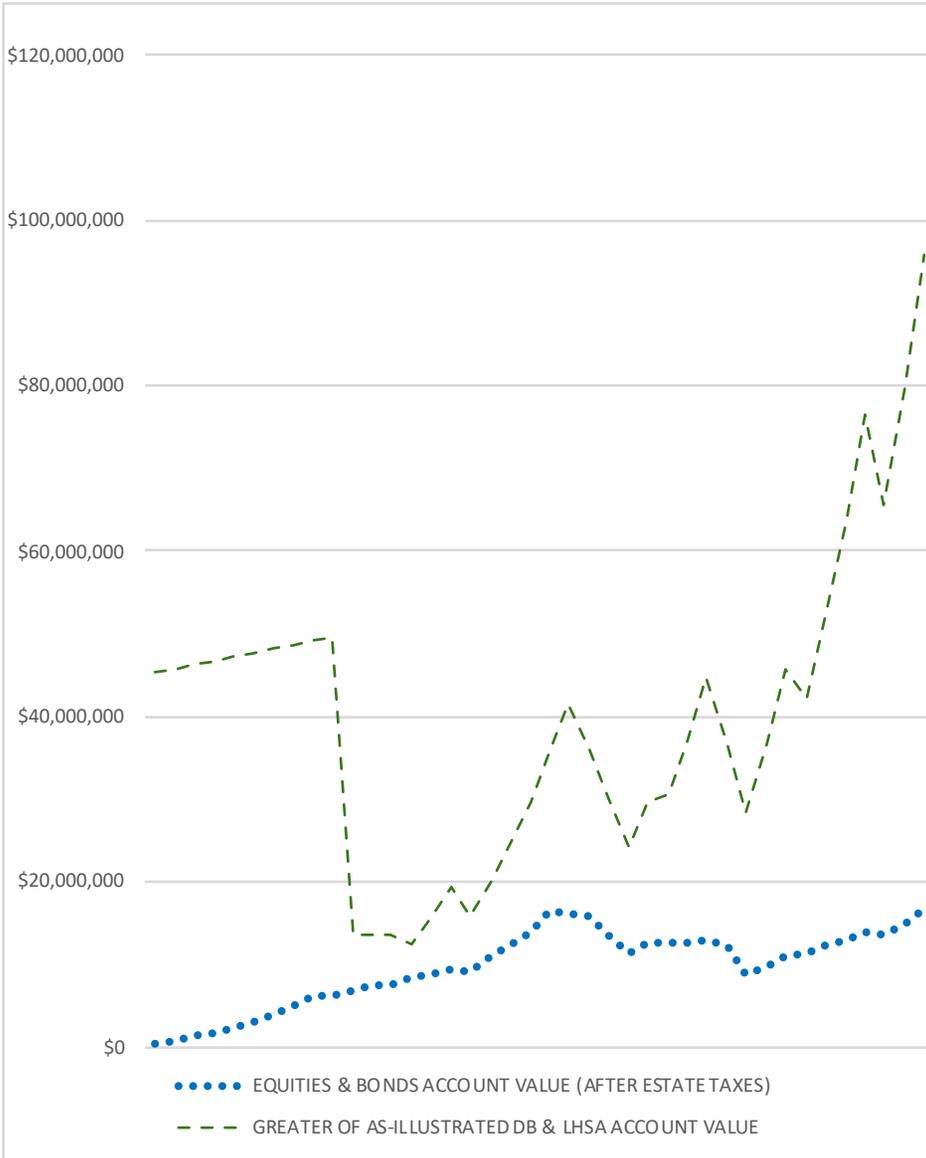
**EYO GROSS INDEX ACCUMULATED VALUE** The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

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

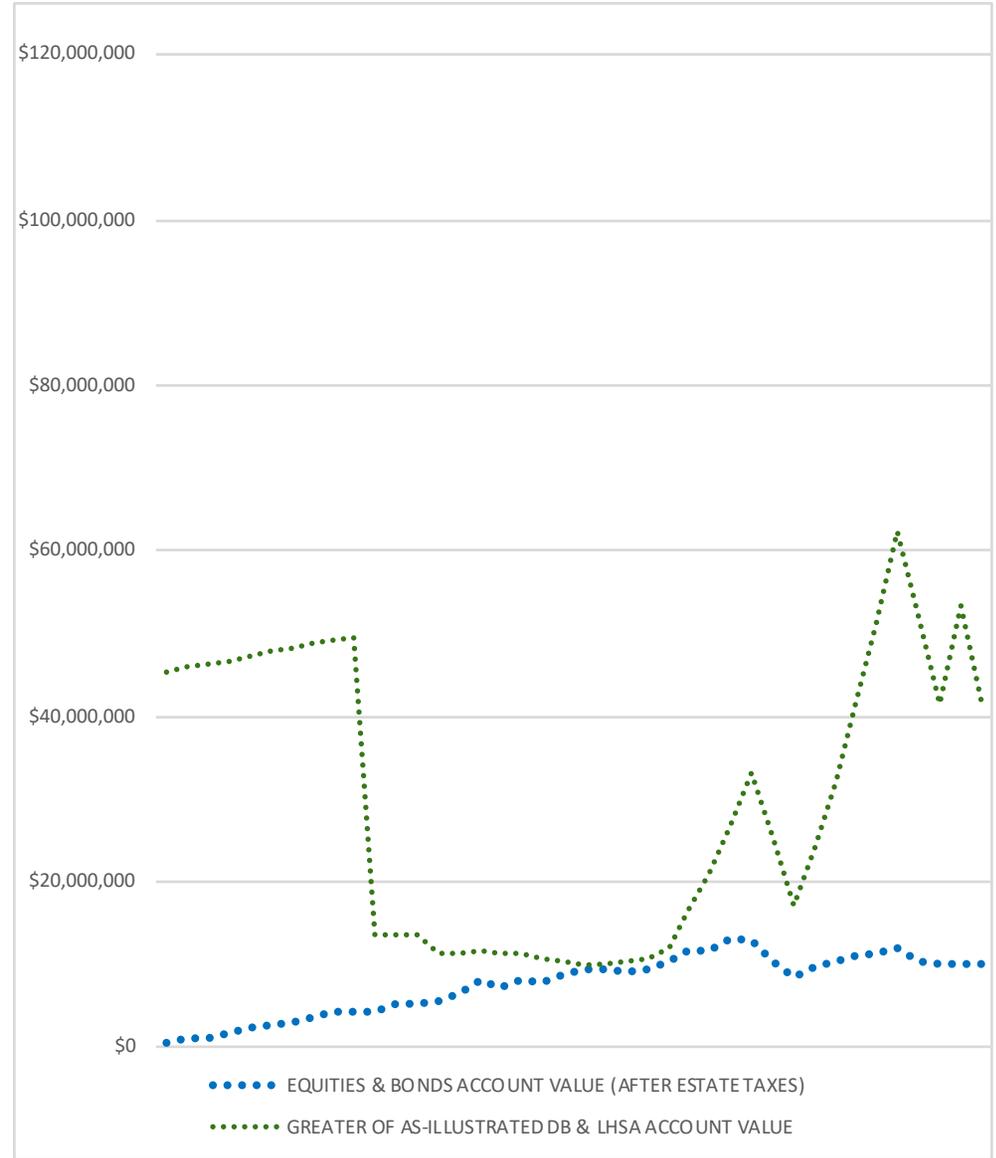
## PARTIAL-EQUITY INTEREST ACCRUAL vs. EQUITIES & BONDS PORTFOLIO

AFTER ESTATE-TAX 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. The "Greater Of DB & LHSA" is the greater of the as-illustrated carrier death benefit (based on a particular index credit assumption, which is not guaranteed) and the net account value of the Leveraged Hypothetical Synthetic Asset that acts as the proxy for a premium financed IUL. The Leveraged Hypothetical Synthetic Asset is not a life insurance illustration, rather it is a fictitious investment account whose charges and crediting methods behave similarly to some real world IUL products.*

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

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

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%**  
 Estate Tax Rates: **40.00%**

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	16
YEAR	ANNUAL INVESTED	CALENDAR YEAR	GROSS EQUITIES RETURN	AFTER-FEE EQUITIES RETURN	AFTER-FEE & TAX EQUITIES RETURN	CALENDAR YEAR	GROSS BOND RETURN	AFTER-FEE BOND RETURN	AFTER-FEE & TAX BOND RETURN	TOTAL CHARGES	NET RETURN	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	AFTER-ESTATE TAX ACCOUNT VALUE	GREATER OF DB & LHSA ACCOUNT VALUE	LHSA INCREASE
1	\$740,000	1978	13.97%	12.62%	9.07%	1978	-7.81%	-9.16%	-9.16%	1.35%	3.60%	\$0	\$766,648	\$459,989	\$45,383,204	9766.15%
2	\$740,000	1979	16.24%	14.89%	10.71%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.24%	\$0	\$1,570,458	\$942,275	\$45,801,066	4760.69%
3	\$740,000	1980	15.48%	14.13%	10.16%	1980	-14.57%	-15.92%	-15.92%	1.35%	2.34%	\$0	\$2,364,466	\$1,418,679	\$46,248,005	3159.93%
4	\$740,000	1981	-5.06%	-6.41%	-6.41%	1981	-1.94%	-3.29%	-3.29%	1.35%	-5.47%	\$0	\$2,934,506	\$1,760,704	\$46,722,353	2553.62%
5	\$740,000	1982	22.68%	21.33%	15.34%	1982	25.14%	23.79%	14.96%	1.35%	15.23%	\$0	\$4,233,964	\$2,540,378	\$47,220,832	1758.81%
6	\$740,000	1983	14.46%	13.11%	9.43%	1983	-0.01%	-1.36%	-1.36%	1.35%	6.19%	\$0	\$5,281,935	\$3,169,161	\$47,712,761	1405.53%
7	\$740,000	1984	11.93%	10.58%	7.60%	1984	9.04%	7.69%	4.84%	1.35%	6.77%	\$0	\$6,429,904	\$3,857,942	\$48,208,895	1149.60%
8	\$740,000	1985	19.90%	18.55%	13.34%	1985	21.41%	20.06%	12.62%	1.35%	13.12%	\$0	\$8,110,600	\$4,866,360	\$48,696,648	900.68%
9	\$740,000	1986	31.42%	30.07%	21.62%	1986	21.97%	20.62%	12.97%	1.35%	19.02%	\$0	\$10,534,313	\$6,320,588	\$49,161,905	677.81%
10	\$740,000	1987	-4.21%	-5.56%	-5.56%	1987	-8.32%	-9.67%	-9.67%	1.35%	-6.79%	\$0	\$10,508,742	\$6,305,245	\$49,588,215	686.46%
11	\$0	1988	17.72%	16.37%	11.77%	1988	3.98%	2.63%	1.66%	1.35%	8.73%	\$0	\$11,426,545	\$6,855,927	\$13,465,224	96.40%
12	\$0	1989	12.63%	11.28%	8.11%	1989	12.27%	10.92%	6.87%	1.35%	7.74%	\$0	\$12,310,588	\$7,386,353	\$13,596,557	84.08%
13	\$0	1990	6.51%	5.16%	3.71%	1990	0.79%	-0.56%	-0.56%	1.35%	2.43%	\$0	\$12,609,942	\$7,565,965	\$13,659,311	80.54%
14	\$0	1991	20.86%	19.51%	14.02%	1991	10.33%	8.98%	5.65%	1.35%	11.51%	\$0	\$14,061,607	\$8,436,964	\$12,487,620	48.01%
15	\$0	1992	9.34%	7.99%	5.74%	1992	6.15%	4.80%	3.02%	1.35%	4.93%	\$0	\$14,754,274	\$8,852,564	\$15,467,601	74.72%
16	\$0	1993	11.76%	10.41%	7.49%	1993	10.94%	9.59%	6.03%	1.35%	7.05%	\$0	\$15,794,289	\$9,476,573	\$19,281,255	103.46%
17	\$0	1994	-0.32%	-1.67%	-1.67%	1994	-10.37%	-11.72%	-11.72%	1.35%	-4.69%	\$0	\$15,053,774	\$9,032,264	\$15,841,037	75.38%
18	\$0	1995	37.20%	35.85%	25.78%	1995	20.11%	18.76%	11.80%	1.35%	21.58%	\$0	\$18,303,106	\$10,981,864	\$19,934,608	81.52%
19	\$0	1996	25.61%	24.26%	17.44%	1996	-1.46%	-2.81%	-2.81%	1.35%	11.37%	\$0	\$20,383,289	\$12,229,973	\$24,564,214	100.85%
20	\$0	1997	26.69%	25.34%	18.22%	1997	7.43%	6.08%	3.82%	1.35%	13.90%	\$0	\$23,216,892	\$13,930,135	\$29,793,591	113.88%
21	\$0	1998	32.54%	31.19%	22.42%	1998	13.16%	11.81%	7.43%	1.35%	17.93%	\$0	\$27,378,863	\$16,427,318	\$35,695,807	117.30%
22	\$0	1999	10.97%	9.62%	6.92%	1999	-10.22%	-11.57%	-11.57%	1.35%	1.37%	-\$740,000	\$27,004,502	\$16,202,701	\$41,538,352	156.37%
23	\$0	2000	-0.04%	-1.39%	-1.39%	2000	12.84%	11.49%	7.23%	1.35%	1.20%	-\$740,000	\$26,578,597	\$15,947,158	\$35,975,153	125.59%
24	\$0	2001	-15.26%	-16.61%	-16.61%	2001	2.67%	1.32%	0.83%	1.35%	-11.38%	-\$740,000	\$22,898,243	\$13,738,946	\$30,190,566	119.74%
25	\$0	2002	-22.29%	-23.64%	-23.64%	2002	13.32%	11.97%	7.53%	1.35%	-14.29%	-\$740,000	\$18,992,309	\$11,395,385	\$24,171,110	112.11%
26	\$0	2003	34.19%	32.84%	23.61%	2003	-1.85%	-3.20%	-3.20%	1.35%	15.57%	-\$740,000	\$21,093,535	\$12,656,121	\$29,655,686	134.32%
27	\$0	2004	6.43%	5.08%	3.65%	2004	1.77%	0.42%	0.26%	1.35%	2.64%	-\$740,000	\$20,890,190	\$12,534,114	\$30,603,685	144.16%
28	\$0	2005	10.36%	9.01%	6.48%	2005	-0.51%	-1.86%	-1.86%	1.35%	3.98%	-\$740,000	\$20,952,110	\$12,571,266	\$37,154,779	195.55%
29	\$0	2006	14.36%	13.01%	9.35%	2006	-1.23%	-2.58%	-2.58%	1.35%	5.77%	-\$740,000	\$21,378,963	\$12,827,378	\$44,578,592	247.53%
30	\$0	2007	-2.15%	-3.50%	-3.50%	2007	7.15%	5.80%	3.65%	1.35%	-1.36%	-\$740,000	\$20,359,288	\$12,215,573	\$36,688,346	200.34%
31	\$0	2008	-38.09%	-39.44%	-39.44%	2008	15.66%	14.31%	9.00%	1.35%	-24.91%	-\$740,000	\$14,732,516	\$8,839,510	\$28,468,387	222.06%
32	\$0	2009	32.03%	30.68%	22.06%	2009	-10.80%	-12.15%	-12.15%	1.35%	11.80%	\$0	\$16,470,224	\$9,882,134	\$36,562,739	269.99%
33	\$0	2010	21.76%	20.41%	14.68%	2010	6.71%	5.36%	3.37%	1.35%	11.29%	\$0	\$18,329,187	\$10,997,512	\$45,679,417	315.36%
34	\$0	2011	4.04%	2.69%	1.94%	2011	12.48%	11.13%	7.00%	1.35%	3.46%	\$0	\$18,962,830	\$11,377,698	\$42,056,984	269.64%
35	\$0	2012	16.15%	14.80%	10.64%	2012	0.88%	-0.47%	-0.47%	1.35%	7.31%	\$0	\$20,348,784	\$12,209,270	\$52,189,154	327.46%
36	\$0	2013	20.99%	19.64%	14.12%	2013	-10.42%	-11.77%	-11.77%	1.35%	6.35%	\$0	\$21,641,826	\$12,985,095	\$63,564,807	389.52%
37	\$0	2014	13.92%	12.57%	9.03%	2014	8.98%	7.63%	4.80%	1.35%	7.76%	\$0	\$23,322,000	\$13,993,200	\$76,464,306	446.44%
38	\$0	2015	-0.74%	-2.09%	-2.09%	2015	1.16%	-0.19%	-0.19%	1.35%	-1.52%	\$0	\$22,967,092	\$13,780,255	\$65,664,587	376.51%
39	\$0	2016	19.45%	18.10%	13.02%	2016	-0.56%	-1.91%	-1.91%	1.35%	8.54%	\$0	\$24,927,808	\$14,956,685	\$79,746,539	433.18%
40	\$0	2017	25.91%	24.56%	17.66%	2017	0.66%	-0.69%	-0.69%	1.35%	12.15%	\$0	\$27,957,708	\$16,774,625	\$95,785,110	471.01%

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

**BEST 40**

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



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

## 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%**  
 Estate Tax Rates: **40.00%**

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	16	
YEAR	ANNUAL INVESTED	CALENDAR YEAR	GROSS EQUITIES RETURN	AFTER-FEE EQUITIES RETURN	AFTER-FEE & TAX EQUITIES RETURN	CALENDAR YEAR	GROSS BOND RETURN	AFTER-FEE BOND RETURN	AFTER-FEE & TAX BOND RETURN	TOTAL CHARGES	NET RETURN	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	AFTER-ESTATE TAX ACCOUNT VALUE	GREATER OF DB & LHSA ACCOUNT VALUE	LHSA INCREASE	
1	\$740,000	1971	14.42%	13.07%	9.39%	1971	5.27%	3.92%	2.46%	1.35%	7.32%	\$0	\$794,135	=	\$476,481	vs \$45,383,204	9424.67%
2	\$740,000	1972	0.08%	-1.27%	-1.27%	1972	-0.44%	-1.79%	-1.79%	1.35%	-1.42%	\$0	\$1,512,285	=	\$907,371	vs \$45,801,066	4947.67%
3	\$740,000	1973	-39.40%	-40.75%	-40.75%	1973	-2.37%	-3.72%	-3.72%	1.35%	-29.64%	\$0	\$1,584,669	=	\$950,801	vs \$46,248,005	4764.11%
4	\$740,000	1974	34.00%	32.65%	23.47%	1974	-8.16%	-9.51%	-9.51%	1.35%	13.58%	\$0	\$2,640,275	=	\$1,584,165	vs \$46,722,353	2849.34%
5	\$740,000	1975	27.48%	26.13%	18.79%	1975	-5.07%	-6.42%	-6.42%	1.35%	11.22%	\$0	\$3,759,677	=	\$2,255,806	vs \$47,220,832	1993.30%
6	\$740,000	1976	-6.28%	-7.63%	-7.63%	1976	9.68%	8.33%	5.24%	1.35%	-3.77%	\$0	\$4,330,224	=	\$2,598,134	vs \$47,712,761	1736.42%
7	\$740,000	1977	8.23%	6.88%	4.94%	1977	-4.89%	-6.24%	-6.24%	1.35%	1.59%	\$0	\$5,190,721	=	\$3,090,433	vs \$48,208,895	1459.94%
8	\$740,000	1978	8.61%	7.26%	5.22%	1978	-7.81%	-9.16%	-9.16%	1.35%	0.91%	\$0	\$5,944,107	=	\$3,566,464	vs \$48,696,648	1265.40%
9	\$740,000	1979	16.76%	15.41%	11.08%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.50%	\$0	\$6,984,821	=	\$4,190,892	vs \$49,161,905	1073.07%
10	\$740,000	1980	-5.40%	-6.75%	-6.75%	1980	-14.57%	-15.92%	-15.92%	1.35%	-9.50%	\$0	\$6,991,165	=	\$4,194,699	vs \$49,588,215	1082.16%
11	\$0	1981	5.65%	4.30%	3.09%	1981	-1.94%	-3.29%	-3.29%	1.35%	1.18%	\$0	\$7,073,542	=	\$4,244,125	vs \$13,465,224	217.20%
12	\$0	1982	39.91%	38.56%	27.72%	1982	25.14%	23.79%	14.96%	1.35%	23.90%	\$0	\$8,763,851	=	\$5,258,310	vs \$13,596,557	158.57%
13	\$0	1983	2.02%	0.67%	0.48%	1983	-0.01%	-1.36%	-1.36%	1.35%	-0.07%	\$0	\$8,757,513	=	\$5,254,508	vs \$13,659,311	159.95%
14	\$0	1984	11.62%	10.27%	7.38%	1984	9.04%	7.69%	4.84%	1.35%	6.62%	\$0	\$9,337,355	=	\$5,602,413	vs \$11,295,077	101.61%
15	\$0	1985	29.04%	27.69%	19.91%	1985	21.41%	20.06%	12.62%	1.35%	17.72%	\$0	\$10,992,198	=	\$6,595,319	vs \$11,340,038	71.94%
16	\$0	1986	41.13%	39.78%	28.60%	1986	21.97%	20.62%	12.97%	1.35%	23.91%	\$0	\$13,620,533	=	\$8,172,320	vs \$11,685,231	42.99%
17	\$0	1987	-13.51%	-14.86%	-14.86%	1987	-8.32%	-9.67%	-9.67%	1.35%	-13.30%	\$0	\$11,808,463	=	\$7,085,078	vs \$11,445,787	61.55%
18	\$0	1988	30.41%	29.06%	20.89%	1988	3.98%	2.63%	1.66%	1.35%	15.12%	\$0	\$13,594,026	=	\$8,156,415	vs \$11,147,789	36.68%
19	\$0	1989	-10.34%	-11.69%	-11.69%	1989	12.27%	10.92%	6.87%	1.35%	-6.12%	\$0	\$12,761,446	=	\$7,656,868	vs \$10,788,448	40.90%
20	\$0	1990	28.73%	27.38%	19.69%	1990	0.79%	-0.56%	-0.56%	1.35%	13.61%	\$0	\$14,498,813	=	\$8,699,288	vs \$10,365,897	19.16%
21	\$0	1991	9.72%	8.37%	6.02%	1991	10.33%	8.98%	5.65%	1.35%	5.91%	\$0	\$15,355,281	=	\$9,213,169	vs \$9,880,414	7.24%
22	\$0	1992	11.84%	10.49%	7.55%	1992	6.15%	4.80%	3.02%	1.35%	6.19%	-\$740,000	\$15,519,524	=	\$9,311,714	vs \$10,066,447	8.11%
23	\$0	1993	2.82%	1.47%	1.06%	1993	10.94%	9.59%	6.03%	1.35%	2.55%	-\$740,000	\$15,156,500	=	\$9,093,900	vs \$10,276,041	13.00%
24	\$0	1994	28.30%	26.95%	19.38%	1994	-10.37%	-11.72%	-11.72%	1.35%	10.05%	-\$740,000	\$15,865,018	=	\$9,519,011	vs \$10,510,547	10.42%
25	\$0	1995	19.61%	18.26%	13.13%	1995	20.11%	18.76%	11.80%	1.35%	12.73%	-\$740,000	\$17,050,577	=	\$10,230,346	vs \$12,074,596	18.03%
26	\$0	1996	39.82%	38.47%	27.66%	1996	-1.46%	-2.81%	-2.81%	1.35%	18.52%	-\$740,000	\$19,331,156	=	\$11,598,694	vs \$16,374,802	41.18%
27	\$0	1997	9.36%	8.01%	5.76%	1997	7.43%	6.08%	3.82%	1.35%	5.18%	-\$740,000	\$19,553,965	=	\$11,732,379	vs \$21,072,219	79.61%
28	\$0	1998	28.13%	26.78%	19.25%	1998	13.16%	11.81%	7.43%	1.35%	15.71%	-\$740,000	\$21,768,813	=	\$13,061,288	vs \$26,690,087	104.34%
29	\$0	1999	13.99%	12.64%	9.09%	1999	-10.22%	-11.57%	-11.57%	1.35%	2.89%	-\$740,000	\$21,636,806	=	\$12,982,084	vs \$33,089,302	154.88%
30	\$0	2000	-25.54%	-26.89%	-26.89%	2000	12.84%	11.49%	7.23%	1.35%	-16.65%	-\$740,000	\$17,417,117	=	\$10,450,270	vs \$25,313,948	142.23%
31	\$0	2001	-19.68%	-21.03%	-21.03%	2001	2.67%	1.32%	0.83%	1.35%	-14.47%	-\$740,000	\$14,263,814	=	\$8,558,288	vs \$17,207,734	101.07%
32	\$0	2002	24.16%	22.81%	16.40%	2002	13.32%	11.97%	7.53%	1.35%	13.74%	\$0	\$16,223,707	=	\$9,734,224	vs \$24,199,555	148.60%
33	\$0	2003	13.91%	12.56%	9.03%	2003	-1.85%	-3.20%	-3.20%	1.35%	5.36%	\$0	\$17,093,319	=	\$10,255,991	vs \$32,105,753	213.04%
34	\$0	2004	12.25%	10.90%	7.84%	2004	1.77%	0.42%	0.26%	1.35%	5.56%	\$0	\$18,044,366	=	\$10,826,619	vs \$41,021,714	278.90%
35	\$0	2005	10.71%	9.36%	6.73%	2005	-0.51%	-1.86%	-1.86%	1.35%	4.15%	\$0	\$18,793,915	=	\$11,276,349	vs \$51,052,520	352.74%
36	\$0	2006	16.29%	14.94%	10.74%	2006	-1.23%	-2.58%	-2.58%	1.35%	6.75%	\$0	\$20,061,930	=	\$12,037,158	vs \$62,316,886	417.70%
37	\$0	2007	-21.61%	-22.96%	-22.96%	2007	7.15%	5.80%	3.65%	1.35%	-14.97%	\$0	\$17,057,964	=	\$10,234,778	vs \$52,027,547	408.34%
38	\$0	2008	-7.37%	-8.72%	-8.72%	2008	15.66%	14.31%	9.00%	1.35%	-3.40%	\$0	\$16,477,472	=	\$9,886,483	vs \$41,472,196	319.48%
39	\$0	2009	9.96%	8.61%	6.19%	2009	-10.80%	-12.15%	-12.15%	1.35%	0.69%	\$0	\$16,590,743	=	\$9,954,446	vs \$53,185,470	434.29%
40	\$0	2010	1.14%	-0.21%	-0.21%	2010	6.71%	5.36%	3.37%	1.35%	0.87%	\$0	\$16,734,597	=	\$10,040,758	vs \$41,916,868	317.47%

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

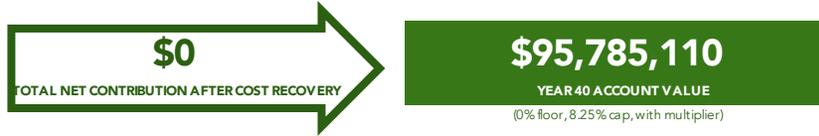
**WORST 40**

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

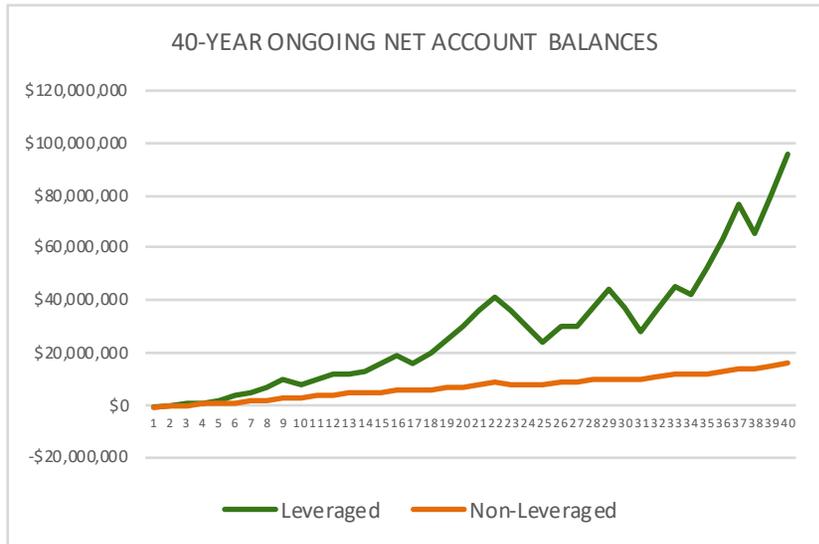
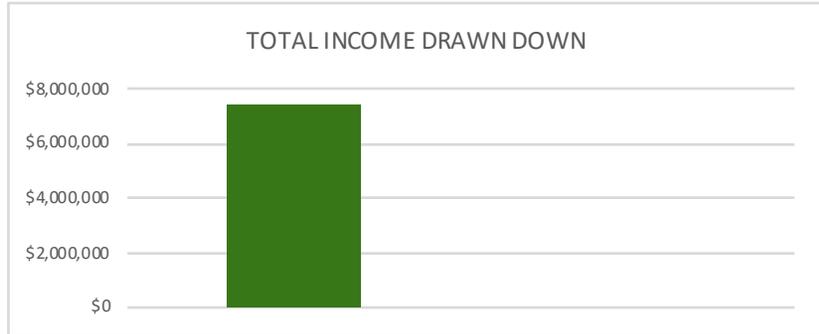


## BEST CAGR IN 40-YEAR PERIOD\*

### LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

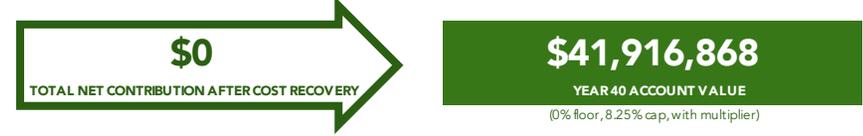


### NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

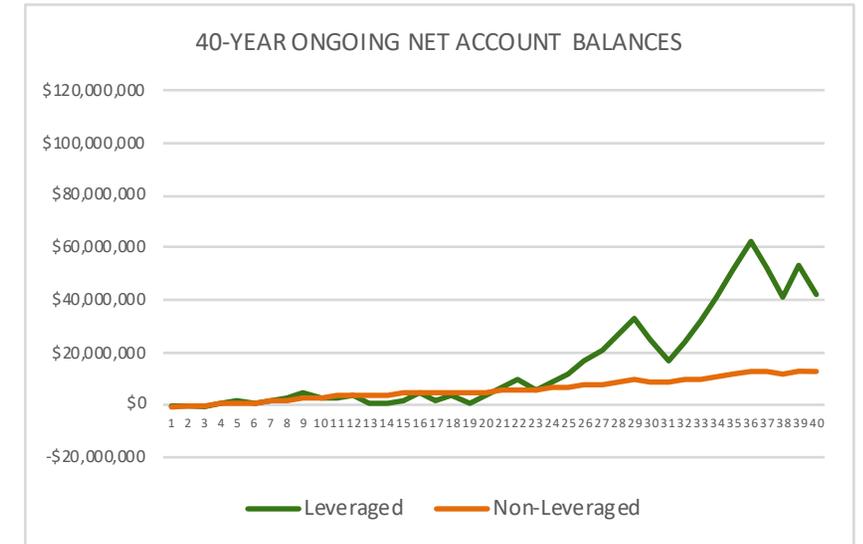
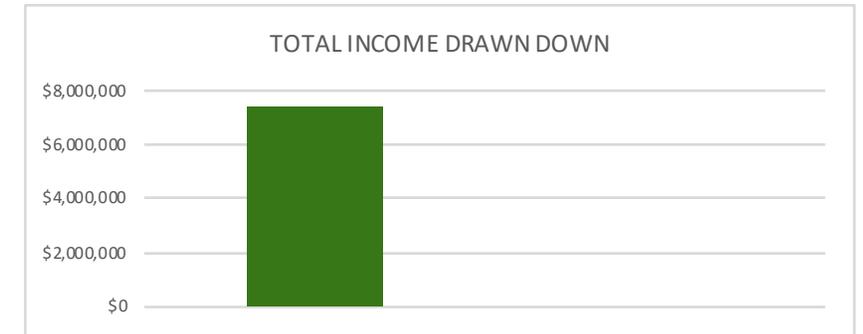


## WORST CAGR IN 40-YEAR PERIOD\*

### 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: **8.75%**

Current Post-Bonus Max Cap: **10.90%**

Participation Rate: **100.00%**

Floor Modeled: **0.00%**

Pre-Bonus Cap Modeled: **8.25%**

Post-Bonus Max Cap Modeled: **10.90%**

#	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		\$312,593	1978	11.97%	8.25%	8.25%	\$0	\$239,276	-\$825,424
2	56		\$312,593	1979	14.24%	8.25%	10.90%	\$0	\$510,909	-\$453,306
3	57		\$312,593	1980	13.48%	8.25%	10.90%	\$0	\$807,226	-\$55,559
4	58		\$312,593	1981	-7.06%	0.00%	0.00%	\$0	\$1,019,338	\$259,243
5	59		\$312,593	1982	20.68%	8.25%	10.90%	\$0	\$1,360,557	\$704,412
6	60		\$312,593	1983	12.46%	8.25%	10.90%	\$0	\$1,731,951	\$1,181,016
7	61		\$312,593	1984	9.93%	8.25%	10.90%	\$0	\$2,137,110	\$1,692,960
8	62		\$312,593	1985	17.90%	8.25%	10.90%	\$0	\$2,580,485	\$2,244,695
9	63		\$312,593	1986	29.42%	8.25%	10.90%	\$0	\$3,066,048	\$2,840,193
10	64		\$312,593	1987	-6.21%	0.00%	0.00%	\$0	\$3,244,236	<b>\$3,130,206</b>
11	65		\$312,593	1988	15.72%	8.25%	10.90%	\$0	\$3,855,723	\$3,855,723
12	66		\$0	1989	10.63%	8.25%	10.90%	\$0	\$4,198,620	\$4,198,620
13	67		\$0	1990	4.51%	4.51%	6.54%	\$0	\$4,391,801	\$4,391,801
14	68		\$0	1991	18.86%	8.25%	10.90%	\$0	\$4,779,364	\$4,779,364
15	69		\$0	1992	7.34%	7.34%	10.64%	\$0	\$5,188,271	\$5,188,271
16	70		\$0	1993	9.76%	8.25%	10.90%	\$0	\$5,644,492	\$5,644,492
17	71		\$0	1994	-2.32%	0.00%	0.00%	\$0	\$5,536,335	\$5,536,335
18	72		\$0	1995	35.20%	8.25%	10.90%	\$0	\$6,014,321	\$6,014,321
19	73		\$0	1996	23.61%	8.25%	10.90%	\$0	\$6,532,282	\$6,532,282
20	74		\$0	1997	24.69%	8.25%	10.90%	\$0	\$7,094,615	<b>\$7,094,615</b>
21	75		\$0	1998	30.54%	8.25%	10.90%	\$0	\$7,705,391	\$7,705,391
22	76		\$0	1999	8.97%	8.25%	10.90%	\$0	\$8,369,096	\$8,369,096
23	77		\$0	2000	-2.04%	0.00%	0.00%	\$0	\$8,197,201	\$8,197,201
24	78		\$0	2001	-17.26%	0.00%	0.00%	\$0	\$8,020,436	\$8,020,436
25	79		\$0	2002	-24.29%	0.00%	0.00%	\$0	\$7,838,656	\$7,838,656
26	80		\$0	2003	32.19%	8.25%	10.90%	\$0	\$8,485,828	\$8,485,828
27	81		\$0	2004	4.43%	4.43%	6.43%	\$0	\$8,816,911	\$8,816,911
28	82		\$0	2005	8.36%	8.25%	10.90%	\$0	\$9,538,584	\$9,538,584
29	83		\$0	2006	12.36%	8.25%	10.90%	\$0	\$10,317,776	\$10,317,776
30	84		\$0	2007	-4.15%	0.00%	0.00%	\$0	\$10,063,004	<b>\$10,063,004</b>
31	85		\$0	2008	-40.09%	0.00%	0.00%	\$0	\$9,798,444	\$9,798,444
32	86		\$0	2009	30.03%	8.25%	10.90%	\$0	\$10,562,550	\$10,562,550
33	87		\$0	2010	19.76%	8.25%	10.90%	\$0	\$11,388,892	\$11,388,892
34	88		\$0	2011	2.04%	2.04%	2.96%	\$0	\$11,406,135	\$11,406,135
35	89		\$0	2012	14.15%	8.25%	10.90%	\$0	\$12,292,695	\$12,292,695
36	90		\$0	2013	18.99%	8.25%	10.90%	\$0	\$13,252,641	\$13,252,641
37	91		\$0	2014	11.92%	8.25%	10.90%	\$0	\$14,292,195	\$14,292,195
38	92		\$0	2015	-2.74%	0.00%	0.00%	\$0	\$13,903,469	\$13,903,469
39	93		\$0	2016	17.45%	8.25%	10.90%	\$0	\$14,979,457	\$14,979,457
40	94		\$0	2017	23.91%	8.25%	10.90%	\$0	\$16,152,408	<b>\$16,152,408</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$0**

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:	-\$3,438,523
AVERAGE ANNUAL INCOME DRAWDOWN:	\$0
TOTAL INCOME DRAWDOWN:	\$0
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$16,152,408
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$16,152,408
RAW S&P 500 CAGR:	9.02%
40-YEAR NET ACCOUNT IRR:	4.49%

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: **8.75%**

Current Post-Bonus Max Cap: **10.90%**

Participation Rate: **100.00%**

Floor Modeled: **0.00%**

Pre-Bonus Cap Modeled: **8.25%**

Post-Bonus Max Cap Modeled: **10.90%**

#	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		\$312,593	1971	12.42%	8.25%	8.25%	\$0	\$239,276	-\$825,424
2	56		\$312,593	1972	-1.92%	0.00%	0.00%	\$0	\$460,693	-\$503,522
3	57		\$312,593	1973	-41.40%	0.00%	0.00%	\$0	\$678,173	-\$184,612
4	58		\$312,593	1974	32.00%	8.25%	10.90%	\$0	\$988,757	\$228,662
5	59		\$312,593	1975	25.48%	8.25%	10.90%	\$0	\$1,326,982	\$670,837
6	60		\$312,593	1976	-8.28%	0.00%	0.00%	\$0	\$1,528,484	\$977,549
7	61		\$312,593	1977	6.23%	6.23%	9.03%	\$0	\$1,881,414	\$1,437,264
8	62		\$312,593	1978	6.61%	6.61%	9.59%	\$0	\$2,272,535	\$1,936,745
9	63		\$312,593	1979	14.76%	8.25%	10.90%	\$0	\$2,727,947	\$2,502,092
10	64		\$312,593	1980	-7.40%	0.00%	0.00%	\$0	\$2,909,516	<b>\$2,795,486</b>
11	65		\$312,593	1981	3.65%	3.65%	5.29%	\$0	\$3,311,831	\$3,311,831
12	66		\$0	1982	37.91%	8.25%	10.90%	\$0	\$3,601,476	\$3,601,476
13	67		\$0	1983	0.02%	0.02%	0.03%	\$0	\$3,531,835	\$3,531,835
14	68		\$0	1984	9.62%	8.25%	10.90%	\$0	\$3,835,199	\$3,835,199
15	69		\$0	1985	27.04%	8.25%	10.90%	\$0	\$4,163,787	\$4,163,787
16	70		\$0	1986	39.13%	8.25%	10.90%	\$0	\$4,519,702	\$4,519,702
17	71		\$0	1987	-15.51%	0.00%	0.00%	\$0	\$4,422,793	\$4,422,793
18	72		\$0	1988	28.41%	8.25%	10.90%	\$0	\$4,791,752	\$4,791,752
19	73		\$0	1989	-12.34%	0.00%	0.00%	\$0	\$4,679,901	\$4,679,901
20	74		\$0	1990	26.73%	8.25%	10.90%	\$0	\$5,060,868	<b>\$5,060,868</b>
21	75		\$0	1991	7.72%	7.72%	10.90%	\$0	\$5,472,519	\$5,472,519
22	76		\$0	1992	9.84%	8.25%	10.90%	\$0	\$5,917,604	\$5,917,604
23	77		\$0	1993	0.82%	0.82%	1.19%	\$0	\$5,839,138	\$5,839,138
24	78		\$0	1994	26.30%	8.25%	10.90%	\$0	\$6,305,722	\$6,305,722
25	79		\$0	1995	17.61%	8.25%	10.90%	\$0	\$6,810,468	\$6,810,468
26	80		\$0	1996	37.82%	8.25%	10.90%	\$0	\$7,356,970	\$7,356,970
27	81		\$0	1997	7.36%	7.36%	10.67%	\$0	\$7,931,822	\$7,931,822
28	82		\$0	1998	26.13%	8.25%	10.90%	\$0	\$8,566,836	\$8,566,836
29	83		\$0	1999	11.99%	8.25%	10.90%	\$0	\$9,250,884	\$9,250,884
30	84		\$0	2000	-27.54%	0.00%	0.00%	\$0	\$9,006,781	<b>\$9,006,781</b>
31	85		\$0	2001	-21.68%	0.00%	0.00%	\$0	\$8,752,783	\$8,752,783
32	86		\$0	2002	22.16%	8.25%	10.90%	\$0	\$9,414,508	\$9,414,508
33	87		\$0	2003	11.91%	8.25%	10.90%	\$0	\$10,128,445	\$10,128,445
34	88		\$0	2004	10.25%	8.25%	10.90%	\$0	\$10,901,412	\$10,901,412
35	89		\$0	2005	8.71%	8.25%	10.90%	\$0	\$11,738,555	\$11,738,555
36	90		\$0	2006	14.29%	8.25%	10.90%	\$0	\$12,644,245	\$12,644,245
37	91		\$0	2007	-23.61%	0.00%	0.00%	\$0	\$12,285,149	\$12,285,149
38	92		\$0	2008	-9.37%	0.00%	0.00%	\$0	\$11,916,494	\$11,916,494
39	93		\$0	2009	7.96%	7.96%	10.90%	\$0	\$12,797,937	\$12,797,937
40	94		\$0	2010	-0.86%	0.00%	0.00%	\$0	\$12,405,136	<b>\$12,405,136</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$0**

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>-\$3,438,523</b>
AVERAGE ANNUAL INCOME DRAWDOWN:	<b>\$0</b>
TOTAL INCOME DRAWDOWN:	<b>\$0</b>
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$12,405,136</b>
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$12,405,136</b>
RAW S&P 500 CAGR: <b>6.30%</b>	40-YEAR NET ACCOUNT IRR: <b>3.71%</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: **8.75%**

Current Post-Bonus Max Cap: **10.90%**

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Participation Rate: **100.00%**

Floor Modeled: **0.00%**

Pre-Bonus Cap Modeled: **8.25%**

Post-Bonus Max Cap Modeled: **10.90%**

8/26/2022

#	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		\$312,593	1982	20.68%	8.25%	8.25%	\$0	\$239,276	-\$825,424
2	56		\$312,593	1983	12.46%	8.25%	10.90%	\$0	\$510,909	-\$453,306
3	57		\$312,593	1984	9.93%	8.25%	10.90%	\$0	\$807,226	-\$55,559
4	58		\$312,593	1985	17.90%	8.25%	10.90%	\$0	\$1,130,446	\$370,351
5	59		\$312,593	1986	29.42%	8.25%	10.90%	\$0	\$1,482,543	\$826,398
6	60		\$312,593	1987	-6.21%	0.00%	0.00%	\$0	\$1,682,490	\$1,131,555
7	61		\$312,593	1988	15.72%	8.25%	10.90%	\$0	\$2,082,806	\$1,638,656
8	62		\$312,593	1989	10.63%	8.25%	10.90%	\$0	\$2,520,864	\$2,185,074
9	63		\$312,593	1990	4.51%	4.51%	6.54%	\$0	\$2,882,710	\$2,656,855
10	64		\$312,593	1991	18.86%	8.25%	10.90%	\$0	\$3,396,569	<b>\$3,282,539</b>
11	65		\$312,593	1992	7.34%	7.34%	10.64%	\$0	\$4,013,591	\$4,013,591
12	66		\$0	1993	9.76%	8.25%	10.90%	\$0	\$4,371,945	\$4,371,945
13	67		\$0	1994	-2.32%	0.00%	0.00%	\$0	\$4,293,674	\$4,293,674
14	68		\$0	1995	35.20%	8.25%	10.90%	\$0	\$4,671,630	\$4,671,630
15	69		\$0	1996	23.61%	8.25%	10.90%	\$0	\$5,082,114	\$5,082,114
16	70		\$0	1997	24.69%	8.25%	10.90%	\$0	\$5,527,942	\$5,527,942
17	71		\$0	1998	30.54%	8.25%	10.90%	\$0	\$6,011,834	\$6,011,834
18	72		\$0	1999	8.97%	8.25%	10.90%	\$0	\$6,536,376	\$6,536,376
19	73		\$0	2000	-2.04%	0.00%	0.00%	\$0	\$6,407,080	\$6,407,080
20	74		\$0	2001	-17.26%	0.00%	0.00%	\$0	\$6,273,358	<b>\$6,273,358</b>
21	75		\$0	2002	-24.29%	0.00%	0.00%	\$0	\$6,135,008	\$6,135,008
22	76		\$0	2003	32.19%	8.25%	10.90%	\$0	\$6,644,957	\$6,644,957
23	77		\$0	2004	4.43%	4.43%	6.43%	\$0	\$6,907,466	\$6,907,466
24	78		\$0	2005	8.36%	8.25%	10.90%	\$0	\$7,478,650	\$7,478,650
25	79		\$0	2006	12.36%	8.25%	10.90%	\$0	\$8,098,238	\$8,098,238
26	80		\$0	2007	-4.15%	0.00%	0.00%	\$0	\$7,908,769	\$7,908,769
27	81		\$0	2008	-40.09%	0.00%	0.00%	\$0	\$7,713,144	\$7,713,144
28	82		\$0	2009	30.03%	8.25%	10.90%	\$0	\$8,326,747	\$8,326,747
29	83		\$0	2010	19.76%	8.25%	10.90%	\$0	\$8,987,288	\$8,987,288
30	84		\$0	2011	2.04%	2.04%	2.96%	\$0	\$9,005,047	<b>\$9,005,047</b>
31	85		\$0	2012	14.15%	8.25%	10.90%	\$0	\$9,704,933	\$9,704,933
32	86		\$0	2013	18.99%	8.25%	10.90%	\$0	\$10,459,883	\$10,459,883
33	87		\$0	2014	11.92%	8.25%	10.90%	\$0	\$11,276,173	\$11,276,173
34	88		\$0	2015	-2.74%	0.00%	0.00%	\$0	\$10,966,198	\$10,966,198
35	89		\$0	2016	17.45%	8.25%	10.90%	\$0	\$11,809,684	\$11,809,684
36	90		\$0	2017	23.91%	8.25%	10.90%	\$0	\$12,722,338	\$12,722,338
37	91		\$0	2018	-4.41%	0.00%	0.00%	\$0	\$12,362,462	\$12,362,462
38	92		\$0	2019	31.74%	8.25%	10.90%	\$0	\$13,300,274	\$13,300,274
39	93		\$0	2020	18.38%	8.25%	10.90%	\$0	\$14,317,203	\$14,317,203
40	94		\$0	2021	28.83%	8.25%	10.90%	\$0	\$15,425,313	<b>\$15,425,313</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$0**

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>-\$3,438,523</b>
AVERAGE ANNUAL INCOME DRAWDOWN:	<b>\$0</b>
TOTAL INCOME DRAWDOWN:	<b>\$0</b>
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$15,425,313</b>
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$15,425,313</b>
RAW S&P 500 CAGR:	<b>9.99%</b>
40-YEAR NET ACCOUNT IRR:	<b>4.35%</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	1.00%	-\$4,913	-\$86,640	1978	11.97%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$18,236	-\$91,553	-\$73,317	\$221,040	\$239,276	-\$825,424
2	1.00%	-\$2,857	-\$88,319	1979	14.24%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$50,216	-\$91,176	-\$40,961	\$460,693	\$510,909	-\$453,306
3	1.00%	-\$5,565	-\$90,050	1980	13.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$79,340	-\$95,615	-\$16,275	\$727,887	\$807,226	-\$55,559
4	1.00%	-\$8,518	-\$91,963	1981	-7.06%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$100,481	-\$100,481	\$1,019,338	\$1,019,338	\$259,243
5	1.00%	-\$10,627	-\$94,472	1982	20.68%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$133,725	-\$105,099	\$28,626	\$1,226,832	\$1,360,557	\$704,412
6	1.00%	-\$14,024	-\$97,402	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$170,228	-\$111,426	\$58,801	\$1,561,723	\$1,731,951	\$1,181,016
7	1.00%	-\$17,727	-\$99,757	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$210,050	-\$117,484	\$92,566	\$1,927,060	\$2,137,110	\$1,692,960
8	1.00%	-\$21,772	-\$101,074	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$253,627	-\$122,846	\$130,782	\$2,326,857	\$2,580,485	\$2,244,695
9	1.00%	-\$26,200	-\$102,182	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$301,352	-\$128,382	\$172,970	\$2,764,696	\$3,066,048	\$2,840,193
10	1.00%	-\$31,050	-\$103,355	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$134,405	-\$134,405	\$3,244,236	\$3,244,236	\$3,130,206
11	1.00%	-\$35,345	-\$44,728	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$378,966	-\$80,073	\$298,894	\$3,476,757	\$3,855,723	\$3,855,723
12	1.00%	-\$38,400	-\$31,371	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$412,669	-\$69,771	\$342,897	\$3,785,952	\$4,198,620	\$4,198,620
13	1.00%	-\$41,813	-\$34,725	1990	4.51%	4.51%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$269,718	-\$76,538	\$193,180	\$4,122,083	\$4,391,801	\$4,391,801
14	1.00%	-\$43,726	-\$38,459	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$469,748	-\$82,185	\$387,563	\$4,309,616	\$4,779,364	\$4,779,364
15	1.00%	-\$47,581	-\$42,517	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$499,005	-\$90,098	\$408,906	\$4,689,266	\$5,188,271	\$5,188,271
16	1.00%	-\$51,648	-\$46,909	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$554,779	-\$98,557	\$456,222	\$5,089,714	\$5,644,492	\$5,644,492
17	1.00%	-\$56,185	-\$51,972	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$108,157	-\$108,157	\$5,536,335	\$5,536,335	\$5,536,335
18	1.00%	-\$55,073	-\$58,069	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$591,128	-\$113,142	\$477,986	\$5,423,193	\$6,014,321	\$6,014,321
19	1.00%	-\$59,822	-\$64,254	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$642,037	-\$124,076	\$517,961	\$5,890,245	\$6,532,282	\$6,532,282
20	1.00%	-\$64,973	-\$70,001	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$697,307	-\$134,974	\$562,333	\$6,397,308	\$7,094,615	\$7,094,615
21	1.00%	-\$70,566	-\$75,996	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$757,338	-\$146,562	\$610,776	\$6,948,053	\$7,705,391	\$7,705,391
22	1.00%	-\$76,643	-\$82,223	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$822,571	-\$158,866	\$663,705	\$7,546,525	\$8,369,096	\$8,369,096
23	1.00%	-\$83,248	-\$88,647	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$171,895	-\$171,895	\$8,197,201	\$8,197,201	\$8,197,201
24	1.00%	-\$81,496	-\$95,270	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$176,766	-\$176,766	\$8,020,436	\$8,020,436	\$8,020,436
25	1.00%	-\$79,694	-\$102,086	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$181,780	-\$181,780	\$7,838,656	\$7,838,656	\$7,838,656
26	1.00%	-\$77,841	-\$109,031	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$834,044	-\$186,872	\$647,172	\$7,651,783	\$8,485,828	\$8,485,828
27	1.00%	-\$84,273	-\$117,123	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$532,479	-\$201,396	\$331,084	\$8,284,432	\$8,816,911	\$8,816,911
28	1.00%	-\$87,528	-\$128,316	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$937,516	-\$215,844	\$721,673	\$8,601,068	\$9,538,584	\$9,538,584
29	1.00%	-\$94,685	-\$140,224	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,014,101	-\$234,909	\$779,192	\$9,303,675	\$10,317,776	\$10,317,776
30	1.00%	-\$102,416	-\$152,356	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$254,772	-\$254,772	\$10,063,004	\$10,063,004	\$10,063,004
31	1.00%	-\$99,806	-\$164,754	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$264,560	-\$264,560	\$9,798,444	\$9,798,444	\$9,798,444
32	1.00%	-\$97,100	-\$176,953	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,038,159	-\$274,053	\$764,106	\$9,524,391	\$10,562,550	\$10,562,550
33	1.00%	-\$104,684	-\$188,351	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,119,377	-\$293,035	\$826,342	\$10,269,515	\$11,388,892	\$11,388,892
34	1.00%	-\$112,898	-\$198,204	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$328,345	-\$311,102	\$17,243	\$11,077,790	\$11,406,135	\$11,406,135
35	1.00%	-\$113,018	-\$208,631	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,208,209	-\$321,649	\$886,560	\$11,084,486	\$12,292,695	\$12,292,695
36	1.00%	-\$121,823	-\$220,790	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,302,559	-\$342,613	\$959,946	\$11,950,082	\$13,252,641	\$13,252,641
37	1.00%	-\$131,357	-\$233,822	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,404,733	-\$365,179	\$1,039,554	\$12,887,462	\$14,292,195	\$14,292,195
38	1.00%	-\$141,687	-\$247,039	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$388,726	-\$388,726	\$13,903,469	\$13,903,469	\$13,903,469
39	1.00%	-\$137,742	-\$258,553	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,472,282	-\$396,295	\$1,075,987	\$13,507,175	\$14,979,457	\$14,979,457
40	1.00%	-\$148,464	-\$266,152	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,587,568	-\$414,616	\$1,172,952	\$14,564,841	\$16,152,408	\$16,152,408

**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	1.00%	-\$4,913	-\$86,640	1971	12.42%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$18,236	-\$91,553	-\$73,317	\$221,040	\$239,276	-\$825,424
2	1.00%	-\$2,857	-\$88,319	1972	-1.92%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$91,176	-\$91,176	\$460,693	\$460,693	-\$503,522
3	1.00%	-\$5,063	-\$90,050	1973	-41.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$95,113	-\$95,113	\$678,173	\$678,173	-\$184,612
4	1.00%	-\$7,228	-\$91,963	1974	32.00%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$97,182	-\$99,191	-\$2,009	\$891,576	\$988,757	\$228,662
5	1.00%	-\$10,321	-\$94,472	1975	25.48%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$130,425	-\$104,793	\$25,632	\$1,196,557	\$1,326,982	\$670,837
6	1.00%	-\$13,689	-\$97,402	1976	-8.28%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$111,091	-\$111,091	\$1,528,484	\$1,528,484	\$977,549
7	1.00%	-\$15,692	-\$99,757	1977	6.23%	6.23%	x 1.45	= 9.03%	+ 0.00%	= 9.03%	\$155,786	-\$115,449	\$40,337	\$1,725,628	\$1,881,414	\$1,437,264
8	1.00%	-\$19,215	-\$101,074	1978	6.61%	6.61%	x 1.45	= 9.59%	+ 0.00%	= 9.59%	\$198,817	-\$120,289	\$78,529	\$2,073,718	\$2,272,535	\$1,936,745
9	1.00%	-\$23,120	-\$102,182	1979	14.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$268,121	-\$125,302	\$142,819	\$2,459,826	\$2,727,947	\$2,502,092
10	1.00%	-\$27,669	-\$103,355	1980	-7.40%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$131,024	-\$131,024	\$2,909,516	\$2,909,516	\$2,795,486
11	1.00%	-\$31,997	-\$44,728	1981	3.65%	3.65%	x 1.45	= 5.29%	+ 0.00%	= 5.29%	\$166,447	-\$76,725	\$89,722	\$3,145,384	\$3,311,831	\$3,311,831
12	1.00%	-\$32,961	-\$31,371	1982	37.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$353,977	-\$64,332	\$289,645	\$3,247,498	\$3,601,476	\$3,601,476
13	1.00%	-\$35,841	-\$34,725	1983	0.02%	0.02%	x 1.45	= 0.03%	+ 0.00%	= 0.03%	\$925	-\$70,566	-\$69,641	\$3,530,910	\$3,531,835	\$3,531,835
14	1.00%	-\$35,126	-\$38,459	1984	9.62%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$376,949	-\$73,585	\$303,364	\$3,458,249	\$3,835,199	\$3,835,199
15	1.00%	-\$38,139	-\$42,517	1985	27.04%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$409,245	-\$80,656	\$328,589	\$3,754,542	\$4,163,787	\$4,163,787
16	1.00%	-\$41,403	-\$46,909	1986	39.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$444,227	-\$88,312	\$355,914	\$4,075,475	\$4,519,702	\$4,519,702
17	1.00%	-\$44,937	-\$51,972	1987	-15.51%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$96,909	-\$96,909	\$4,422,793	\$4,422,793	\$4,422,793
18	1.00%	-\$43,938	-\$58,069	1988	28.41%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$470,966	-\$102,007	\$368,959	\$4,320,786	\$4,791,752	\$4,791,752
19	1.00%	-\$47,596	-\$64,254	1989	-12.34%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$111,850	-\$111,850	\$4,679,901	\$4,679,901	\$4,679,901
20	1.00%	-\$46,449	-\$70,001	1990	26.73%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$497,416	-\$116,450	\$380,966	\$4,563,451	\$5,060,868	\$5,060,868
21	1.00%	-\$50,229	-\$75,996	1991	7.72%	7.72%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$537,876	-\$126,225	\$411,651	\$4,934,643	\$5,472,519	\$5,472,519
22	1.00%	-\$54,314	-\$82,223	1992	9.84%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$581,622	-\$136,537	\$445,085	\$5,335,982	\$5,917,604	\$5,917,604
23	1.00%	-\$58,733	-\$88,647	1993	0.82%	0.82%	x 1.45	= 1.19%	+ 0.00%	= 1.19%	\$68,914	-\$147,380	-\$78,466	\$5,770,224	\$5,839,138	\$5,839,138
24	1.00%	-\$59,915	-\$95,270	1994	26.30%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$619,769	-\$153,185	\$466,584	\$5,685,953	\$6,305,722	\$6,305,722
25	1.00%	-\$62,547	-\$102,086	1995	17.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$669,379	-\$164,633	\$504,746	\$6,141,089	\$6,810,468	\$6,810,468
26	1.00%	-\$67,560	-\$109,031	1996	37.82%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$723,093	-\$176,591	\$546,502	\$6,633,877	\$7,356,970	\$7,356,970
27	1.00%	-\$72,984	-\$117,123	1997	7.36%	7.36%	x 1.45	= 10.67%	+ 0.00%	= 10.67%	\$764,959	-\$190,107	\$574,852	\$7,166,863	\$7,931,822	\$7,931,822
28	1.00%	-\$78,677	-\$128,316	1998	26.13%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$842,006	-\$206,993	\$635,014	\$7,724,829	\$8,566,836	\$8,566,836
29	1.00%	-\$84,967	-\$140,224	1999	11.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$909,239	-\$225,191	\$684,048	\$8,341,644	\$9,250,884	\$9,250,884
30	1.00%	-\$91,747	-\$152,356	2000	-27.54%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$244,103	-\$244,103	\$9,006,781	\$9,006,781	\$9,006,781
31	1.00%	-\$89,244	-\$164,754	2001	-21.68%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$253,998	-\$253,998	\$8,752,783	\$8,752,783	\$8,752,783
32	1.00%	-\$86,643	-\$176,953	2002	22.16%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$925,321	-\$263,596	\$661,725	\$8,489,187	\$9,414,508	\$9,414,508
33	1.00%	-\$93,203	-\$188,351	2003	11.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$995,492	-\$281,554	\$713,938	\$9,132,954	\$10,128,445	\$10,128,445
34	1.00%	-\$100,293	-\$198,204	2004	10.25%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,071,464	-\$298,497	\$772,967	\$9,829,948	\$10,901,412	\$10,901,412
35	1.00%	-\$107,971	-\$208,631	2005	8.71%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,153,744	-\$316,602	\$837,142	\$10,584,810	\$11,738,555	\$11,738,555
36	1.00%	-\$116,282	-\$220,790	2006	14.29%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,242,762	-\$337,072	\$905,690	\$11,401,483	\$12,644,245	\$12,644,245
37	1.00%	-\$125,273	-\$233,822	2007	-23.61%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$359,095	-\$359,095	\$12,285,149	\$12,285,149	\$12,285,149
38	1.00%	-\$121,616	-\$247,039	2008	-9.37%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$368,655	-\$368,655	\$11,916,494	\$11,916,494	\$11,916,494
39	1.00%	-\$117,872	-\$258,553	2009	7.96%	7.96%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,257,868	-\$376,425	\$881,442	\$11,540,069	\$12,797,937	\$12,797,937
40	1.00%	-\$126,649	-\$266,152	2010	-0.86%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$392,801	-\$392,801	\$12,405,136	\$12,405,136	\$12,405,136

**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	1.00%	-\$4,913	-\$86,640	1982	20.68%	8.25%	x 1.00	= 8.25%	+ 0.00%	= 8.25%	\$18,236	-\$91,553	-\$73,317	\$221,040	\$239,276	-\$825,424
2	1.00%	-\$2,857	-\$88,319	1983	12.46%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$50,216	-\$91,176	-\$40,961	\$460,693	\$510,909	-\$453,306
3	1.00%	-\$5,565	-\$90,050	1984	9.93%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$79,340	-\$95,615	-\$16,275	\$727,887	\$807,226	-\$55,559
4	1.00%	-\$8,518	-\$91,963	1985	17.90%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$111,108	-\$100,481	\$10,626	\$1,019,338	\$1,130,446	\$370,351
5	1.00%	-\$11,738	-\$94,472	1986	29.42%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$145,714	-\$106,210	\$39,504	\$1,336,829	\$1,482,543	\$826,398
6	1.00%	-\$15,244	-\$97,402	1987	-6.21%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$112,646	-\$112,646	\$1,682,490	\$1,682,490	\$1,131,555
7	1.00%	-\$17,232	-\$99,757	1988	15.72%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$204,712	-\$116,989	\$87,723	\$1,878,094	\$2,082,806	\$1,638,656
8	1.00%	-\$21,229	-\$101,074	1989	10.63%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$247,768	-\$122,303	\$125,465	\$2,273,096	\$2,520,864	\$2,185,074
9	1.00%	-\$25,604	-\$102,182	1990	4.51%	8.25%	x 1.45	= 6.54%	+ 0.00%	= 6.54%	\$177,039	-\$127,786	\$49,253	\$2,705,671	\$2,882,710	\$2,656,855
10	1.00%	-\$29,216	-\$103,355	1991	18.86%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$333,838	-\$132,571	\$201,267	\$3,062,732	\$3,396,569	\$3,282,539
11	1.00%	-\$36,868	-\$44,728	1992	7.34%	7.34%	x 1.45	= 10.64%	+ 0.00%	= 10.64%	\$386,025	-\$81,596	\$304,429	\$3,627,566	\$4,013,591	\$4,013,591
12	1.00%	-\$39,979	-\$31,371	1993	9.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$429,704	-\$71,350	\$358,354	\$3,942,241	\$4,371,945	\$4,371,945
13	1.00%	-\$43,546	-\$34,725	1994	-2.32%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$78,271	-\$78,271	\$4,293,674	\$4,293,674	\$4,293,674
14	1.00%	-\$42,744	-\$38,459	1995	35.20%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$459,159	-\$81,203	\$377,956	\$4,212,471	\$4,671,630	\$4,671,630
15	1.00%	-\$46,504	-\$42,517	1996	23.61%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$499,504	-\$89,021	\$410,484	\$4,582,610	\$5,082,114	\$5,082,114
16	1.00%	-\$50,587	-\$46,909	1997	24.69%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$543,323	-\$97,496	\$445,828	\$4,984,619	\$5,527,942	\$5,527,942
17	1.00%	-\$55,020	-\$51,972	1998	30.54%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$590,884	-\$106,992	\$483,892	\$5,420,950	\$6,011,834	\$6,011,834
18	1.00%	-\$59,828	-\$58,069	1999	8.97%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$642,439	-\$117,897	\$524,542	\$5,893,937	\$6,536,376	\$6,536,376
19	1.00%	-\$65,042	-\$64,254	2000	-2.04%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$129,296	-\$129,296	\$6,407,080	\$6,407,080	\$6,407,080
20	1.00%	-\$63,721	-\$70,001	2001	-17.26%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$133,722	-\$133,722	\$6,273,358	\$6,273,358	\$6,273,358
21	1.00%	-\$62,354	-\$75,996	2002	-24.29%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$138,350	-\$138,350	\$6,135,008	\$6,135,008	\$6,135,008
22	1.00%	-\$60,939	-\$82,223	2003	32.19%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$653,111	-\$143,162	\$509,949	\$5,991,846	\$6,644,957	\$6,644,957
23	1.00%	-\$66,006	-\$88,647	2004	4.43%	4.43%	x 1.45	= 6.43%	+ 0.00%	= 6.43%	\$417,162	-\$154,653	\$262,509	\$6,490,304	\$6,907,466	\$6,907,466
24	1.00%	-\$68,598	-\$95,270	2005	8.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$735,052	-\$163,868	\$571,184	\$6,743,598	\$7,478,650	\$7,478,650
25	1.00%	-\$74,276	-\$102,086	2006	12.36%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$795,949	-\$176,362	\$619,587	\$7,302,288	\$8,098,238	\$8,098,238
26	1.00%	-\$80,437	-\$109,031	2007	-4.15%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$189,468	-\$189,468	\$7,908,769	\$7,908,769	\$7,908,769
27	1.00%	-\$78,502	-\$117,123	2008	-40.09%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$195,625	-\$195,625	\$7,713,144	\$7,713,144	\$7,713,144
28	1.00%	-\$76,490	-\$128,316	2009	30.03%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$818,409	-\$204,806	\$613,603	\$7,508,338	\$8,326,747	\$8,326,747
29	1.00%	-\$82,566	-\$140,224	2010	19.76%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$883,331	-\$222,790	\$660,541	\$8,103,957	\$8,987,288	\$8,987,288
30	1.00%	-\$89,111	-\$152,356	2011	2.04%	2.04%	x 1.45	= 2.96%	+ 0.00%	= 2.96%	\$259,226	-\$241,467	\$17,759	\$8,745,821	\$9,005,047	\$9,005,047
31	1.00%	-\$89,227	-\$164,754	2012	14.15%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$953,866	-\$253,981	\$699,886	\$8,751,066	\$9,704,933	\$9,704,933
32	1.00%	-\$96,165	-\$176,953	2013	18.99%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,028,068	-\$273,118	\$754,950	\$9,431,815	\$10,459,883	\$10,459,883
33	1.00%	-\$103,657	-\$188,351	2014	11.92%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,108,298	-\$292,008	\$816,290	\$10,167,875	\$11,276,173	\$11,276,173
34	1.00%	-\$111,771	-\$198,204	2015	-2.74%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$309,975	-\$309,975	\$10,966,198	\$10,966,198	\$10,966,198
35	1.00%	-\$108,619	-\$208,631	2016	17.45%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,160,735	-\$317,250	\$843,486	\$10,648,949	\$11,809,684	\$11,809,684
36	1.00%	-\$116,993	-\$220,790	2017	23.91%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,250,437	-\$337,783	\$912,654	\$11,471,901	\$12,722,338	\$12,722,338
37	1.00%	-\$126,054	-\$233,822	2018	-4.41%	0.00%	x 1.45	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$359,876	-\$359,876	\$12,362,462	\$12,362,462	\$12,362,462
38	1.00%	-\$122,389	-\$247,039	2019	31.74%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,307,241	-\$369,428	\$937,812	\$11,993,034	\$13,300,274	\$13,300,274
39	1.00%	-\$131,710	-\$258,553	2020	18.38%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,407,191	-\$390,263	\$1,016,928	\$12,910,011	\$14,317,203	\$14,317,203
40	1.00%	-\$141,841	-\$266,152	2021	28.83%	8.25%	x 1.45	= 10.90%	+ 0.00%	= 10.90%	\$1,516,104	-\$407,993	\$1,108,111	\$13,909,209	\$15,425,313	\$15,425,313

**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	\$239,276	-\$825,424
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$510,909	-\$453,306
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$807,226	-\$55,559
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,019,338	\$259,243
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,360,557	\$704,412
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,731,951	\$1,181,016
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,137,110	\$1,692,960
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,580,485	\$2,244,695
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,066,048	\$2,840,193
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,244,236	<b>\$3,130,206</b>
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,855,723	\$3,855,723
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,198,620	\$4,198,620
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,391,801	\$4,391,801
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,779,364	\$4,779,364
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,188,271	\$5,188,271
16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,644,492	\$5,644,492
17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,536,335	\$5,536,335
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,014,321	\$6,014,321
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,532,282	\$6,532,282
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,094,615	<b>\$7,094,615</b>
21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,705,391	\$7,705,391
22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,369,096	\$8,369,096
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,197,201	\$8,197,201
24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,020,436	\$8,020,436
25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,838,656	\$7,838,656
26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,485,828	\$8,485,828
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,816,911	\$8,816,911
28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,538,584	\$9,538,584
29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,317,776	\$10,317,776
30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,063,004	<b>\$10,063,004</b>
31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,798,444	\$9,798,444
32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,562,550	\$10,562,550
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,388,892	\$11,388,892
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,406,135	\$11,406,135
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,292,695	\$12,292,695
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,252,641	\$13,252,641
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,292,195	\$14,292,195
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,903,469	\$13,903,469
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,979,457	\$14,979,457
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,152,408	<b>\$16,152,408</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	\$239,276	-\$825,424
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$460,693	-\$503,522
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$678,173	-\$184,612
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$988,757	\$228,662
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,326,982	\$670,837
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,528,484	\$977,549
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,881,414	\$1,437,264
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,272,535	\$1,936,745
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,727,947	\$2,502,092
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,909,516	<b>\$2,795,486</b>
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,311,831	\$3,311,831
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,601,476	\$3,601,476
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,531,835	\$3,531,835
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,835,199	\$3,835,199
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,163,787	\$4,163,787
16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,519,702	\$4,519,702
17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,422,793	\$4,422,793
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,791,752	\$4,791,752
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,679,901	\$4,679,901
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,060,868	<b>\$5,060,868</b>
21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,472,519	\$5,472,519
22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,917,604	\$5,917,604
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,839,138	\$5,839,138
24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,305,722	\$6,305,722
25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,810,468	\$6,810,468
26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,356,970	\$7,356,970
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,931,822	\$7,931,822
28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,566,836	\$8,566,836
29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,250,884	\$9,250,884
30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,006,781	<b>\$9,006,781</b>
31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,752,783	\$8,752,783
32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,414,508	\$9,414,508
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,128,445	\$10,128,445
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,901,412	\$10,901,412
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,738,555	\$11,738,555
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,644,245	\$12,644,245
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,285,149	\$12,285,149
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,916,494	\$11,916,494
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,797,937	\$12,797,937
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,405,136	<b>\$12,405,136</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	\$239,276	-\$825,424
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$510,909	-\$453,306
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$807,226	-\$55,559
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,130,446	\$370,351
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,482,543	\$826,398
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,682,490	\$1,131,555
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,082,806	\$1,638,656
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,520,864	\$2,185,074
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,882,710	\$2,656,855
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,396,569	\$3,282,539
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,013,591	\$4,013,591
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,371,945	\$4,371,945
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,293,674	\$4,293,674
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,671,630	\$4,671,630
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,082,114	\$5,082,114
16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,527,942	\$5,527,942
17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,011,834	\$6,011,834
18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,536,376	\$6,536,376
19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,407,080	\$6,407,080
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,273,358	\$6,273,358
21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,135,008	\$6,135,008
22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,644,957	\$6,644,957
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,907,466	\$6,907,466
24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,478,650	\$7,478,650
25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,098,238	\$8,098,238
26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,908,769	\$7,908,769
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,713,144	\$7,713,144
28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,326,747	\$8,326,747
29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,987,288	\$8,987,288
30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,005,047	\$9,005,047
31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,704,933	\$9,704,933
32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,459,883	\$10,459,883
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,276,173	\$11,276,173
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,966,198	\$10,966,198
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,809,684	\$11,809,684
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,722,338	\$12,722,338
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,362,462	\$12,362,462
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,300,274	\$13,300,274
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,317,203	\$14,317,203
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,425,313	\$15,425,313

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 - PEIACR \$10MM

**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*