

# SUMMARY SECTION

THIRD-YEAR FINANCING (3YF) with INCOME DRAWDOWNS

# SUMMARY SECTION: RETIREMENT PLANNING



DATE CREATED: 08/27/22

PRIMARY INSURED: M50 - 3YF 100.50

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARSION SUMMARY:

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

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARSION SUMMARY:

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

## PURPOSE OF SUMMARY SECTION:

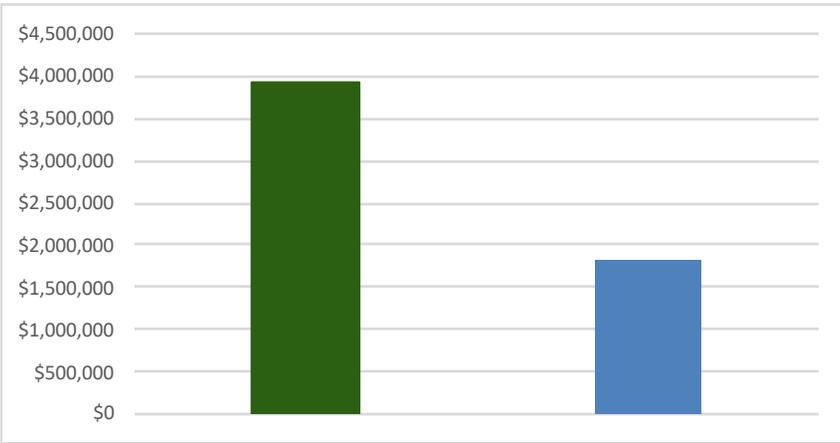
The following section is an abbreviated summary of a very expansive document. The full document includes an exhaustive articulation of granular details, including charges, fees, financial outcomes as depicted in an insurance company's illustration, as well as a "proxy" created to further explain the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

## LHSA PROXY vs. E&B COMPARISON GRAPHS

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

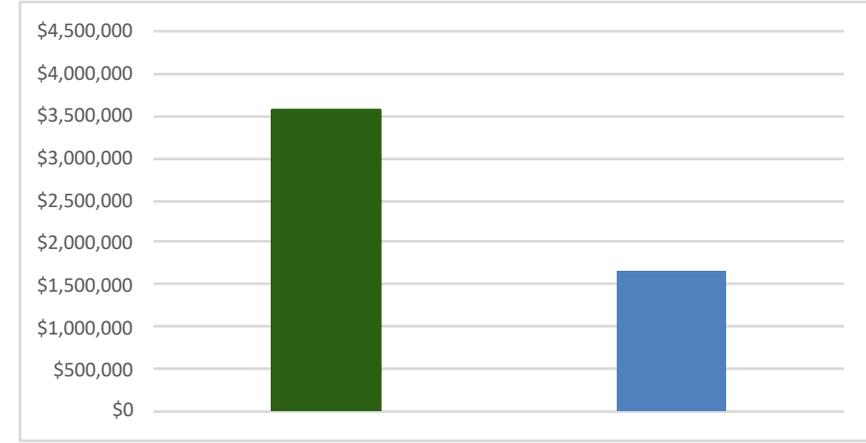
*\*The "Best 40" and "Worst 40" are the historical 40-year periods that produced the "highest" and "lowest" Compounded Annual Growth Rates out of 121 different 40-year periods analyzed. The "proxy" is a fictitious synthetically-produced asset, not an actual life insurance product.*

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



BEST 40:		3RD YEAR FINANCING	EQUITIES & BONDS ACCOUNT
AVE ANNUAL INCOME:		\$156,871	\$130,345
TOTAL INCOME:		\$3,921,775	\$1,824,835
YR 40 ACCOUNT VALUE:		\$4,679,614	\$0

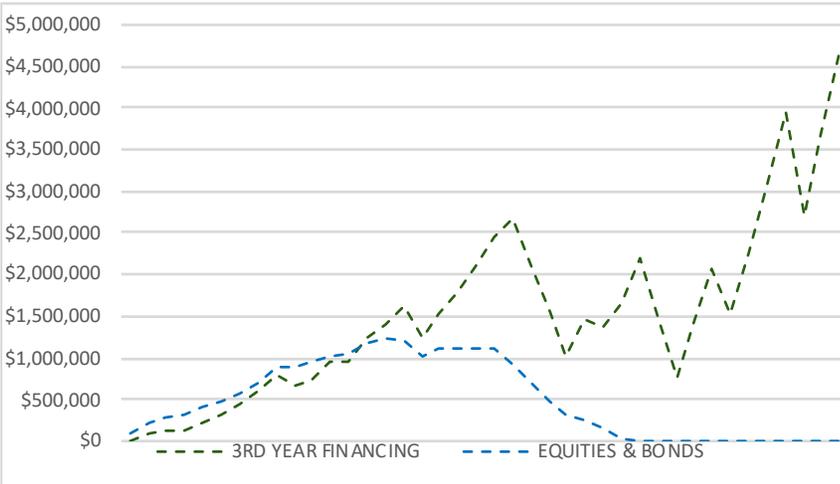
**WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



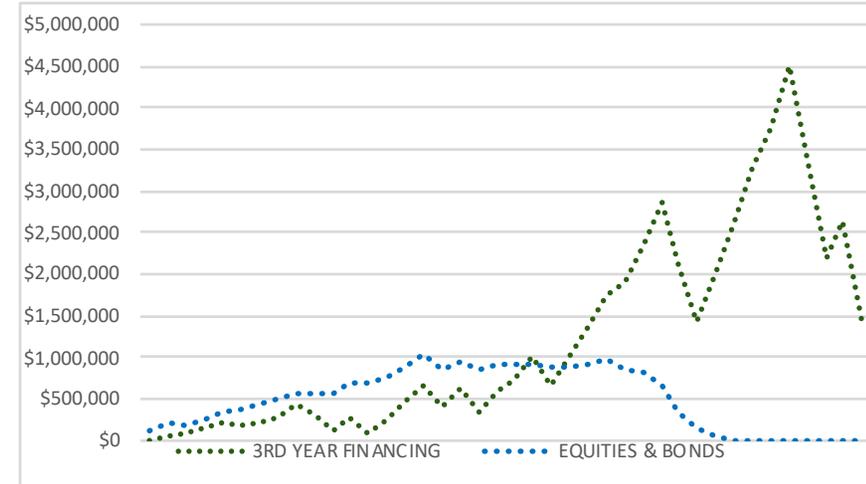
WORST 40:		3RD YEAR FINANCING	EQUITIES & BONDS ACCOUNT
AVE ANNUAL INCOME:		\$142,668	\$92,902
TOTAL INCOME:		\$3,566,689	\$1,672,235
YR 40 ACCOUNT VALUE:		\$1,439,521	\$0

**NET ACCOUNT VALUE (COMPARISON)**

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



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



*DISCLAIMER: The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only.*

## STATIC RETURN LEDGER with LOAN PAYOFF

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

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

version 60148.3

LP

## 3RD YEAR FINANCING

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

5 of 10

08/27/22

Health Rating: **PREFERRED**

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

PLR: **6.10%**

Initial Gross Policy Face Amount: **\$3,950,000**

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	50	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$0	\$4,030,453	3930.45%	1	50	
2	51	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$80,352	\$80,352	\$4,115,054	493.43%	2	51
3	52	\$350,000	\$50,000	\$300,000	\$300,000	5.43%	\$16,302	\$16,302	\$50,000	\$0	6.60%	\$0	\$412,287	\$112,287	\$4,144,595	211.39%	3	52
4	53	\$350,000	\$50,000	\$300,000	\$616,302	5.54%	\$34,125	\$34,125	\$50,000	\$0	6.60%	\$0	\$767,622	\$151,320	\$4,181,234	126.77%	4	53
5	54	\$350,000	\$50,000	\$300,000	\$950,427	5.64%	\$53,647	\$53,647	\$50,000	\$0	6.60%	\$0	\$1,145,476	\$195,049	\$4,222,569	88.23%	5	54
6	55	\$350,000	\$50,000	\$300,000	\$1,304,074	5.76%	\$75,066	\$75,066	\$50,000	\$2,412	6.60%	\$0	\$1,547,580	\$243,506	\$4,268,632	66.66%	6	55
7	56	\$350,000	\$50,000	\$300,000	\$1,679,140	5.87%	\$98,612	\$98,612	\$50,000	\$19,452	6.60%	\$0	\$1,975,578	\$296,438	\$4,319,208	53.05%	7	56
8	57	\$350,000	\$50,000	\$300,000	\$2,077,752	5.99%	\$124,541	\$124,541	\$50,000	\$27,674	6.60%	\$0	\$2,440,955	\$363,203	\$4,373,832	43.73%	8	57
9	58	\$350,000	\$50,000	\$300,000	\$2,502,293	6.12%	\$153,150	\$153,150	\$50,000	\$37,337	6.60%	\$0	\$2,935,637	\$433,344	\$4,431,851	37.00%	9	58
10	59	\$350,000	\$50,000	\$300,000	\$2,955,443	6.25%	\$184,772	\$184,772	\$50,000	\$34,725	6.60%	\$0	\$3,478,135	\$522,692	\$4,509,077	31.97%	10	59
11	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$3,140,215	\$373,807	\$373,807	\$1,654,446	14.01%	11	60
12	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$412,076	\$412,076	\$1,590,083	11.91%	12	61
13	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$452,695	\$452,695	\$1,597,303	10.72%	13	62
14	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$483,517	\$483,517	\$1,601,639	9.73%	14	63
15	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$516,827	\$516,827	\$1,602,738	8.88%	15	64
16	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$519,665	\$519,665	\$1,569,291	8.22%	16	65
17	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$523,398	\$523,398	\$1,529,499	7.64%	17	66
18	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$527,839	\$527,839	\$1,535,499	7.36%	18	67
19	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$532,986	\$532,986	\$1,539,290	7.10%	19	68
20	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$538,821	\$538,821	\$1,540,540	6.87%	20	69
21	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$545,300	\$545,300	\$1,538,868	6.66%	21	70
22	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$552,438	\$552,438	\$1,533,938	6.47%	22	71
23	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$561,019	\$561,019	\$1,457,321	6.08%	23	72
24	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$571,421	\$571,421	\$1,370,559	5.71%	24	73
25	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$584,204	\$584,204	\$1,273,201	5.34%	25	74
26	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$600,133	\$600,133	\$1,164,906	4.97%	26	75
27	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$620,538	\$620,538	\$1,045,796	4.60%	27	76
28	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$642,703	\$642,703	\$1,090,940	4.70%	28	77
29	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$666,614	\$666,614	\$1,139,011	4.80%	29	78
30	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$692,217	\$692,217	\$1,190,006	4.89%	30	79
31	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$719,433	\$719,433	\$1,243,900	4.97%	31	80
32	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$747,983	\$747,983	\$1,300,461	5.04%	32	81
33	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$777,476	\$777,476	\$1,359,342	5.10%	33	82
34	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$807,548	\$807,548	\$1,420,225	5.15%	34	83
35	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$837,721	\$837,721	\$1,482,681	5.20%	35	84
36	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$867,211	\$867,211	\$1,545,957	5.23%	36	85
37	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$894,963	\$894,963	\$1,609,025	5.26%	37	86
38	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$919,893	\$919,893	\$1,670,826	5.29%	38	87
39	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$940,516	\$940,516	\$1,729,886	5.30%	39	88
40	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$954,870	\$954,870	\$1,784,233	5.31%	40	89

-\$3,000,000    -\$600,000    -\$2,400,000

\$740,215    \$740,215

\$600,000

TOTAL INCOME DRAWN:

-\$1,027,950

(INCOME LASTS UNTIL AGE 90)

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/27/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	2.95%
Total Rate Floor:	2.95%
<b>GLOI \$300K-499K Year-1 Rate:</b>	<b>5.24%</b>
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (Average of every 25-yr run over last 65 years):	6.60%
Reduced Assumed Index Credit:	6.60%

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash    Index Credit
Collateral Valued At:	100.00%    Assumption (ICA)    0.00%
The Gap Collateral (in years 3+) is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY Gross AV two years prior, plus the sum of the premium paid in the previous year minus policy charges, plus the new premium entering the policy in the current year minus policy charges and surrender charges in the current year + ICA). This calculation is the equivalent of assuming a 0% index credit in the previous year (whose EOY index credit would not have credited at the time of the current year's loan anniversary and the current year's EOY index credit would not have credited yet either). This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the type of collateral chosen. The collateral depicted is purely hypothetical and may vary.	

FINANCIAL BENEFIT SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$0
PREMIUMS PAID BY CLIENT:	-\$600,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$600,000
TOTAL DRAWDOWNS (excluding loan payoff):	\$1,027,950
40-YEAR PROGRAM NET CASH FLOW:	\$427,950
YEAR 40 NET CASH SURRENDER VALUE:	\$954,870
<b>40-YEAR CASH GAIN (excluding death benefit):</b>	<b>\$1,382,820</b>
<b>40-YEAR NET CSV IRR:</b>	<b>4.36%</b>

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



## NON-FINANCED vs. PREMIUM FINANCED

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

**NON-FINANCED SOLUTION**

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

version NF42736

**PREMIUM FINANCED SOLUTION**

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

version 60148.3

NON-FINANCED IUL					
AGE	ANNUAL PREMIUM	INCOME DRAWDOWNS	CASH VALUE	DEATH BENEFIT	
1	50	\$100,000	\$0	\$23,740	\$2,785,637
2	51	\$100,000	\$0	\$115,966	\$2,876,149
3	52	\$50,000	\$0	\$164,222	\$2,922,704
4	53	\$50,000	\$0	\$214,775	\$2,971,556
5	54	\$50,000	\$0	\$268,034	\$3,023,114
6	55	\$50,000	\$0	\$324,336	\$3,077,715
7	56	\$50,000	\$0	\$383,909	\$3,135,614
8	57	\$50,000	\$0	\$453,915	\$3,196,993
9	58	\$50,000	\$0	\$527,556	\$3,262,021
10	59	\$50,000	\$0	\$607,178	\$3,333,030
11	60	\$0	\$0	\$642,360	\$2,700,000
12	61	\$0	\$0	\$679,069	\$2,700,000
13	62	\$0	\$0	\$717,400	\$2,700,000
14	63	\$0	\$0	\$748,534	\$2,700,000
15	64	\$0	\$0	\$781,114	\$2,700,000
16	65	\$0	-\$25,825	\$795,046	\$2,672,884
17	66	\$0	-\$25,825	\$809,102	\$2,644,412
18	67	\$0	-\$25,825	\$823,205	\$2,614,516
19	68	\$0	-\$25,825	\$837,222	\$2,583,126
20	69	\$0	-\$25,825	\$850,950	\$2,550,166
21	70	\$0	-\$25,825	\$864,097	\$2,515,558
22	71	\$0	-\$25,825	\$876,470	\$2,479,219
23	72	\$0	-\$25,825	\$887,775	\$2,441,064
24	73	\$0	-\$25,825	\$897,677	\$2,401,001
25	74	\$0	-\$25,825	\$905,851	\$2,358,935
26	75	\$0	-\$25,825	\$911,930	\$2,314,765
27	76	\$0	-\$25,825	\$916,537	\$2,268,387
28	77	\$0	-\$25,825	\$919,487	\$2,219,690
29	78	\$0	-\$25,825	\$920,688	\$2,168,559
30	79	\$0	-\$25,825	\$920,015	\$2,114,870
31	80	\$0	-\$25,825	\$917,366	\$2,058,498
32	81	\$0	-\$25,825	\$912,305	\$1,999,306
33	82	\$0	-\$25,825	\$904,370	\$1,937,155
34	83	\$0	-\$25,825	\$893,380	\$1,871,897
35	84	\$0	-\$25,825	\$879,155	\$1,803,375
36	85	\$0	-\$25,825	\$861,260	\$1,731,428
37	86	\$0	-\$25,825	\$839,191	\$1,655,883
38	87	\$0	-\$25,825	\$812,738	\$1,576,561
39	88	\$0	-\$25,825	\$781,551	\$1,493,273
40	89	\$0	-\$25,825	\$745,166	\$1,405,820

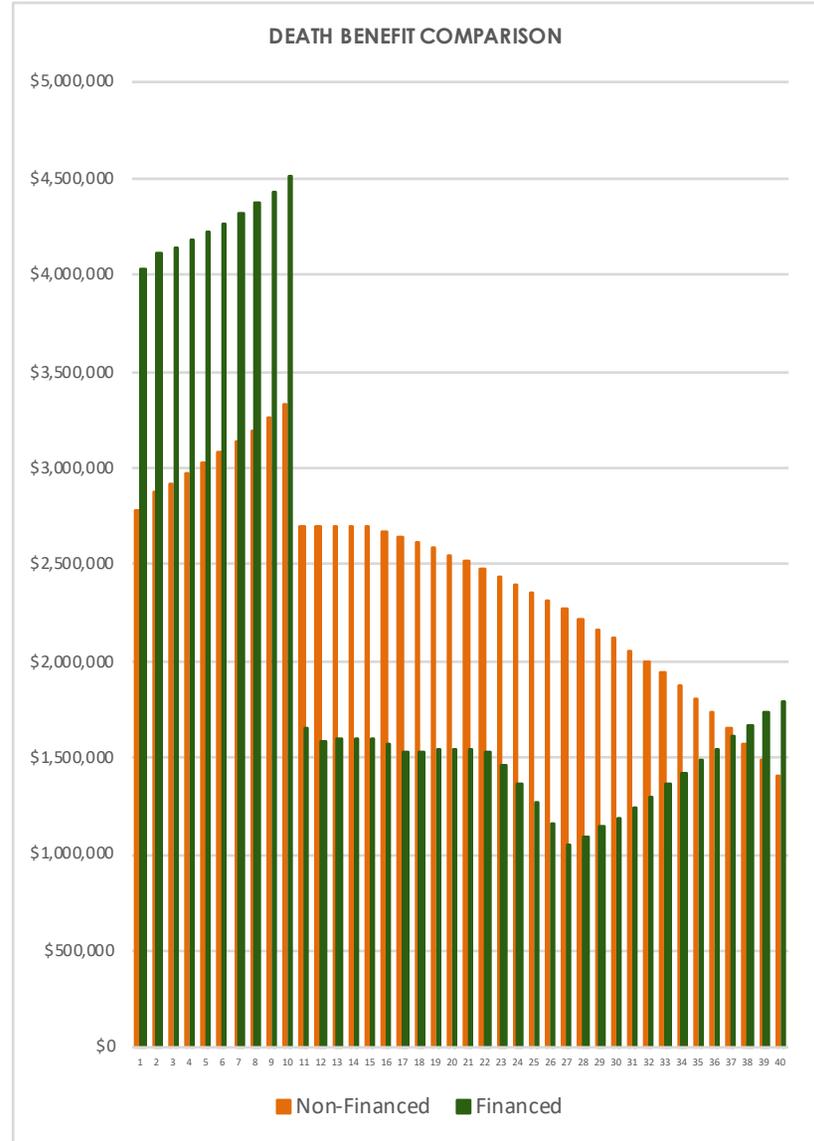
<b>TOTAL CONTRIBUTION:</b>	<b>-\$600,000</b>
<b>TOTAL INCOME:</b>	<b>\$645,625</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$745,166</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$1,390,791</b>

3RD YEAR FINANCING				
AGE	ANNUAL CONTRIBUTION	INCOME DRAWDOWNS	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS
1	50	\$100,000	\$0	\$4,030,453
2	51	\$100,000	\$80,352	\$4,115,054
3	52	\$50,000	\$112,287	\$4,144,595
4	53	\$50,000	\$151,320	\$4,181,234
5	54	\$50,000	\$195,049	\$4,222,569
6	55	\$50,000	\$243,506	\$4,268,632
7	56	\$50,000	\$296,438	\$4,319,208
8	57	\$50,000	\$363,203	\$4,373,832
9	58	\$50,000	\$433,344	\$4,431,851
10	59	\$50,000	\$522,692	\$4,509,077
11	60	\$0	\$373,807	\$1,654,446
12	61	\$0	\$412,076	\$1,590,083
13	62	\$0	\$452,695	\$1,597,303
14	63	\$0	\$483,517	\$1,601,639
15	64	\$0	\$516,827	\$1,602,738
16	65	\$0	-\$41,118	\$1,569,291
17	66	\$0	-\$41,118	\$1,529,499
18	67	\$0	-\$41,118	\$1,535,499
19	68	\$0	-\$41,118	\$1,539,290
20	69	\$0	-\$41,118	\$1,540,540
21	70	\$0	-\$41,118	\$1,538,868
22	71	\$0	-\$41,118	\$1,533,938
23	72	\$0	-\$41,118	\$1,457,321
24	73	\$0	-\$41,118	\$1,370,559
25	74	\$0	-\$41,118	\$1,273,201
26	75	\$0	-\$41,118	\$1,164,906
27	76	\$0	-\$41,118	\$1,045,796
28	77	\$0	-\$41,118	\$1,090,940
29	78	\$0	-\$41,118	\$1,139,011
30	79	\$0	-\$41,118	\$1,190,006
31	80	\$0	-\$41,118	\$1,243,900
32	81	\$0	-\$41,118	\$1,300,461
33	82	\$0	-\$41,118	\$1,359,342
34	83	\$0	-\$41,118	\$1,420,225
35	84	\$0	-\$41,118	\$1,482,681
36	85	\$0	-\$41,118	\$1,545,957
37	86	\$0	-\$41,118	\$1,609,025
38	87	\$0	-\$41,118	\$1,670,826
39	88	\$0	-\$41,118	\$1,729,886
40	89	\$0	-\$41,118	\$1,784,233

<b>TOTAL CONTRIBUTION:</b>	<b>-\$600,000</b>
<b>TOTAL INCOME:</b>	<b>\$1,027,950</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$954,870</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$1,982,820</b>

vs.  
vs.  
vs.

**DEATH BENEFIT COMPARISON**



## CUMULATIVE COST & BENEFIT COMPARISON:

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

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

# 3 DIFFERENT FINANCIAL SOLUTIONS



DATE CREATED: 08/27/22

PRIMARY INSURED: M50 - 3YF 100.50  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## PREMIUM FINANCED LIFE INSURANCE: 3RD YEAR FINANCING



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



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

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

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

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

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

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

## BACKTESTED PROXY: WORST 40-YEAR PERIOD

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

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

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

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

Current Pre-Bonus Cap: 10.75%

Current Post-Bonus Max Cap: 10.75%

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		Participation Rate: 100.00%		Floor Modeled: 0.00%		Upside Design: CAPPED				Pre-Bonus Cap Modeled: 10.25%		Post-Bonus Max Cap Modeled: 10.25%		8/27/2022				
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
YEAR	AGE	TOTAL INDEX CONTRIBUTION	CLIENT INDEX CONTRIBUTIONS	LENDER INDEX CONTRIBUTIONS	CUMULATIVE LOAN BALANCE	THIRD PARTY LOAN PAYOFF	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	TOTAL CLIENT CONTRIBUTION	(Cash) GAP COLLATERAL	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1971	12.42%	10.25%	10.25%	\$0	\$82,675	\$2,222
2	51	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1972	-1.92%	0.00%	0.00%	\$0	\$156,543	\$71,841
3	52	\$350,000	\$50,000	\$300,000	\$300,000		5.43%	\$16,302	\$16,302	\$50,000	\$0	1973	-41.40%	0.00%	0.00%	\$0	\$457,538	\$75,230
4	53	\$350,000	\$50,000	\$300,000	\$616,302		5.54%	\$34,125	\$34,125	\$50,000	\$0	1974	32.00%	10.25%	10.25%	\$0	\$835,058	\$138,842
5	54	\$350,000	\$50,000	\$300,000	\$950,427		5.64%	\$53,647	\$53,647	\$50,000	\$20,340	1975	25.48%	10.25%	10.25%	\$0	\$1,250,450	\$222,503
6	55	\$350,000	\$50,000	\$300,000	\$1,304,074		5.76%	\$75,066	\$75,066	\$50,000	\$14,266	1976	-8.28%	0.00%	0.00%	\$0	\$1,549,073	\$169,873
7	56	\$350,000	\$50,000	\$300,000	\$1,679,140		5.87%	\$98,612	\$98,612	\$50,000	\$0	1977	6.23%	6.23%	6.23%	\$0	\$1,962,276	\$210,366
8	57	\$350,000	\$50,000	\$300,000	\$2,077,752		5.99%	\$124,541	\$124,541	\$50,000	\$97,625	1978	6.61%	6.61%	6.61%	\$0	\$2,409,416	\$271,035
9	58	\$350,000	\$50,000	\$300,000	\$2,502,293		6.12%	\$153,150	\$153,150	\$50,000	\$119,105	1979	14.76%	10.25%	10.25%	\$0	\$2,983,979	\$433,179
10	59	\$350,000	\$50,000	\$300,000	\$2,955,443		6.25%	\$184,772	\$184,772	\$50,000	\$122,284	1980	-7.40%	0.00%	0.00%	\$0	\$3,296,079	\$304,252
11	60	\$0	\$0	\$0	\$0	-\$3,140,215	0.00%	\$0	\$0	\$0	\$0	1981	3.65%	3.65%	3.65%	\$0	\$3,401,428	\$104,202
12	61	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1982	37.91%	10.25%	10.25%	\$0	\$3,734,323	\$272,236
13	62	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1983	0.02%	0.02%	0.02%	\$0	\$3,720,604	\$85,412
14	63	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1984	9.62%	9.62%	9.62%	\$0	\$4,062,431	\$245,480
15	64	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1985	27.04%	10.25%	10.25%	\$0	\$4,462,239	\$454,440
16	65	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1986	39.13%	10.25%	10.25%	-\$36,355	\$4,913,807	\$667,446
17	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	-\$53,396	\$4,908,175	\$393,430
18	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1988	28.41%	10.25%	10.25%	-\$31,474	\$5,404,332	\$630,801
19	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	-12.34%	0.00%	0.00%	-\$50,464	\$5,397,291	\$332,097
20	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	26.73%	10.25%	10.25%	-\$26,568	\$5,941,785	\$595,436
21	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	7.72%	-\$47,635	\$6,390,821	\$727,137
22	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	9.84%	9.84%	9.84%	-\$58,171	\$7,008,920	\$1,000,972
23	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	0.82%	-\$80,078	\$7,056,047	\$663,621
24	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	26.30%	10.25%	10.25%	-\$53,090	\$7,767,413	\$999,621
25	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	17.61%	10.25%	10.25%	-\$79,970	\$8,551,791	\$1,361,641
26	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	37.82%	10.25%	10.25%	-\$108,931	\$9,417,229	\$1,753,194
27	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	7.36%	-\$140,255	\$10,101,329	\$1,906,823
28	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	26.13%	10.25%	10.25%	-\$152,546	\$11,125,828	\$2,361,424
29	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	11.99%	10.25%	10.25%	-\$188,914	\$12,253,567	\$2,852,584
30	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$228,207	\$12,240,223	\$2,129,573
31	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$170,366	\$12,224,732	\$1,429,666
32	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	22.16%	10.25%	10.25%	-\$114,373	\$13,457,799	\$2,002,887
33	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	11.91%	10.25%	10.25%	-\$160,231	\$14,813,734	\$2,617,835
34	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	10.25%	10.25%	10.25%	-\$209,427	\$16,304,362	\$3,278,769
35	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.71%	8.71%	-\$262,302	\$17,692,693	\$3,740,404
36	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	14.29%	10.25%	10.25%	-\$299,232	\$19,468,061	\$4,503,963
37	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	-\$360,317	\$19,427,141	\$3,336,506
38	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	-\$266,920	\$19,378,812	\$2,203,378
39	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	7.96%	-\$176,270	\$20,859,249	\$2,639,960
40	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	-\$211,197	\$20,791,531	\$1,439,521
		\$600,000	\$2,400,000					\$740,215	\$740,215	\$600,000		AVERAGE ANNUAL INCOME DRAWDOWN:		\$142,668				WORST 40

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$300K-499K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.95%
<b>Starting Borrowing Rate: 5.24%</b>	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 2.95%	
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	11
Payoff Amount:	\$3,140,215
Third Party Loan Paid Off With:	PAR LOAN

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

1ST YEAR COLLATERAL REQUIREMENT:	\$0
TOTAL CLIENT OUTLAY:	-\$600,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$142,668
TOTAL INCOME DRAWDOWN:	\$3,566,689
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$1,439,521
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$5,006,210
RAW S&P 500 CAGR: 6.30%	40-YEAR NET ACCOUNT IRR: 7.78%

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

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

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

**HYPOTHETICAL SYNTHETIC PROXY**

**CHARGES + CREDITS + BONUSES**

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

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$25,011	1971	12.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,686	-\$25,011	-\$17,325	\$74,989	\$82,675	\$2,222
2	0.00%	\$0	-\$26,132	1972	-1.92%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$26,132	-\$26,132	\$156,543	\$156,543	\$71,841
3	0.00%	\$0	-\$49,005	1973	-41.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$49,005	-\$49,005	\$457,538	\$457,538	\$75,230
4	0.00%	\$0	-\$50,116	1974	32.00%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$77,636	-\$50,116	\$27,520	\$757,422	\$835,058	\$138,842
5	0.00%	\$0	-\$50,863	1975	25.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$116,255	-\$50,863	\$65,392	\$1,134,195	\$1,250,450	\$222,503
6	0.00%	\$0	-\$51,377	1976	-8.28%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$51,377	-\$51,377	\$1,549,073	\$1,549,073	\$169,873
7	0.00%	\$0	-\$51,809	1977	6.23%	6.23%	x 1.00	= 6.23%	+ 0.00%	= 6.23%	\$115,012	-\$51,809	\$63,203	\$1,847,264	\$1,962,276	\$210,366
8	0.00%	\$0	-\$52,291	1978	6.61%	6.61%	x 1.00	= 6.61%	+ 0.00%	= 6.61%	\$149,431	-\$52,291	\$97,140	\$2,259,985	\$2,409,416	\$271,035
9	0.00%	\$0	-\$52,859	1979	14.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$277,422	-\$52,859	\$224,563	\$2,706,557	\$2,983,979	\$433,179
10	0.00%	\$0	-\$37,900	1980	-7.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$37,900	-\$37,900	\$3,296,079	\$3,296,079	\$304,252
11	0.00%	\$0	-\$14,416	1981	3.65%	3.65%	x 1.00	= 3.65%	+ 0.00%	= 3.65%	\$119,765	-\$14,416	\$105,349	\$3,281,663	\$3,401,428	\$104,202
12	0.00%	\$0	-\$14,287	1982	37.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$347,182	-\$14,287	\$332,895	\$3,387,141	\$3,734,323	\$272,236
13	0.00%	\$0	-\$14,391	1983	0.02%	0.02%	x 1.00	= 0.02%	+ 0.00%	= 0.02%	\$672	-\$14,391	-\$13,719	\$3,719,932	\$3,720,604	\$85,412
14	0.00%	\$0	-\$14,706	1984	9.62%	9.62%	x 1.00	= 9.62%	+ 0.00%	= 9.62%	\$356,534	-\$14,706	\$341,828	\$3,705,898	\$4,062,431	\$245,480
15	0.00%	\$0	-\$15,049	1985	27.04%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$414,857	-\$15,049	\$399,808	\$4,047,382	\$4,462,239	\$454,440
16	0.00%	\$0	-\$5,271	1986	39.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$456,839	-\$5,271	\$451,568	\$4,456,968	\$4,913,807	\$667,446
17	0.00%	\$0	-\$5,632	1987	-15.51%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$5,632	-\$5,632	\$4,908,175	\$4,908,175	\$393,430
18	0.00%	\$0	-\$6,287	1988	28.41%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$502,444	-\$6,287	\$496,157	\$4,901,888	\$5,404,332	\$630,801
19	0.00%	\$0	-\$7,041	1989	-12.34%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$7,041	-\$7,041	\$5,397,291	\$5,397,291	\$332,097
20	0.00%	\$0	-\$7,916	1990	26.73%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$552,411	-\$7,916	\$544,495	\$5,389,375	\$5,941,785	\$595,436
21	0.00%	\$0	-\$8,938	1991	7.72%	7.72%	x 1.00	= 7.72%	+ 0.00%	= 7.72%	\$457,973	-\$8,938	\$449,035	\$5,932,847	\$6,390,821	\$727,137
22	0.00%	\$0	-\$10,051	1992	9.84%	9.84%	x 1.00	= 9.84%	+ 0.00%	= 9.84%	\$628,150	-\$10,051	\$618,099	\$6,380,770	\$7,008,920	\$1,000,972
23	0.00%	\$0	-\$10,515	1993	0.82%	0.82%	x 1.00	= 0.82%	+ 0.00%	= 0.82%	\$57,643	-\$10,515	\$47,128	\$6,998,405	\$7,056,047	\$663,621
24	0.00%	\$0	-\$10,775	1994	26.30%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$722,140	-\$10,775	\$711,365	\$7,045,272	\$7,767,413	\$999,621
25	0.00%	\$0	-\$10,686	1995	17.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$795,064	-\$10,686	\$784,378	\$7,756,727	\$8,551,791	\$1,361,641
26	0.00%	\$0	-\$10,087	1996	37.82%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$875,525	-\$10,087	\$865,438	\$8,541,704	\$9,417,229	\$1,753,194
27	0.00%	\$0	-\$8,485	1997	7.36%	7.36%	x 1.00	= 7.36%	+ 0.00%	= 7.36%	\$692,585	-\$8,485	\$684,100	\$9,408,744	\$10,101,329	\$1,906,823
28	0.00%	\$0	-\$9,875	1998	26.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,034,374	-\$9,875	\$1,024,499	\$10,091,454	\$11,125,828	\$2,361,424
29	0.00%	\$0	-\$11,481	1999	11.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,139,221	-\$11,481	\$1,127,740	\$11,114,347	\$12,253,567	\$2,852,584
30	0.00%	\$0	-\$13,344	2000	-27.54%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$13,344	-\$13,344	\$12,240,223	\$12,240,223	\$2,129,573
31	0.00%	\$0	-\$15,491	2001	-21.68%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$15,491	-\$15,491	\$12,224,732	\$12,224,732	\$1,429,666
32	0.00%	\$0	-\$18,112	2002	22.16%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,251,179	-\$18,112	\$1,233,067	\$12,206,620	\$13,457,799	\$2,002,887
33	0.00%	\$0	-\$21,305	2003	11.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,377,241	-\$21,305	\$1,355,936	\$13,436,494	\$14,813,734	\$2,617,835
34	0.00%	\$0	-\$25,025	2004	10.25%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,515,652	-\$25,025	\$1,490,627	\$14,788,709	\$16,304,362	\$3,278,769
35	0.00%	\$0	-\$29,361	2005	8.71%	8.71%	x 1.00	= 8.71%	+ 0.00%	= 8.71%	\$1,417,692	-\$29,361	\$1,388,331	\$16,275,001	\$17,692,693	\$3,740,404
36	0.00%	\$0	-\$34,588	2006	14.29%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,809,956	-\$34,588	\$1,775,368	\$17,658,105	\$19,468,061	\$4,503,963
37	0.00%	\$0	-\$40,920	2007	-23.61%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$40,920	-\$40,920	\$19,427,141	\$19,427,141	\$3,336,506
38	0.00%	\$0	-\$48,329	2008	-9.37%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,329	-\$48,329	\$19,378,812	\$19,378,812	\$2,203,378
39	0.00%	\$0	-\$57,137	2009	7.96%	7.96%	x 1.00	= 7.96%	+ 0.00%	= 7.96%	\$1,537,575	-\$57,137	\$1,480,438	\$19,321,675	\$20,859,249	\$2,639,960
40	0.00%	\$0	-\$67,718	2010	-0.86%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$67,718	-\$67,718	\$20,791,531	\$20,791,531	\$1,439,521

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

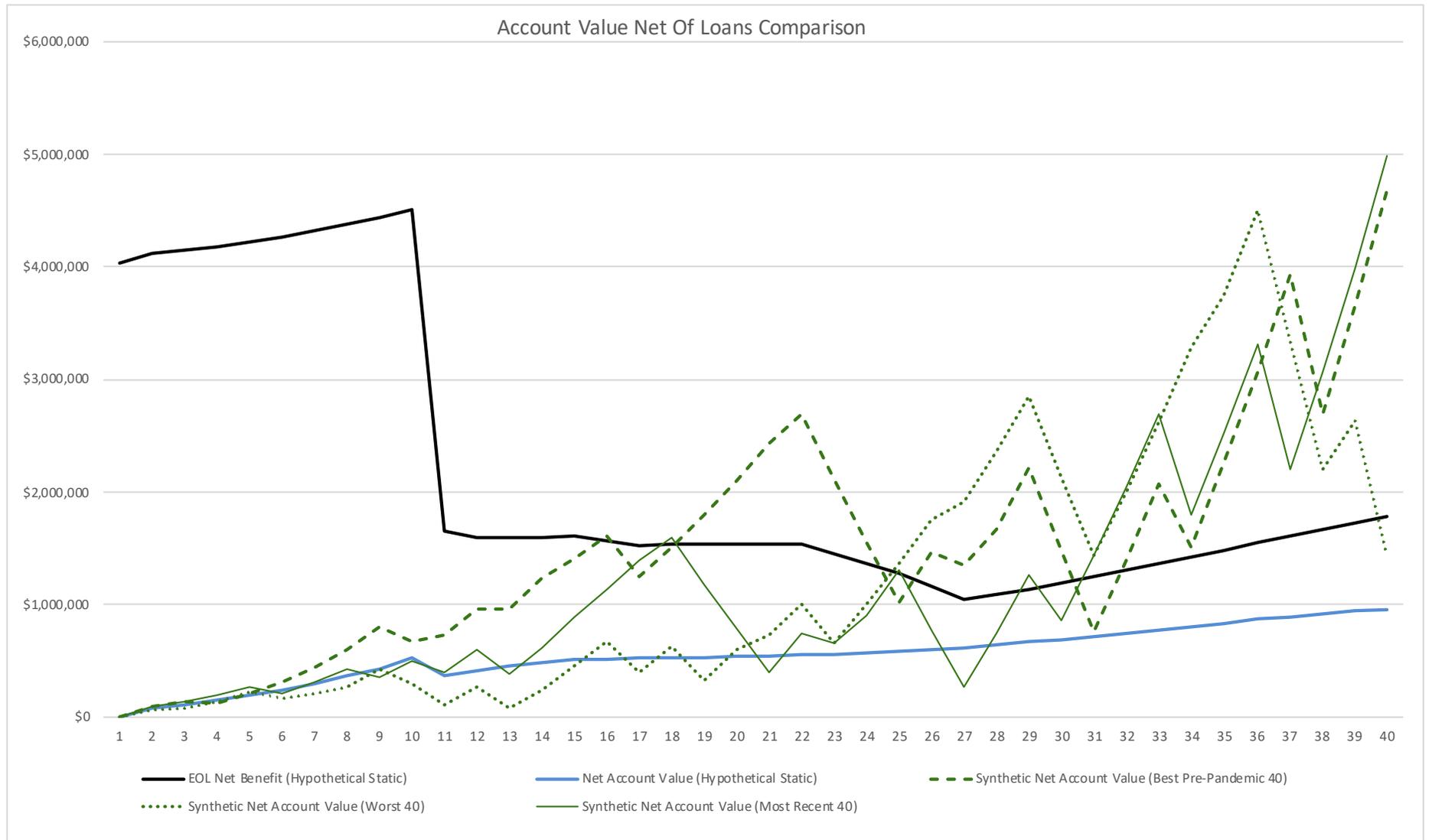
## GRAPH: BACKTESTED PROXY vs. AS-ILLUSTRATED STATIC

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

vs...

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

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



SCENARIO MODELED	PAYOFF YEAR	TOTAL OUTLAY	TOTAL INCOME DRAWDOWN	NET ACCOUNT VALUE IN YEAR 40	RETURNS DEPICTED	VOLATILITY MODELED	CAGR	PAR LOAN RATE	40-YEAR IRR
— Hypothetical Static:	11	-\$600,000	\$1,027,950	\$954,870	hypothetical static	no	6.60%	6.10%	<b>4.36%</b>
- - - Synthetic Best 40*:	11	-\$600,000	\$3,921,775	\$4,679,614	actual historical*	yes	9.02%	5.00%	<b>10.09%</b>
..... Synthetic Worst 40*:	11	-\$600,000	\$3,566,689	\$1,439,521	actual historical*	yes	6.30%	5.00%	<b>7.78%</b>
— Synthetic (1982-2021):	11	-\$600,000	\$3,037,226	\$4,986,563	actual historical*	yes	9.99%	5.00%	<b>8.96%</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.*

## BACKTESTED EQUITIES & BONDS ACCOUNT

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

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



## 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\*

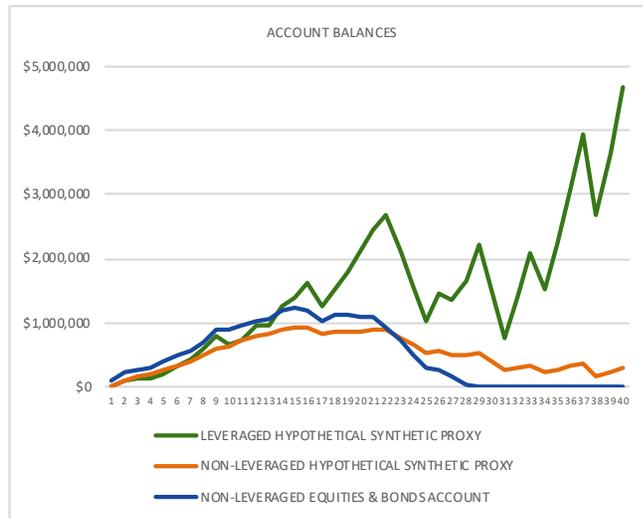
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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\*

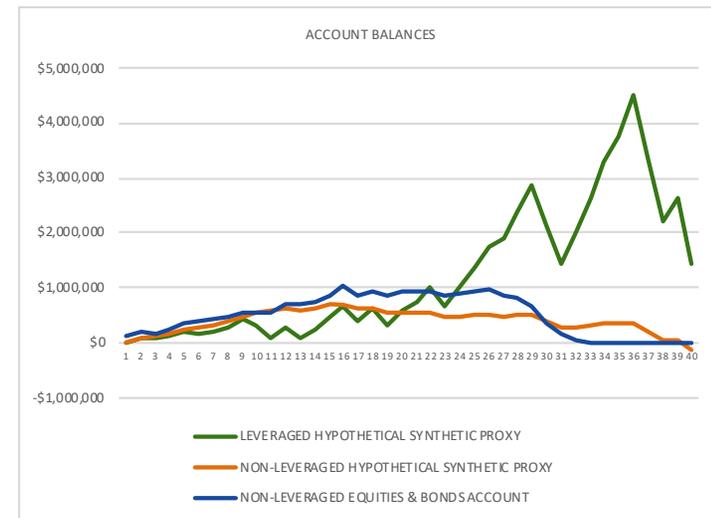
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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: M50 - 3YF 100.50  
 ADVISOR: Darren Sugiyama  
 DATE CREATED: 8/27/2022

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

# FULL ANALYSIS REPORT

THIRD-YEAR FINANCING (3YF) with INCOME DRAWDOWNS

# FULL ANALYSIS REPORT: RETIREMENT PLANNING



DATE CREATED: 08/27/22

PRIMARY INSURED: M50 - 3YF 100.50

ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## LIFE INSURANCE COMPARISON SUMMARY:

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

## BACKTESTED HYPOTHETICAL SYNTHETIC PROXY COMPARISON SUMMARY:

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

# 3 DIFFERENT FINANCIAL SOLUTIONS



DATE CREATED: 08/27/22

PRIMARY INSURED: M50 - 3YF 100.50  
ADDITIONAL INSURED: N/A

AGENT: Darren Sugiyama

## PREMIUM FINANCED LIFE INSURANCE: 3RD YEAR FINANCING



## NON-FINANCED LIFE INSURANCE



## NON-INSURANCE BASED INVESTMENT ACCOUNT



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

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

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

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

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

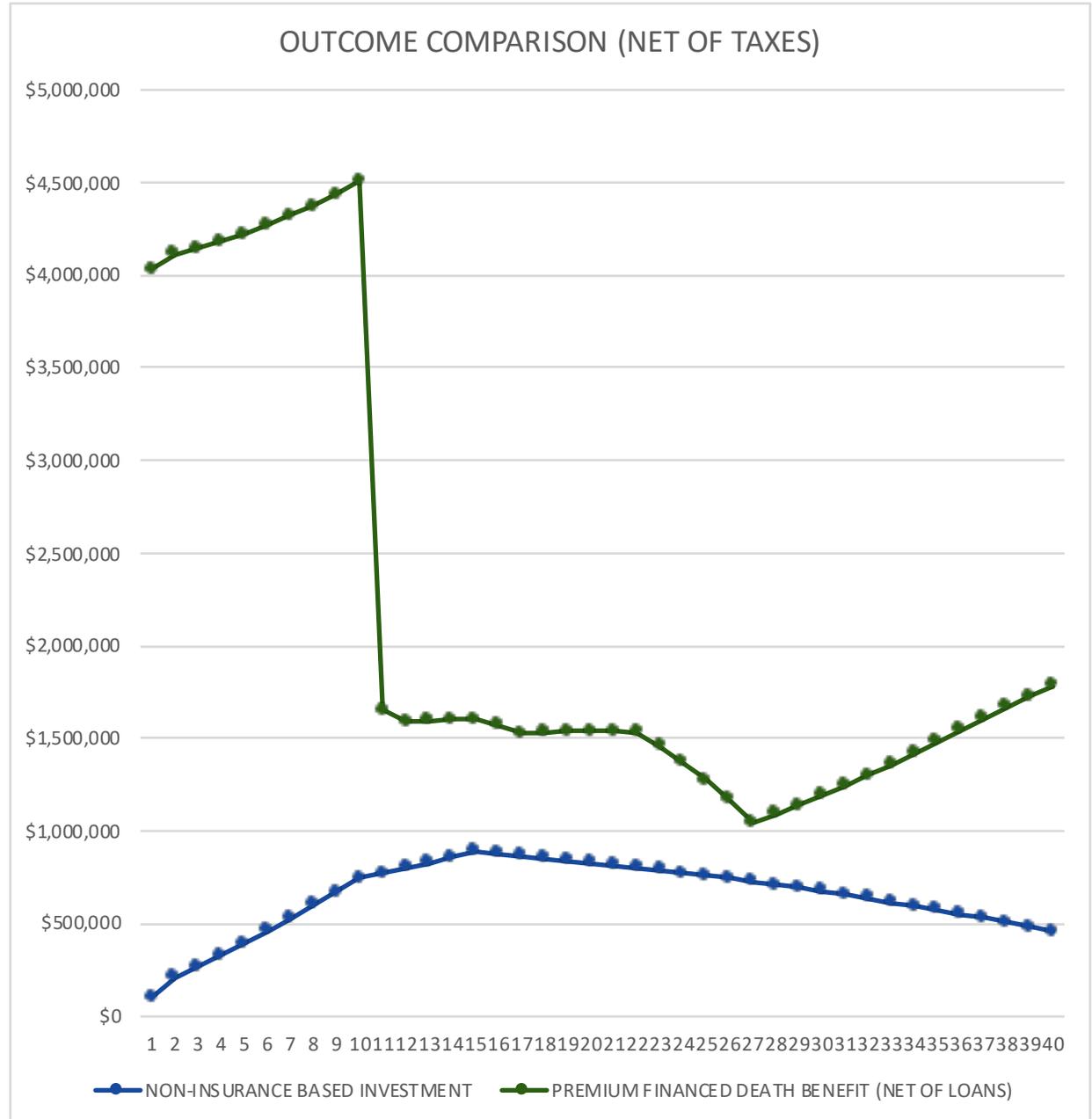
\*\*\*\*\*TOTAL INCOME DRAWDOWNS + YEAR 40 VALUE assumes a 6.6% return, 1.35% investment fees, 32.6% tax on gains, and 0% estate taxes.

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

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

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

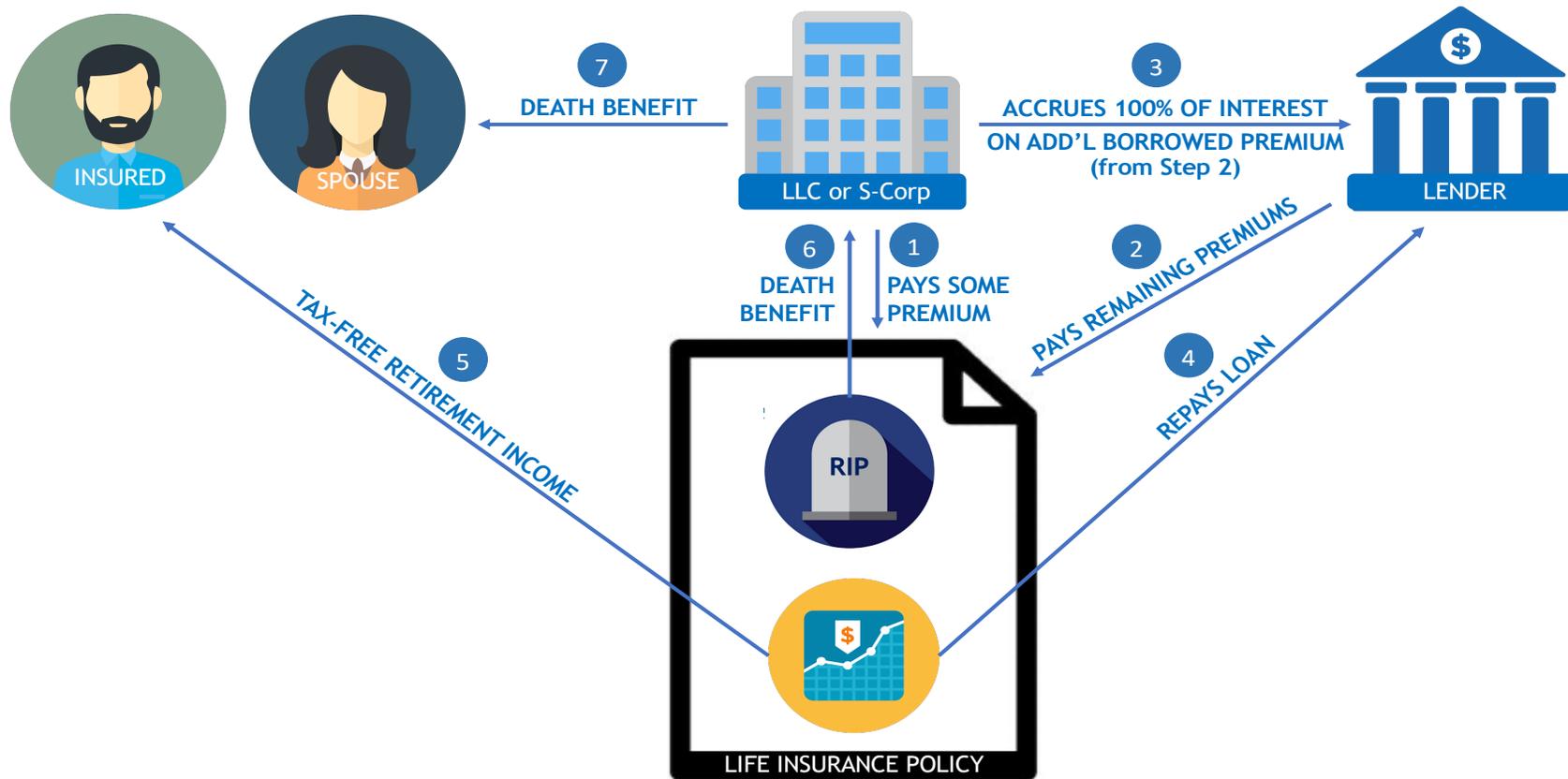
	(+) SAMEANNUAL CONTRIBUTION (-) INCOME DRAWDOWNS	NON-INSURANCE BASED INVESTMENT AFTER ESTATE TAX ACCOUNT VALUE	PREMIUM FINANCED LIFE INSURANCE TAX-FREE NET DEATH BENEFIT	
1	50	\$100,000	\$103,539	\$4,030,453
2	51	\$100,000	\$210,741	\$4,115,054
3	52	\$50,000	\$269,967	\$4,144,595
4	53	\$50,000	\$331,289	\$4,181,234
5	54	\$50,000	\$394,781	\$4,222,569
6	55	\$50,000	\$460,520	\$4,268,632
7	56	\$50,000	\$528,584	\$4,319,208
8	57	\$50,000	\$599,057	\$4,373,832
9	58	\$50,000	\$672,024	\$4,431,851
10	59	\$50,000	\$747,573	\$4,509,077
11	60	\$0	\$774,026	\$1,654,446
12	61	\$0	\$801,415	\$1,590,083
13	62	\$0	\$829,773	\$1,597,303
14	63	\$0	\$859,135	\$1,601,639
15	64	\$0	\$889,535	\$1,602,738
16	65	-\$41,118	\$878,438	\$1,569,291
17	66	-\$41,118	\$866,949	\$1,529,499
18	67	-\$41,118	\$855,053	\$1,535,499
19	68	-\$41,118	\$842,736	\$1,539,290
20	69	-\$41,118	\$829,983	\$1,540,540
21	70	-\$41,118	\$816,779	\$1,538,868
22	71	-\$41,118	\$803,108	\$1,533,938
23	72	-\$41,118	\$788,953	\$1,457,321
24	73	-\$41,118	\$774,297	\$1,370,559
25	74	-\$41,118	\$759,123	\$1,273,201
26	75	-\$41,118	\$743,411	\$1,164,906
27	76	-\$41,118	\$727,144	\$1,045,796
28	77	-\$41,118	\$710,301	\$1,090,940
29	78	-\$41,118	\$692,862	\$1,139,011
30	79	-\$41,118	\$674,806	\$1,190,006
31	80	-\$41,118	\$656,111	\$1,243,900
32	81	-\$41,118	\$636,755	\$1,300,461
33	82	-\$41,118	\$616,713	\$1,359,342
34	83	-\$41,118	\$595,963	\$1,420,225
35	84	-\$41,118	\$574,478	\$1,482,681
36	85	-\$41,118	\$552,233	\$1,545,957
37	86	-\$41,118	\$529,201	\$1,609,025
38	87	-\$41,118	\$505,353	\$1,670,826
39	88	-\$41,118	\$480,662	\$1,729,886
40	89	-\$41,118	\$455,098	\$1,784,233



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



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



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

1. The policy is owned by an entity (either an LLC or an S-corp) which pays a fixed dollar amount for 10 years, including 100% of the first two years of policy premium out-of-pocket.
2. The entity will pay a portion of the life insurance premiums due in years 3-10, and the entity will pay the remaining premiums due.
3. The entity will accrue the interest due each year on the cumulative loan balance and post the policy.
4. The appreciated policy value will repay the cumulative loan balance (including the additional compounded debt due to accruing the interest due) to the lender in year 11.
5. The entity will take policy loans and pass them through to the insured person as tax-free retirement income. Such loans are netted out of the CSV and death benefit.
6. Upon the insured's death, the policy death benefit will pay to the entity.
7. The surviving spouse shall receive the unlimited step-up in basis, and enjoy the net death benefit on a tax-free basis.

**NON-FINANCED SOLUTION**

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

version NF42736

**PREMIUM FINANCED SOLUTION**

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

version 60148.3

NON-FINANCED IUL					
AGE	ANNUAL PREMIUM	INCOME DRAWDOWNS	CASH VALUE	DEATH BENEFIT	
1	50	\$100,000	\$0	\$23,740	\$2,785,637
2	51	\$100,000	\$0	\$115,966	\$2,876,149
3	52	\$50,000	\$0	\$164,222	\$2,922,704
4	53	\$50,000	\$0	\$214,775	\$2,971,556
5	54	\$50,000	\$0	\$268,034	\$3,023,114
6	55	\$50,000	\$0	\$324,336	\$3,077,715
7	56	\$50,000	\$0	\$383,909	\$3,135,614
8	57	\$50,000	\$0	\$453,915	\$3,196,993
9	58	\$50,000	\$0	\$527,556	\$3,262,021
10	59	\$50,000	\$0	\$607,178	\$3,333,030
11	60	\$0	\$0	\$642,360	\$2,700,000
12	61	\$0	\$0	\$679,069	\$2,700,000
13	62	\$0	\$0	\$717,400	\$2,700,000
14	63	\$0	\$0	\$748,534	\$2,700,000
15	64	\$0	\$0	\$781,114	\$2,700,000
16	65	\$0	-\$25,825	\$795,046	\$2,672,884
17	66	\$0	-\$25,825	\$809,102	\$2,644,412
18	67	\$0	-\$25,825	\$823,205	\$2,614,516
19	68	\$0	-\$25,825	\$837,222	\$2,583,126
20	69	\$0	-\$25,825	\$850,950	\$2,550,166
21	70	\$0	-\$25,825	\$864,097	\$2,515,558
22	71	\$0	-\$25,825	\$876,470	\$2,479,219
23	72	\$0	-\$25,825	\$887,775	\$2,441,064
24	73	\$0	-\$25,825	\$897,677	\$2,401,001
25	74	\$0	-\$25,825	\$905,851	\$2,358,935
26	75	\$0	-\$25,825	\$911,930	\$2,314,765
27	76	\$0	-\$25,825	\$916,537	\$2,268,387
28	77	\$0	-\$25,825	\$919,487	\$2,219,690
29	78	\$0	-\$25,825	\$920,688	\$2,168,559
30	79	\$0	-\$25,825	\$920,015	\$2,114,870
31	80	\$0	-\$25,825	\$917,366	\$2,058,498
32	81	\$0	-\$25,825	\$912,305	\$1,999,306
33	82	\$0	-\$25,825	\$904,370	\$1,937,155
34	83	\$0	-\$25,825	\$893,380	\$1,871,897
35	84	\$0	-\$25,825	\$879,155	\$1,803,375
36	85	\$0	-\$25,825	\$861,260	\$1,731,428
37	86	\$0	-\$25,825	\$839,191	\$1,655,883
38	87	\$0	-\$25,825	\$812,738	\$1,576,561
39	88	\$0	-\$25,825	\$781,551	\$1,493,273
40	89	\$0	-\$25,825	\$745,166	\$1,405,820

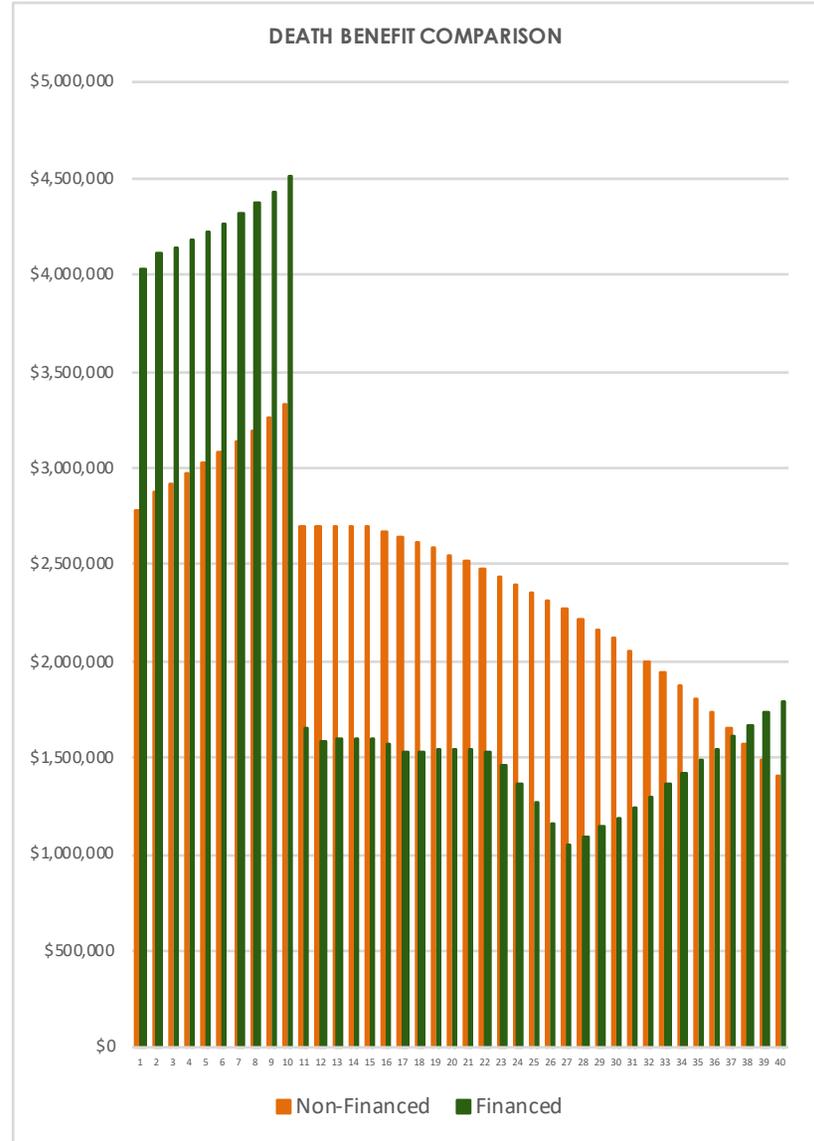
<b>TOTAL CONTRIBUTION:</b>	<b>-\$600,000</b>
<b>TOTAL INCOME:</b>	<b>\$645,625</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$745,166</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$1,390,791</b>

3RD YEAR FINANCING				
AGE	ANNUAL CONTRIBUTION	INCOME DRAWDOWNS	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS
1	50	\$100,000	\$0	\$4,030,453
2	51	\$100,000	\$80,352	\$4,115,054
3	52	\$50,000	\$112,287	\$4,144,595
4	53	\$50,000	\$151,320	\$4,181,234
5	54	\$50,000	\$195,049	\$4,222,569
6	55	\$50,000	\$243,506	\$4,268,632
7	56	\$50,000	\$296,438	\$4,319,208
8	57	\$50,000	\$363,203	\$4,373,832
9	58	\$50,000	\$433,344	\$4,431,851
10	59	\$50,000	\$522,692	\$4,509,077
11	60	\$0	\$373,807	\$1,654,446
12	61	\$0	\$412,076	\$1,590,083
13	62	\$0	\$452,695	\$1,597,303
14	63	\$0	\$483,517	\$1,601,639
15	64	\$0	\$516,827	\$1,602,738
16	65	\$0	-\$41,118	\$1,569,291
17	66	\$0	-\$41,118	\$1,529,499
18	67	\$0	-\$41,118	\$1,535,499
19	68	\$0	-\$41,118	\$1,539,290
20	69	\$0	-\$41,118	\$1,540,540
21	70	\$0	-\$41,118	\$1,538,868
22	71	\$0	-\$41,118	\$1,533,938
23	72	\$0	-\$41,118	\$1,457,321
24	73	\$0	-\$41,118	\$1,370,559
25	74	\$0	-\$41,118	\$1,273,201
26	75	\$0	-\$41,118	\$1,164,906
27	76	\$0	-\$41,118	\$1,045,796
28	77	\$0	-\$41,118	\$1,090,940
29	78	\$0	-\$41,118	\$1,139,011
30	79	\$0	-\$41,118	\$1,190,006
31	80	\$0	-\$41,118	\$1,243,900
32	81	\$0	-\$41,118	\$1,300,461
33	82	\$0	-\$41,118	\$1,359,342
34	83	\$0	-\$41,118	\$1,420,225
35	84	\$0	-\$41,118	\$1,482,681
36	85	\$0	-\$41,118	\$1,545,957
37	86	\$0	-\$41,118	\$1,609,025
38	87	\$0	-\$41,118	\$1,670,826
39	88	\$0	-\$41,118	\$1,729,886
40	89	\$0	-\$41,118	\$1,784,233

<b>TOTAL CONTRIBUTION:</b>	<b>-\$600,000</b>
<b>TOTAL INCOME:</b>	<b>\$1,027,950</b>
<b>YEAR 40 NET CASH VALUE:</b>	<b>\$954,870</b>
<b>YEAR 40 TOTAL VALUE:</b>	<b>\$1,982,820</b>

vs.  
vs.  
vs.

**DEATH BENEFIT COMPARISON**



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

version 60148.3

LP

## 3RD YEAR FINANCING

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

5 of 10

08/27/22

Health Rating: **PREFERRED**

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

PLR: **6.10%**

Initial Gross Policy Face Amount: **\$3,950,000**

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	50	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$0	\$0	\$4,030,453	3930.45%	1	50
2	51	\$100,000	\$100,000	\$0	\$0	0.00%	\$0	\$0	\$100,000	\$0	6.60%	\$0	\$80,352	\$80,352	\$4,115,054	493.43%	2	51
3	52	\$350,000	\$50,000	\$300,000	\$300,000	5.43%	\$16,302	\$16,302	\$50,000	\$0	6.60%	\$0	\$412,287	\$112,287	\$4,144,595	211.39%	3	52
4	53	\$350,000	\$50,000	\$300,000	\$616,302	5.54%	\$34,125	\$34,125	\$50,000	\$0	6.60%	\$0	\$767,622	\$151,320	\$4,181,234	126.77%	4	53
5	54	\$350,000	\$50,000	\$300,000	\$950,427	5.64%	\$53,647	\$53,647	\$50,000	\$0	6.60%	\$0	\$1,145,476	\$195,049	\$4,222,569	88.23%	5	54
6	55	\$350,000	\$50,000	\$300,000	\$1,304,074	5.76%	\$75,066	\$75,066	\$50,000	\$2,412	6.60%	\$0	\$1,547,580	\$243,506	\$4,268,632	66.66%	6	55
7	56	\$350,000	\$50,000	\$300,000	\$1,679,140	5.87%	\$98,612	\$98,612	\$50,000	\$19,452	6.60%	\$0	\$1,975,578	\$296,438	\$4,319,208	53.05%	7	56
8	57	\$350,000	\$50,000	\$300,000	\$2,077,752	5.99%	\$124,541	\$124,541	\$50,000	\$27,674	6.60%	\$0	\$2,440,955	\$363,203	\$4,373,832	43.73%	8	57
9	58	\$350,000	\$50,000	\$300,000	\$2,502,293	6.12%	\$153,150	\$153,150	\$50,000	\$37,337	6.60%	\$0	\$2,935,637	\$433,344	\$4,431,851	37.00%	9	58
10	59	\$350,000	\$50,000	\$300,000	\$2,955,443	6.25%	\$184,772	\$184,772	\$50,000	\$34,725	6.60%	\$0	\$3,478,135	\$522,692	\$4,509,077	31.97%	10	59
11	60	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$3,140,215	\$373,807	\$373,807	\$1,654,446	14.01%	11	60
12	61	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$412,076	\$412,076	\$1,590,083	11.91%	12	61
13	62	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$452,695	\$452,695	\$1,597,303	10.72%	13	62
14	63	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$483,517	\$483,517	\$1,601,639	9.73%	14	63
15	64	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	\$0	\$516,827	\$516,827	\$1,602,738	8.88%	15	64
16	65	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$519,665	\$519,665	\$1,569,291	8.22%	16	65
17	66	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$523,398	\$523,398	\$1,529,499	7.64%	17	66
18	67	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$527,839	\$527,839	\$1,535,499	7.36%	18	67
19	68	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$532,986	\$532,986	\$1,539,290	7.10%	19	68
20	69	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$538,821	\$538,821	\$1,540,540	6.87%	20	69
21	70	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$545,300	\$545,300	\$1,538,868	6.66%	21	70
22	71	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$552,438	\$552,438	\$1,533,938	6.47%	22	71
23	72	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$561,019	\$561,019	\$1,457,321	6.08%	23	72
24	73	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$571,421	\$571,421	\$1,370,559	5.71%	24	73
25	74	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$584,204	\$584,204	\$1,273,201	5.34%	25	74
26	75	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$600,133	\$600,133	\$1,164,906	4.97%	26	75
27	76	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$620,538	\$620,538	\$1,045,796	4.60%	27	76
28	77	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$642,703	\$642,703	\$1,090,940	4.70%	28	77
29	78	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$666,614	\$666,614	\$1,139,011	4.80%	29	78
30	79	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$692,217	\$692,217	\$1,190,006	4.89%	30	79
31	80	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$719,433	\$719,433	\$1,243,900	4.97%	31	80
32	81	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$747,983	\$747,983	\$1,300,461	5.04%	32	81
33	82	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$777,476	\$777,476	\$1,359,342	5.10%	33	82
34	83	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$807,548	\$807,548	\$1,420,225	5.15%	34	83
35	84	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$837,721	\$837,721	\$1,482,681	5.20%	35	84
36	85	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$867,211	\$867,211	\$1,545,957	5.23%	36	85
37	86	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$894,963	\$894,963	\$1,609,025	5.26%	37	86
38	87	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$919,893	\$919,893	\$1,670,826	5.29%	38	87
39	88	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$940,516	\$940,516	\$1,729,886	5.30%	39	88
40	89	\$0	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	6.60%	-\$41,118	\$954,870	\$954,870	\$1,784,233	5.31%	40	89

-\$3,000,000    -\$600,000    -\$2,400,000

\$740,215    \$740,215

\$600,000

TOTAL INCOME DRAWN:

-\$1,027,950

(INCOME LASTS UNTIL AGE 90)

PREMIUM FINANCING INTEREST ASSUMPTIONS	
Date Base Rate Calculated:	8/27/2022
Base Rate Used:	1-Month CMT
Current 1-Month CMT Rate:	2.29%
CMT Compounded Annual Increase:	4.15%
Lender Spread:	2.95%
Total Rate Floor:	2.95%
GLOI \$300K-499K Year-1 Rate:	5.24%
POLICY INDEX CREDIT ASSUMPTIONS	
AG-49 (Average of every 25-yr run over last 65 years):	6.60%
Reduced Assumed Index Credit:	6.60%

GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash    Index Credit
Collateral Valued At:	100.00%    Assumption (ICA)    0.00%
The Gap Collateral (in years 3+) is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY Gross AV two years prior, plus the sum of the premium paid in the previous year minus policy charges, plus the new premium entering the policy in the current year minus policy charges and surrender charges in the current year + ICA). This calculation is the equivalent of assuming a 0% index credit in the previous year (whose EOY index credit would not have credited at the time of the current year's loan anniversary and the current year's EOY index credit would not have credited yet either). This value is then multiplied by the % of "Collateral Valued At" above, estimating the gap collateral required based on the type of collateral chosen. The collateral depicted is purely hypothetical and may vary.	

FINANCIAL BENEFIT SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$0
PREMIUMS PAID BY CLIENT:	-\$600,000
LOAN INTEREST PAID BY CLIENT:	\$0
TOTAL CLIENT OUTLAY:	-\$600,000
TOTAL DRAWDOWNS (excluding loan payoff):	\$1,027,950
40-YEAR PROGRAM NET CASH FLOW:	\$427,950
YEAR 40 NET CASH SURRENDER VALUE:	\$954,870
40-YEAR CASH GAIN (excluding death benefit):	\$1,382,820
40-YEAR NET CSV IRR:	4.36%

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



**Program Assumptions**

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

**Financing Premiums**

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

**Collateral**

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

## Interest Due & Client Contributions

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

## Interest Rates & Loan Fees

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

## Loan Renewal

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

## Loan Payoff

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

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

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

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

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

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

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

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

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

### **Crediting & Drawdown Assumptions**

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

### **Election To Modify The Program**

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

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

**Acknowledgement Of Suitability**

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

**PROPOSED INSURED:**

**M50 - 3YF 100.50**



**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**

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*Signature* *Date Signed*

# HYPOTHETICAL SYNTHETIC PROXIES: BACKTESTING REPORT

## BEST CAGR IN 40-YEAR PERIOD\*

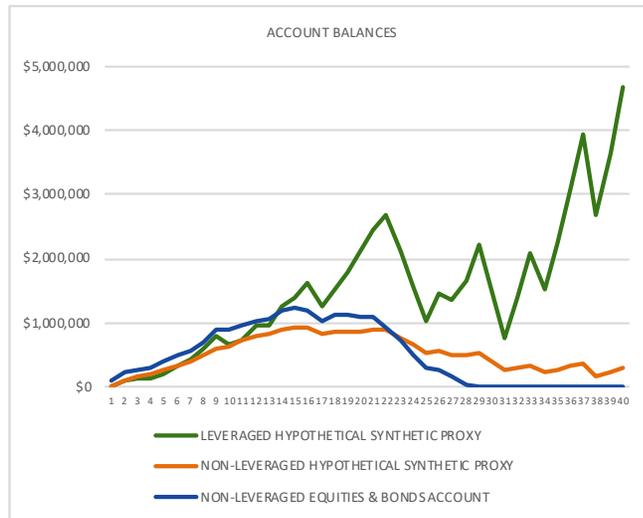
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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\*

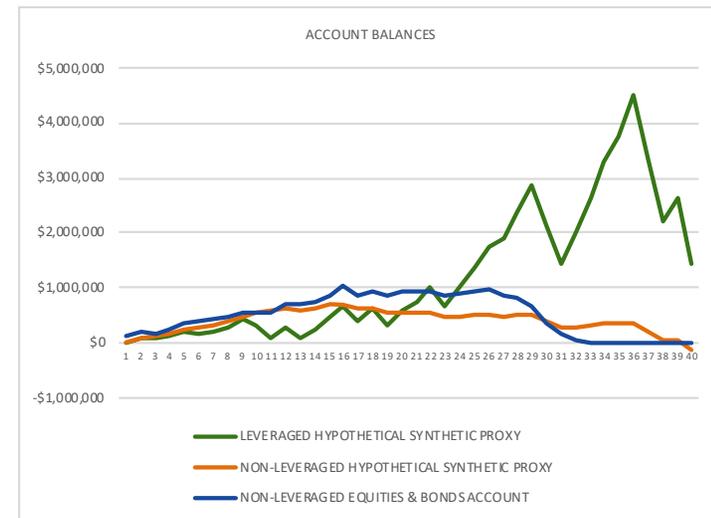
### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY



### 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: M50 - 3YF 100.50  
 ADVISOR: Darren Sugiyama  
 DATE CREATED: 8/27/2022

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

## PURPOSE OF THIS DOCUMENT

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

### LEVERAGED HYPOTHETICAL SYNTHETIC PROXY

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

**0.00%** Protective Floor  
**10.25%** Cap

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

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

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

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

### INTEREST ACCRUAL

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

### WHAT THIS DOCUMENT IS NOT

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

## BACKTESTING

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

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

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

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

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

Out of every 121 different 40-year period of S&P 500 performance we analyzed, this 40-year period had the best compounded annual growth rate.

**9.02%** Compounded Annual Growth Rate (CAGR) of the raw S&P 500 during this 40-year annual point-to-point period

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

Out of every 121 different 40-year period of S&P 500 performance we analyzed, this 40-year period had the worst compounded annual growth rate.

**6.30%** Compounded Annual Growth Rate (CAGR) of the raw S&P 500 during this 40-year annual point-to-point period

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

This is the most recent calendar-year annual point-to-point 40-year period, rolling back 40 years from the most recent December 31st date.

**9.99%** Compounded Annual Growth Rate (CAGR) of the raw S&P 500 during this 40-year annual point-to-point period

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

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

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

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

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

3RD YEAR FINANCING

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

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

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

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

**PAGE 5**

		Participation Rate: <b>100.00%</b>		Floor Modeled: <b>0.00%</b>		Upside Design: <b>CAPPED</b>				Pre-Bonus Cap Modeled: <b>10.25%</b>		Post-Bonus Max Cap Modeled: <b>10.25%</b>		8/27/2022				
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
YEAR	AGE	TOTAL INDEX CONTRIBUTION	CLIENT INDEX CONTRIBUTIONS	LENDER INDEX CONTRIBUTIONS	CUMULATIVE LOAN BALANCE	THIRD PARTY LOAN PAYOFF	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	TOTAL CLIENT CONTRIBUTION	(Cash) GAP COLLATERAL	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1978	11.97%	10.25%	10.25%	\$0	\$82,675	\$2,222
2	51	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1979	14.24%	10.25%	10.25%	\$0	\$172,589	\$87,887
3	52	\$350,000	\$50,000	\$300,000	\$300,000		5.43%	\$16,302	\$16,302	\$50,000	\$0	1980	13.48%	10.25%	10.25%	\$0	\$522,126	\$139,818
4	53	\$350,000	\$50,000	\$300,000	\$616,302		5.54%	\$34,125	\$34,125	\$50,000	\$0	1981	-7.06%	0.00%	0.00%	\$0	\$822,010	\$125,794
5	54	\$350,000	\$50,000	\$300,000	\$950,427		5.64%	\$53,647	\$53,647	\$50,000	\$0	1982	20.68%	10.25%	10.25%	\$0	\$1,236,065	\$208,118
6	55	\$350,000	\$50,000	\$300,000	\$1,304,074		5.76%	\$75,066	\$75,066	\$50,000	\$26,662	1983	12.46%	10.25%	10.25%	\$0	\$1,691,994	\$312,794
7	56	\$350,000	\$50,000	\$300,000	\$1,679,140		5.87%	\$98,612	\$98,612	\$50,000	\$7,036	1984	9.93%	9.93%	9.93%	\$0	\$2,187,729	\$435,819
8	57	\$350,000	\$50,000	\$300,000	\$2,077,752		5.99%	\$124,541	\$124,541	\$50,000	\$0	1985	17.90%	10.25%	10.25%	\$0	\$2,740,196	\$601,815
9	58	\$350,000	\$50,000	\$300,000	\$2,502,293		6.12%	\$153,150	\$153,150	\$50,000	\$0	1986	29.42%	10.25%	10.25%	\$0	\$3,348,664	\$797,864
10	59	\$350,000	\$50,000	\$300,000	\$2,955,443		6.25%	\$184,772	\$184,772	\$50,000	\$0	1987	-6.21%	0.00%	0.00%	\$0	\$3,660,764	\$668,936
11	60	\$0	\$0	\$0	\$0	-\$3,140,215	0.00%	\$0	\$0	\$0	\$0	1988	15.72%	10.25%	10.25%	\$0	\$4,020,098	\$722,873
12	61	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	10.63%	10.25%	10.25%	\$0	\$4,416,407	\$954,320
13	62	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	4.51%	4.51%	4.51%	\$0	\$4,600,661	\$965,469
14	63	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	18.86%	10.25%	10.25%	\$0	\$5,056,015	\$1,239,064
15	64	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	7.34%	7.34%	7.34%	\$0	\$5,410,918	\$1,403,120
16	65	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	9.76%	9.76%	9.76%	-\$112,250	\$5,933,301	\$1,607,250
17	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	-2.32%	0.00%	0.00%	-\$128,580	\$5,927,669	\$1,250,307
18	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	35.20%	10.25%	10.25%	-\$100,025	\$6,528,323	\$1,512,067
19	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	23.61%	10.25%	10.25%	-\$120,965	\$7,189,714	\$1,795,631
20	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	24.69%	10.25%	10.25%	-\$143,651	\$7,917,932	\$2,103,313
21	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	30.54%	10.25%	10.25%	-\$168,265	\$8,719,666	\$2,437,637
22	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.97%	8.97%	-\$195,011	\$9,491,114	\$2,690,222
23	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	-\$215,218	\$9,480,599	\$2,113,684
24	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	-\$169,095	\$9,469,824	\$1,557,014
25	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	-\$124,561	\$9,459,138	\$1,019,898
26	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	32.19%	10.25%	10.25%	-\$81,592	\$10,417,579	\$1,470,705
27	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	4.43%	-\$117,656	\$10,870,501	\$1,352,745
28	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.36%	8.36%	-\$108,220	\$11,769,087	\$1,661,813
29	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	12.36%	10.25%	10.25%	-\$132,945	\$12,962,761	\$2,210,531
30	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$176,842	\$12,949,417	\$1,473,890
31	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$117,911	\$12,933,926	\$760,816
32	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	30.03%	10.25%	10.25%	-\$60,865	\$14,239,685	\$1,394,011
33	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	19.76%	10.25%	10.25%	-\$111,521	\$15,675,764	\$2,070,710
34	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.04%	-\$165,657	\$15,970,661	\$1,511,415
35	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2012	14.15%	10.25%	10.25%	-\$120,913	\$17,575,283	\$2,266,116
36	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2013	18.99%	10.25%	10.25%	-\$181,289	\$19,338,617	\$3,073,637
37	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2014	11.92%	10.25%	10.25%	-\$245,891	\$21,275,711	\$3,939,296
38	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	-\$315,144	\$21,227,382	\$2,693,246
39	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2016	17.45%	10.25%	10.25%	-\$215,460	\$23,340,195	\$3,653,119
40	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2017	23.91%	10.25%	10.25%	-\$292,250	\$25,657,906	\$4,679,614
		<b>\$600,000</b>	<b>\$2,400,000</b>					<b>\$740,215</b>	<b>\$740,215</b>	<b>\$600,000</b>		<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>		<b>\$156,871</b>			<b>BEST 40</b>	

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$300K-499K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.95%
<b>Starting Borrowing Rate: 5.24%</b>	
Compounded Annual Base Rate Increase:	4.15%
Total Rate Floor:	2.95%
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	PARTICIPATING
PLR:	5.00%
% of Previous Year's EOY Value Drawdown:	8.00%
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	11
Payoff Amount:	\$3,140,215
Third Party Loan Paid Off With:	PAR LOAN

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

CASH FLOW SUMMARY	
1ST YEAR COLLATERAL REQUIREMENT:	\$0
TOTAL CLIENT OUTLAY:	-\$600,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$156,871
TOTAL INCOME DRAWDOWN:	\$3,921,775
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$4,679,614
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$8,601,390
RAW S&P 500 CAGR:	9.02%
40-YEAR NET ACCOUNT IRR:	10.09%

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

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



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

3RD YEAR FINANCING

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

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

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

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

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		Participation Rate: <b>100.00%</b>		Floor Modeled: <b>0.00%</b>		Upside Design: <b>CAPPED</b>				Pre-Bonus Cap Modeled: <b>10.25%</b>		Post-Bonus Max Cap Modeled: <b>10.25%</b>		8/27/2022				
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
YEAR	AGE	TOTAL INDEX CONTRIBUTION	CLIENT INDEX CONTRIBUTIONS	LENDER INDEX CONTRIBUTIONS	CUMULATIVE LOAN BALANCE	THIRD PARTY LOAN PAYOFF	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	TOTAL CLIENT CONTRIBUTION	(Cash) GAP COLLATERAL	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1971	12.42%	10.25%	10.25%	\$0	\$82,675	\$2,222
2	51	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1972	-1.92%	0.00%	0.00%	\$0	\$156,543	\$71,841
3	52	\$350,000	\$50,000	\$300,000	\$300,000		5.43%	\$16,302	\$16,302	\$50,000	\$0	1973	-41.40%	0.00%	0.00%	\$0	\$457,538	\$75,230
4	53	\$350,000	\$50,000	\$300,000	\$616,302		5.54%	\$34,125	\$34,125	\$50,000	\$0	1974	32.00%	10.25%	10.25%	\$0	\$835,058	\$138,842
5	54	\$350,000	\$50,000	\$300,000	\$950,427		5.64%	\$53,647	\$53,647	\$50,000	\$20,340	1975	25.48%	10.25%	10.25%	\$0	\$1,250,450	\$222,503
6	55	\$350,000	\$50,000	\$300,000	\$1,304,074		5.76%	\$75,066	\$75,066	\$50,000	\$14,266	1976	-8.28%	0.00%	0.00%	\$0	\$1,549,073	\$169,873
7	56	\$350,000	\$50,000	\$300,000	\$1,679,140		5.87%	\$98,612	\$98,612	\$50,000	\$0	1977	6.23%	6.23%	6.23%	\$0	\$1,962,276	\$210,366
8	57	\$350,000	\$50,000	\$300,000	\$2,077,752		5.99%	\$124,541	\$124,541	\$50,000	\$97,625	1978	6.61%	6.61%	6.61%	\$0	\$2,409,416	\$271,035
9	58	\$350,000	\$50,000	\$300,000	\$2,502,293		6.12%	\$153,150	\$153,150	\$50,000	\$119,105	1979	14.76%	10.25%	10.25%	\$0	\$2,983,979	\$433,179
10	59	\$350,000	\$50,000	\$300,000	\$2,955,443		6.25%	\$184,772	\$184,772	\$50,000	\$122,284	1980	-7.40%	0.00%	0.00%	\$0	\$3,296,079	\$304,252
11	60	\$0	\$0	\$0	\$0	-\$3,140,215	0.00%	\$0	\$0	\$0	\$0	1981	3.65%	3.65%	3.65%	\$0	\$3,401,428	\$104,202
12	61	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1982	37.91%	10.25%	10.25%	\$0	\$3,734,323	\$272,236
13	62	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1983	0.02%	0.02%	0.02%	\$0	\$3,720,604	\$85,412
14	63	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1984	9.62%	9.62%	9.62%	\$0	\$4,062,431	\$245,480
15	64	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1985	27.04%	10.25%	10.25%	\$0	\$4,462,239	\$454,440
16	65	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1986	39.13%	10.25%	10.25%	-\$36,355	\$4,913,807	\$667,446
17	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1987	-15.51%	0.00%	0.00%	-\$53,396	\$4,908,175	\$393,430
18	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1988	28.41%	10.25%	10.25%	-\$31,474	\$5,404,332	\$630,801
19	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1989	-12.34%	0.00%	0.00%	-\$50,464	\$5,397,291	\$332,097
20	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1990	26.73%	10.25%	10.25%	-\$26,568	\$5,941,785	\$595,436
21	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1991	7.72%	7.72%	7.72%	-\$47,635	\$6,390,821	\$727,137
22	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1992	9.84%	9.84%	9.84%	-\$58,171	\$7,008,920	\$1,000,972
23	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	0.82%	0.82%	0.82%	-\$80,078	\$7,056,047	\$663,621
24	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	26.30%	10.25%	10.25%	-\$53,090	\$7,767,413	\$999,621
25	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	17.61%	10.25%	10.25%	-\$79,970	\$8,551,791	\$1,361,641
26	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	37.82%	10.25%	10.25%	-\$108,931	\$9,417,229	\$1,753,194
27	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	7.36%	7.36%	7.36%	-\$140,255	\$10,101,329	\$1,906,823
28	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	26.13%	10.25%	10.25%	-\$152,546	\$11,125,828	\$2,361,424
29	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	11.99%	10.25%	10.25%	-\$188,914	\$12,253,567	\$2,852,584
30	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-27.54%	0.00%	0.00%	-\$228,207	\$12,240,223	\$2,129,573
31	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-21.68%	0.00%	0.00%	-\$170,366	\$12,224,732	\$1,429,666
32	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	22.16%	10.25%	10.25%	-\$114,373	\$13,457,799	\$2,002,887
33	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	11.91%	10.25%	10.25%	-\$160,231	\$14,813,734	\$2,617,835
34	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	10.25%	10.25%	10.25%	-\$209,427	\$16,304,362	\$3,278,769
35	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.71%	8.71%	8.71%	-\$262,302	\$17,692,693	\$3,740,404
36	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	14.29%	10.25%	10.25%	-\$299,232	\$19,468,061	\$4,503,963
37	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-23.61%	0.00%	0.00%	-\$360,317	\$19,427,141	\$3,336,506
38	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-9.37%	0.00%	0.00%	-\$266,920	\$19,378,812	\$2,203,378
39	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	7.96%	7.96%	7.96%	-\$176,270	\$20,859,249	\$2,639,960
40	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	-0.86%	0.00%	0.00%	-\$211,197	\$20,791,531	\$1,439,521
		<b>\$600,000</b>	<b>\$2,400,000</b>					<b>\$740,215</b>	<b>\$740,215</b>	<b>\$600,000</b>		<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>		<b>\$142,668</b>			<b>WORST 40</b>	

BORROWING INTEREST ASSUMPTIONS	
GLO1 \$300K-499K	1-Month CMT Rate: 2.29%
	Lender Spread: 2.95%
<b>Starting Borrowing Rate: 5.24%</b>	
Compounded Annual Base Rate Increase: 4.15%	
Total Rate Floor: 2.95%	
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	<b>PARTICIPATING</b>
PLR:	<b>5.00%</b>
% of Previous Year's EOY Value Drawdown:	<b>8.00%</b>
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	<b>11</b>
Payoff Amount:	<b>\$3,140,215</b>
Third Party Loan Paid Off With:	<b>PAR LOAN</b>

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

<b>1ST YEAR COLLATERAL REQUIREMENT:</b>	<b>\$0</b>
<b>TOTAL CLIENT OUTLAY:</b>	<b>-\$600,000</b>
<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>	<b>\$142,668</b>
<b>TOTAL INCOME DRAWDOWN:</b>	<b>\$3,566,689</b>
<b>40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$1,439,521</b>
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$5,006,210</b>
<b>RAW S&amp;P 500 CAGR: 6.30%</b>	<b>40-YEAR NET ACCOUNT IRR: 7.78%</b>

**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)**  
3RD YEAR FINANCING

**HYPOTHETICAL SYNTHETIC PROXY**

**3RD YEAR FINANCING**

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

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

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

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		Participation Rate: <b>100.00%</b>		Floor Modeled: <b>0.00%</b>		Upside Design: <b>CAPPED</b>		Pre-Bonus Cap Modeled: <b>10.25%</b>		Post-Bonus Max Cap Modeled: <b>10.25%</b>		8/27/2022						
#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
YEAR	AGE	TOTAL INDEX CONTRIBUTION	CLIENT INDEX CONTRIBUTIONS	LENDER INDEX CONTRIBUTIONS	CUMULATIVE LOAN BALANCE	THIRD PARTY LOAN PAYOFF	FINANCING INTEREST RATE	INTEREST DUE	INTEREST ACCRUED	TOTAL CLIENT CONTRIBUTION	(Cash) GAP COLLATERAL	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1982	20.68%	10.25%	10.25%	\$0	\$82,675	\$2,222
2	51	\$100,000	\$100,000	\$0	\$0		0.00%	\$0	\$0	\$100,000	\$0	1983	12.46%	10.25%	10.25%	\$0	\$172,589	\$87,887
3	52	\$350,000	\$50,000	\$300,000	\$300,000		9.15%	\$27,450	\$27,450	\$50,000	\$0	1984	9.93%	9.93%	9.93%	\$0	\$520,592	\$138,284
4	53	\$350,000	\$50,000	\$300,000	\$627,450		7.90%	\$49,569	\$49,569	\$50,000	\$0	1985	17.90%	10.25%	10.25%	\$0	\$904,575	\$197,211
5	54	\$350,000	\$50,000	\$300,000	\$977,019		5.90%	\$57,644	\$57,644	\$50,000	\$0	1986	29.42%	10.25%	10.25%	\$0	\$1,327,092	\$272,553
6	55	\$350,000	\$50,000	\$300,000	\$1,334,663		7.15%	\$95,428	\$95,428	\$50,000	\$0	1987	-6.21%	0.00%	0.00%	\$0	\$1,625,715	\$215,926
7	56	\$350,000	\$50,000	\$300,000	\$1,730,091		8.90%	\$153,978	\$153,978	\$50,000	\$0	1988	15.72%	10.25%	10.25%	\$0	\$2,121,106	\$318,245
8	57	\$350,000	\$50,000	\$300,000	\$2,184,069		9.90%	\$216,223	\$216,223	\$50,000	\$131,132	1989	10.63%	10.25%	10.25%	\$0	\$2,666,744	\$422,046
9	58	\$350,000	\$50,000	\$300,000	\$2,700,292		8.40%	\$226,825	\$226,825	\$50,000	\$166,215	1990	4.51%	4.51%	4.51%	\$0	\$3,097,633	\$348,834
10	59	\$350,000	\$50,000	\$300,000	\$3,227,116		6.90%	\$222,671	\$222,671	\$50,000	\$149,497	1991	18.86%	10.25%	10.25%	\$0	\$3,759,230	\$495,729
11	60	\$0	\$0	\$0	\$0	-\$3,449,788	0.00%	\$0	\$0	\$0	\$0	1992	7.34%	7.34%	7.34%	\$0	\$4,019,643	\$397,366
12	61	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1993	9.76%	9.76%	9.76%	\$0	\$4,396,325	\$592,934
13	62	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1994	-2.32%	0.00%	0.00%	\$0	\$4,381,934	\$388,374
14	63	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1995	35.20%	10.25%	10.25%	\$0	\$4,814,869	\$621,630
15	64	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1996	23.61%	10.25%	10.25%	\$0	\$5,291,801	\$888,901
16	65	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1997	24.69%	10.25%	10.25%	-\$71,112	\$5,828,400	\$1,130,687
17	66	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1998	30.54%	10.25%	10.25%	-\$90,455	\$6,419,601	\$1,392,025
18	67	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	1999	8.97%	8.97%	8.97%	-\$111,362	\$6,988,770	\$1,592,885
19	68	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2000	-2.04%	0.00%	0.00%	-\$127,431	\$6,981,729	\$1,182,247
20	69	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2001	-17.26%	0.00%	0.00%	-\$94,580	\$6,973,813	\$785,048
21	70	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2002	-24.29%	0.00%	0.00%	-\$62,804	\$6,964,875	\$400,728
22	71	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2003	32.19%	10.25%	10.25%	-\$32,058	\$7,667,694	\$741,678
23	72	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2004	4.43%	4.43%	4.43%	-\$59,334	\$7,996,601	\$661,984
24	73	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2005	8.36%	8.36%	8.36%	-\$52,959	\$8,653,818	\$896,863
25	74	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2006	12.36%	10.25%	10.25%	-\$71,749	\$9,529,053	\$1,308,914
26	75	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2007	-4.15%	0.00%	0.00%	-\$104,713	\$9,518,966	\$777,872
27	76	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2008	-40.09%	0.00%	0.00%	-\$62,230	\$9,510,481	\$266,991
28	77	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2009	30.03%	10.25%	10.25%	-\$21,359	\$10,474,418	\$746,326
29	78	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2010	19.76%	10.25%	10.25%	-\$59,706	\$11,535,388	\$1,258,200
30	79	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2011	2.04%	2.04%	2.04%	-\$100,656	\$11,757,571	\$860,834
31	80	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2012	14.15%	10.25%	10.25%	-\$68,867	\$12,945,643	\$1,431,759
32	81	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2013	18.99%	10.25%	10.25%	-\$114,541	\$14,252,603	\$2,042,757
33	82	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2014	11.92%	10.25%	10.25%	-\$163,421	\$15,690,006	\$2,698,076
34	83	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2015	-2.74%	0.00%	0.00%	-\$215,846	\$15,664,981	\$1,796,817
35	84	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2016	17.45%	10.25%	10.25%	-\$143,745	\$17,238,271	\$2,525,766
36	85	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2017	23.91%	10.25%	10.25%	-\$202,061	\$18,967,060	\$3,306,766
37	86	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2018	-4.41%	0.00%	0.00%	-\$264,541	\$18,926,140	\$2,205,063
38	87	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2019	31.74%	10.25%	10.25%	-\$176,405	\$20,812,787	\$3,070,430
39	88	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2020	18.38%	10.25%	10.25%	-\$245,634	\$22,883,104	\$3,995,713
40	89	\$0	\$0	\$0	\$0		0.00%	\$0	\$0	\$0	\$0	2021	28.83%	10.25%	10.25%	-\$319,657	\$25,153,963	\$4,986,563
		<b>\$600,000</b>	<b>\$2,400,000</b>					<b>\$1,049,788</b>	<b>\$1,049,788</b>	<b>\$600,000</b>		<b>AVERAGE ANNUAL INCOME DRAWDOWN:</b>		<b>\$121,489</b>	<b>MOST RECENT 40</b>			

BORROWING INTEREST ASSUMPTIONS	
Hypothetical Loan Rate	Prime: 2.29%
	Lender Spread: -1.60%
Starting Borrowing Rate:	0.69%
Borrowing Rate Volatility:	HistoricalRates
RETIREMENT INCOME DRAWDOWN ASSUMPTIONS	
Drawdown Type:	<b>PARTICIPATING</b>
PLR:	<b>5.00%</b>
% of Previous Year's EOY Value Drawdown:	<b>8.00%</b>
THIRD PARTY LENDER PAYOFF ASSUMPTIONS	
Payoff Loan In Full In Year:	11
Payoff Amount:	\$3,449,788
Third Party Loan Paid Off With:	<b>PAR LOAN</b>

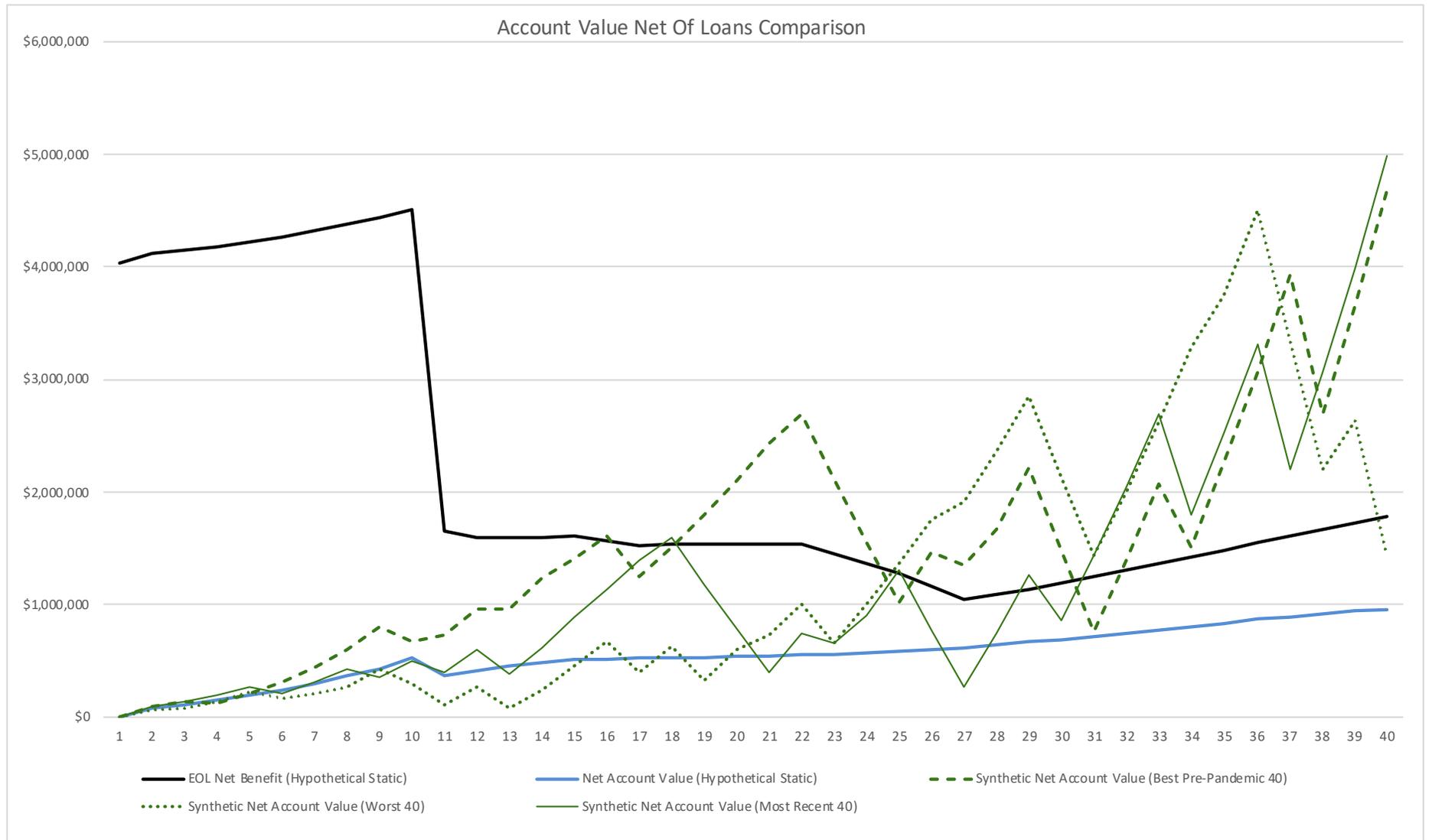
GAP COLLATERAL REQUIREMENTS	
Type Of Gap Collateral:	Cash
Credit Assumption:	0.00%
Collateral Valued At:	<b>100.00%</b>
The Gap Collateral amount (in years 3+) is only an estimation and is calculated by the cumulative loan balance in a given year, minus 95% of (the EOY AV two years prior, plus the Total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

1ST YEAR COLLATERAL REQUIREMENT:	\$0
TOTAL CLIENT OUTLAY:	-\$600,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$121,489
TOTAL INCOME DRAWDOWN:	\$3,037,226
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$4,986,563
INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$8,023,789
RAW S&P 500 CAGR: 9.99%	40-YEAR NET ACCOUNT IRR: 8.96%

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

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





SCENARIO MODELED	PAYOFF YEAR	TOTAL OUTLAY	TOTAL INCOME DRAWDOWN	NET ACCOUNT VALUE IN YEAR 40	RETURNS DEPICTED	VOLATILITY MODELED	CAGR	PAR LOAN RATE	40-YEAR IRR
— Hypothetical Static:	11	-\$600,000	\$1,027,950	\$954,870	hypothetical static	no	6.60%	6.10%	4.36%
- - - Synthetic Best 40*:	11	-\$600,000	\$3,921,775	\$4,679,614	actual historical*	yes	9.02%	5.00%	10.09%
..... Synthetic Worst 40*:	11	-\$600,000	\$3,566,689	\$1,439,521	actual historical*	yes	6.30%	5.00%	7.78%
— Synthetic (1982-2021):	11	-\$600,000	\$3,037,226	\$4,986,563	actual historical*	yes	9.99%	5.00%	8.96%

\*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**

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

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$25,011	1978	11.97%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,686	-\$25,011	-\$17,325	\$74,989	\$82,675	\$2,222
2	0.00%	\$0	-\$26,132	1979	14.24%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$16,046	-\$26,132	-\$10,086	\$156,543	\$172,589	\$87,887
3	0.00%	\$0	-\$49,005	1980	13.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$48,542	-\$49,005	-\$463	\$473,584	\$522,126	\$139,818
4	0.00%	\$0	-\$50,116	1981	-7.06%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$50,116	-\$50,116	\$822,010	\$822,010	\$125,794
5	0.00%	\$0	-\$50,863	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$114,918	-\$50,863	\$64,055	\$1,121,147	\$1,236,065	\$208,118
6	0.00%	\$0	-\$51,377	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$157,306	-\$51,377	\$105,929	\$1,534,688	\$1,691,994	\$312,794
7	0.00%	\$0	-\$51,809	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$197,545	-\$51,809	\$145,736	\$1,990,185	\$2,187,729	\$435,819
8	0.00%	\$0	-\$52,291	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$254,757	-\$52,291	\$202,466	\$2,485,438	\$2,740,196	\$601,815
9	0.00%	\$0	-\$52,859	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$311,327	-\$52,859	\$258,468	\$3,037,337	\$3,348,664	\$797,864
10	0.00%	\$0	-\$37,900	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$37,900	-\$37,900	\$3,660,764	\$3,660,764	\$668,936
11	0.00%	\$0	-\$14,416	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$373,751	-\$14,416	\$359,335	\$3,646,348	\$4,020,098	\$722,873
12	0.00%	\$0	-\$14,287	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$410,596	-\$14,287	\$396,309	\$4,005,811	\$4,416,407	\$954,320
13	0.00%	\$0	-\$14,391	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$198,645	-\$14,391	\$184,254	\$4,402,016	\$4,600,661	\$965,469
14	0.00%	\$0	-\$14,706	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$470,060	-\$14,706	\$455,354	\$4,585,955	\$5,056,015	\$1,239,064
15	0.00%	\$0	-\$15,049	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$369,952	-\$15,049	\$354,903	\$5,040,966	\$5,410,918	\$1,403,120
16	0.00%	\$0	-\$5,271	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$527,653	-\$5,271	\$522,382	\$5,405,647	\$5,933,301	\$1,607,250
17	0.00%	\$0	-\$5,632	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$5,632	-\$5,632	\$5,927,669	\$5,927,669	\$1,250,307
18	0.00%	\$0	-\$6,287	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$606,942	-\$6,287	\$600,655	\$5,921,382	\$6,528,323	\$1,512,067
19	0.00%	\$0	-\$7,041	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$668,431	-\$7,041	\$661,390	\$6,521,282	\$7,189,714	\$1,795,631
20	0.00%	\$0	-\$7,916	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$736,134	-\$7,916	\$728,218	\$7,181,798	\$7,917,932	\$2,103,313
21	0.00%	\$0	-\$8,938	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$810,672	-\$8,938	\$801,734	\$7,908,994	\$8,719,666	\$2,437,637
22	0.00%	\$0	-\$10,051	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$781,499	-\$10,051	\$771,448	\$8,709,615	\$9,491,114	\$2,690,222
23	0.00%	\$0	-\$10,515	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,515	-\$10,515	\$9,480,599	\$9,480,599	\$2,113,684
24	0.00%	\$0	-\$10,775	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,775	-\$10,775	\$9,469,824	\$9,469,824	\$1,512,014
25	0.00%	\$0	-\$10,686	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,686	-\$10,686	\$9,459,138	\$9,459,138	\$1,019,898
26	0.00%	\$0	-\$10,087	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$968,528	-\$10,087	\$958,441	\$9,449,051	\$10,417,579	\$1,470,705
27	0.00%	\$0	-\$8,485	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$461,408	-\$8,485	\$452,923	\$10,409,094	\$10,870,501	\$1,352,745
28	0.00%	\$0	-\$9,875	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$908,461	-\$9,875	\$898,586	\$10,860,626	\$11,769,087	\$1,661,813
29	0.00%	\$0	-\$11,481	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,205,155	-\$11,481	\$1,193,674	\$11,757,606	\$12,962,761	\$2,210,531
30	0.00%	\$0	-\$13,344	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$13,344	-\$13,344	\$12,949,417	\$12,949,417	\$1,473,890
31	0.00%	\$0	-\$15,491	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$15,491	-\$15,491	\$12,933,926	\$12,933,926	\$760,816
32	0.00%	\$0	-\$18,112	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,323,871	-\$18,112	\$1,305,759	\$12,915,814	\$14,239,685	\$1,394,011
33	0.00%	\$0	-\$21,305	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,457,384	-\$21,305	\$1,436,079	\$14,218,380	\$15,675,764	\$2,070,710
34	0.00%	\$0	-\$25,025	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$319,922	-\$25,025	\$294,897	\$15,650,739	\$15,970,661	\$1,511,415
35	0.00%	\$0	-\$29,361	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,633,983	-\$29,361	\$1,604,622	\$15,941,300	\$17,575,283	\$2,266,116
36	0.00%	\$0	-\$34,588	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,797,921	-\$34,588	\$1,763,333	\$17,540,695	\$19,338,617	\$3,073,637
37	0.00%	\$0	-\$40,920	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,978,014	-\$40,920	\$1,937,094	\$19,297,697	\$21,275,711	\$3,939,296
38	0.00%	\$0	-\$48,329	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,329	-\$48,329	\$21,227,382	\$21,227,382	\$2,693,246
39	0.00%	\$0	-\$57,137	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,169,950	-\$57,137	\$2,112,813	\$21,170,245	\$23,340,195	\$3,653,119
40	0.00%	\$0	-\$67,718	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,385,429	-\$67,718	\$2,317,711	\$23,272,477	\$25,657,906	\$4,679,614

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHARGES & CREDITS

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$25,011	1971	12.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,686	-\$25,011	-\$17,325	\$74,989	\$82,675	\$2,222
2	0.00%	\$0	-\$26,132	1972	-1.92%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$26,132	-\$26,132	\$156,543	\$156,543	\$71,841
3	0.00%	\$0	-\$49,005	1973	-41.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$49,005	-\$49,005	\$457,538	\$457,538	\$75,230
4	0.00%	\$0	-\$50,116	1974	32.00%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$77,636	-\$50,116	\$27,520	\$757,422	\$835,058	\$138,842
5	0.00%	\$0	-\$50,863	1975	25.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$116,255	-\$50,863	\$65,392	\$1,134,195	\$1,250,450	\$222,503
6	0.00%	\$0	-\$51,377	1976	-8.28%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$51,377	-\$51,377	\$1,549,073	\$1,549,073	\$169,873
7	0.00%	\$0	-\$51,809	1977	6.23%	6.23%	x 1.00	= 6.23%	+ 0.00%	= 6.23%	\$115,012	-\$51,809	\$63,203	\$1,847,264	\$1,962,276	\$210,366
8	0.00%	\$0	-\$52,291	1978	6.61%	6.61%	x 1.00	= 6.61%	+ 0.00%	= 6.61%	\$149,431	-\$52,291	\$97,140	\$2,259,985	\$2,409,416	\$271,035
9	0.00%	\$0	-\$52,859	1979	14.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$277,422	-\$52,859	\$224,563	\$2,706,557	\$2,983,979	\$433,179
10	0.00%	\$0	-\$37,900	1980	-7.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$37,900	-\$37,900	\$3,296,079	\$3,296,079	\$304,252
11	0.00%	\$0	-\$14,416	1981	3.65%	3.65%	x 1.00	= 3.65%	+ 0.00%	= 3.65%	\$119,765	-\$14,416	\$105,349	\$3,281,663	\$3,401,428	\$104,202
12	0.00%	\$0	-\$14,287	1982	37.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$347,182	-\$14,287	\$332,895	\$3,387,141	\$3,734,323	\$272,236
13	0.00%	\$0	-\$14,391	1983	0.02%	0.02%	x 1.00	= 0.02%	+ 0.00%	= 0.02%	\$672	-\$14,391	-\$13,719	\$3,719,932	\$3,720,604	\$85,412
14	0.00%	\$0	-\$14,706	1984	9.62%	9.62%	x 1.00	= 9.62%	+ 0.00%	= 9.62%	\$356,534	-\$14,706	\$341,828	\$3,705,898	\$4,062,431	\$245,480
15	0.00%	\$0	-\$15,049	1985	27.04%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$414,857	-\$15,049	\$399,808	\$4,047,382	\$4,462,239	\$454,440
16	0.00%	\$0	-\$5,271	1986	39.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$456,839	-\$5,271	\$451,568	\$4,456,968	\$4,913,807	\$667,446
17	0.00%	\$0	-\$5,632	1987	-15.51%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$5,632	-\$5,632	\$4,908,175	\$4,908,175	\$393,430
18	0.00%	\$0	-\$6,287	1988	28.41%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$502,444	-\$6,287	\$496,157	\$4,901,888	\$5,404,332	\$630,801
19	0.00%	\$0	-\$7,041	1989	-12.34%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$7,041	-\$7,041	\$5,397,291	\$5,397,291	\$332,097
20	0.00%	\$0	-\$7,916	1990	26.73%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$552,411	-\$7,916	\$544,495	\$5,389,375	\$5,941,785	\$595,436
21	0.00%	\$0	-\$8,938	1991	7.72%	7.72%	x 1.00	= 7.72%	+ 0.00%	= 7.72%	\$457,973	-\$8,938	\$449,035	\$5,932,847	\$6,390,821	\$727,137
22	0.00%	\$0	-\$10,051	1992	9.84%	9.84%	x 1.00	= 9.84%	+ 0.00%	= 9.84%	\$628,150	-\$10,051	\$618,099	\$6,380,770	\$7,008,920	\$1,000,972
23	0.00%	\$0	-\$10,515	1993	0.82%	0.82%	x 1.00	= 0.82%	+ 0.00%	= 0.82%	\$57,643	-\$10,515	\$47,128	\$6,998,405	\$7,056,047	\$663,621
24	0.00%	\$0	-\$10,775	1994	26.30%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$722,140	-\$10,775	\$711,365	\$7,045,272	\$7,767,413	\$999,621
25	0.00%	\$0	-\$10,686	1995	17.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$795,064	-\$10,686	\$784,378	\$7,756,727	\$8,551,791	\$1,361,641
26	0.00%	\$0	-\$10,087	1996	37.82%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$875,525	-\$10,087	\$865,438	\$8,541,704	\$9,417,229	\$1,753,194
27	0.00%	\$0	-\$8,485	1997	7.36%	7.36%	x 1.00	= 7.36%	+ 0.00%	= 7.36%	\$692,585	-\$8,485	\$684,100	\$9,408,744	\$10,101,329	\$1,906,823
28	0.00%	\$0	-\$9,875	1998	26.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,034,374	-\$9,875	\$1,024,499	\$10,091,454	\$11,125,828	\$2,361,424
29	0.00%	\$0	-\$11,481	1999	11.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,139,221	-\$11,481	\$1,127,740	\$11,114,347	\$12,253,567	\$2,852,584
30	0.00%	\$0	-\$13,344	2000	-27.54%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$13,344	-\$13,344	\$12,240,223	\$12,240,223	\$2,129,573
31	0.00%	\$0	-\$15,491	2001	-21.68%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$15,491	-\$15,491	\$12,224,732	\$12,224,732	\$1,429,666
32	0.00%	\$0	-\$18,112	2002	22.16%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,251,179	-\$18,112	\$1,233,067	\$12,206,620	\$13,457,799	\$2,002,887
33	0.00%	\$0	-\$21,305	2003	11.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,377,241	-\$21,305	\$1,355,936	\$13,436,494	\$14,813,734	\$2,617,835
34	0.00%	\$0	-\$25,025	2004	10.25%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,515,652	-\$25,025	\$1,490,627	\$14,788,709	\$16,304,362	\$3,278,769
35	0.00%	\$0	-\$29,361	2005	8.71%	8.71%	x 1.00	= 8.71%	+ 0.00%	= 8.71%	\$1,417,692	-\$29,361	\$1,388,331	\$16,275,001	\$17,692,693	\$3,740,404
36	0.00%	\$0	-\$34,588	2006	14.29%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,809,956	-\$34,588	\$1,775,368	\$17,658,105	\$19,468,061	\$4,503,963
37	0.00%	\$0	-\$40,920	2007	-23.61%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$40,920	-\$40,920	\$19,427,141	\$19,427,141	\$3,336,506
38	0.00%	\$0	-\$48,329	2008	-9.37%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$48,329	-\$48,329	\$19,378,812	\$19,378,812	\$2,203,378
39	0.00%	\$0	-\$57,137	2009	7.96%	7.96%	x 1.00	= 7.96%	+ 0.00%	= 7.96%	\$1,537,575	-\$57,137	\$1,480,438	\$19,321,675	\$20,859,249	\$2,639,960
40	0.00%	\$0	-\$67,718	2010	-0.86%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$67,718	-\$67,718	\$20,791,531	\$20,791,531	\$1,439,521

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$25,011	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$7,686	-\$25,011	-\$17,325	\$74,989	\$82,675	\$2,222
2	0.00%	\$0	-\$26,132	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$16,046	-\$26,132	-\$10,086	\$156,543	\$172,589	\$87,887
3	0.00%	\$0	-\$49,005	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$47,008	-\$49,005	-\$1,997	\$473,584	\$520,592	\$138,284
4	0.00%	\$0	-\$50,116	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$84,099	-\$50,116	\$33,983	\$820,476	\$904,575	\$197,211
5	0.00%	\$0	-\$50,863	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$123,380	-\$50,863	\$72,517	\$1,203,712	\$1,327,092	\$272,553
6	0.00%	\$0	-\$51,377	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$51,377	-\$51,377	\$1,625,715	\$1,625,715	\$215,926
7	0.00%	\$0	-\$51,809	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$197,200	-\$51,809	\$145,391	\$1,923,906	\$2,121,106	\$318,245
8	0.00%	\$0	-\$52,291	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$247,929	-\$52,291	\$195,638	\$2,418,815	\$2,666,744	\$422,046
9	0.00%	\$0	-\$52,859	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$133,748	-\$52,859	\$80,889	\$2,963,885	\$3,097,633	\$348,834
10	0.00%	\$0	-\$37,900	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$349,498	-\$37,900	\$311,598	\$3,409,733	\$3,759,230	\$495,729
11	0.00%	\$0	-\$14,416	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$274,829	-\$14,416	\$260,413	\$3,744,814	\$4,019,643	\$397,366
12	0.00%	\$0	-\$14,287	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$390,969	-\$14,287	\$376,682	\$4,005,356	\$4,396,325	\$592,934
13	0.00%	\$0	-\$14,391	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$14,391	-\$14,391	\$4,381,934	\$4,381,934	\$388,374
14	0.00%	\$0	-\$14,706	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$447,641	-\$14,706	\$432,935	\$4,367,228	\$4,814,869	\$621,630
15	0.00%	\$0	-\$15,049	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$491,982	-\$15,049	\$476,933	\$4,799,820	\$5,291,801	\$888,901
16	0.00%	\$0	-\$5,271	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$541,869	-\$5,271	\$536,598	\$5,286,530	\$5,828,400	\$1,130,687
17	0.00%	\$0	-\$5,632	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$596,834	-\$5,632	\$591,202	\$5,822,768	\$6,419,601	\$1,392,025
18	0.00%	\$0	-\$6,287	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$575,456	-\$6,287	\$569,169	\$6,413,314	\$6,988,770	\$1,592,885
19	0.00%	\$0	-\$7,041	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$7,041	-\$7,041	\$6,981,729	\$6,981,729	\$1,182,247
20	0.00%	\$0	-\$7,916	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$7,916	-\$7,916	\$6,973,813	\$6,973,813	\$785,048
21	0.00%	\$0	-\$8,938	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$8,938	-\$8,938	\$6,964,875	\$6,964,875	\$400,728
22	0.00%	\$0	-\$10,051	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$712,869	-\$10,051	\$702,818	\$6,954,824	\$7,667,694	\$741,678
23	0.00%	\$0	-\$10,515	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$339,423	-\$10,515	\$328,908	\$7,657,179	\$7,996,601	\$661,984
24	0.00%	\$0	-\$10,775	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$667,992	-\$10,775	\$657,217	\$7,985,826	\$8,653,818	\$896,863
25	0.00%	\$0	-\$10,686	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$885,921	-\$10,686	\$875,235	\$8,643,132	\$9,529,053	\$1,308,914
26	0.00%	\$0	-\$10,087	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,087	-\$10,087	\$9,518,966	\$9,518,966	\$777,872
27	0.00%	\$0	-\$8,485	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$8,485	-\$8,485	\$9,510,481	\$9,510,481	\$266,991
28	0.00%	\$0	-\$9,875	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$973,812	-\$9,875	\$963,937	\$9,500,606	\$10,474,418	\$746,326
29	0.00%	\$0	-\$11,481	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,072,451	-\$11,481	\$1,060,970	\$10,462,937	\$11,535,388	\$1,258,200
30	0.00%	\$0	-\$13,344	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$235,526	-\$13,344	\$222,182	\$11,522,044	\$11,757,571	\$860,834
31	0.00%	\$0	-\$15,491	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,203,563	-\$15,491	\$1,188,072	\$11,742,080	\$12,945,643	\$1,431,759
32	0.00%	\$0	-\$18,112	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,325,072	-\$18,112	\$1,306,960	\$12,927,531	\$14,252,603	\$2,042,757
33	0.00%	\$0	-\$21,305	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,458,708	-\$21,305	\$1,437,403	\$14,231,298	\$15,690,006	\$2,698,076
34	0.00%	\$0	-\$25,025	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$25,025	-\$25,025	\$15,664,981	\$15,664,981	\$1,796,817
35	0.00%	\$0	-\$29,361	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,602,651	-\$29,361	\$1,573,290	\$15,635,620	\$17,238,271	\$2,525,766
36	0.00%	\$0	-\$34,588	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,763,377	-\$34,588	\$1,728,789	\$17,203,683	\$18,967,060	\$3,306,766
37	0.00%	\$0	-\$40,920	2018	-4.41%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$40,920	-\$40,920	\$18,926,140	\$18,926,140	\$2,205,063
38	0.00%	\$0	-\$48,329	2019	31.74%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$1,934,976	-\$48,329	\$1,886,647	\$18,877,811	\$20,812,787	\$3,070,430
39	0.00%	\$0	-\$57,137	2020	18.38%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,127,454	-\$57,137	\$2,070,317	\$20,755,650	\$22,883,104	\$3,995,713
40	0.00%	\$0	-\$67,718	2021	28.83%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$2,338,577	-\$67,718	\$2,270,859	\$22,815,386	\$25,153,963	\$4,986,563

**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

**HYPOTHETICAL SYNTHETIC PROXY**

**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%	
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	\$82,675	\$2,222	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$172,589	\$87,887	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$522,126	\$139,818	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$822,010	\$125,794	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,236,065	\$208,118	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,691,994	\$312,794	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,187,729	\$435,819	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,740,196	\$601,815	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,348,664	\$797,864	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,660,764	\$668,936	
11	-\$3,140,215	\$0	-\$3,140,215	-\$157,011	\$320,605	-\$3,297,226	\$3,448,453	\$151,228	\$4,020,098	\$722,873	
12	\$0	\$0	-\$3,297,226	-\$164,861	\$352,210	-\$3,462,087	\$3,788,408	\$326,321	\$4,416,407	\$954,320	
13	\$0	\$0	-\$3,462,087	-\$173,104	\$170,398	-\$3,635,191	\$3,946,462	\$311,270	\$4,600,661	\$965,469	
14	\$0	\$0	-\$3,635,191	-\$181,760	\$403,219	-\$3,816,951	\$4,337,066	\$520,115	\$5,056,015	\$1,239,064	
15	\$0	\$0	-\$3,816,951	-\$190,848	\$317,346	-\$4,007,798	\$4,641,503	\$633,704	\$5,410,918	\$1,403,120	
16	\$0	-\$112,250	-\$4,120,048	-\$206,002	\$463,569	-\$4,326,050	\$5,212,691	\$886,640	\$5,933,301	\$1,607,250	
17	\$0	-\$128,580	-\$4,454,630	-\$222,732	\$0	-\$4,677,362	\$5,336,201	\$658,839	\$5,927,669	\$1,250,307	
18	\$0	-\$100,025	-\$4,777,386	-\$238,869	\$556,622	-\$5,016,256	\$5,987,082	\$970,826	\$6,528,323	\$1,512,067	
19	\$0	-\$120,965	-\$5,137,221	-\$256,861	\$625,400	-\$5,394,082	\$6,726,859	\$1,332,777	\$7,189,714	\$1,795,631	
20	\$0	-\$143,651	-\$5,537,733	-\$276,887	\$703,452	-\$5,814,619	\$7,566,397	\$1,751,777	\$7,917,932	\$2,103,313	
21	\$0	-\$168,265	-\$5,982,884	-\$299,144	\$791,908	-\$6,282,029	\$8,517,838	\$2,235,810	\$8,719,666	\$2,437,637	
22	\$0	-\$195,011	-\$6,477,040	-\$323,852	\$780,888	-\$6,800,892	\$9,483,694	\$2,682,803	\$9,491,114	\$2,690,222	
23	\$0	-\$215,218	-\$7,016,109	-\$350,805	\$0	-\$7,366,915	\$9,688,167	\$2,321,252	\$9,480,599	\$2,113,684	
24	\$0	-\$169,095	-\$7,536,010	-\$376,800	\$0	-\$7,912,810	\$9,846,059	\$1,933,248	\$9,469,824	\$1,557,014	
25	\$0	-\$124,561	-\$8,037,371	-\$401,869	\$0	-\$8,439,240	\$9,959,369	\$1,520,129	\$9,459,138	\$1,019,898	
26	\$0	-\$81,592	-\$8,520,832	-\$426,042	\$1,028,101	-\$8,946,873	\$11,058,354	\$2,111,481	\$10,417,579	\$1,470,705	
27	\$0	-\$117,656	-\$9,064,530	-\$453,226	\$495,000	-\$9,517,756	\$11,661,907	\$2,144,151	\$10,870,501	\$1,352,745	
28	\$0	-\$108,220	-\$9,625,976	-\$481,299	\$983,644	-\$10,107,274	\$12,743,078	\$2,635,804	\$11,769,087	\$1,661,813	
29	\$0	-\$132,945	-\$10,240,219	-\$512,011	\$1,318,505	-\$10,752,230	\$14,181,968	\$3,429,737	\$12,962,761	\$2,210,531	
30	\$0	-\$176,842	-\$10,929,073	-\$546,454	\$0	-\$11,475,527	\$14,344,029	\$2,868,502	\$12,949,417	\$1,473,890	
31	\$0	-\$117,911	-\$11,593,438	-\$579,672	\$0	-\$12,173,110	\$14,444,640	\$2,271,530	\$12,933,926	\$760,816	
32	\$0	-\$60,865	-\$12,233,975	-\$611,699	\$1,484,732	-\$12,845,674	\$15,969,924	\$3,124,251	\$14,239,685	\$1,394,011	
33	\$0	-\$111,521	-\$12,957,195	-\$647,860	\$1,645,882	-\$13,605,054	\$17,703,267	\$4,098,212	\$15,675,764	\$2,070,710	
34	\$0	-\$165,657	-\$13,770,711	-\$688,536	\$364,682	-\$14,459,247	\$18,205,079	\$3,745,833	\$15,970,661	\$1,511,415	
35	\$0	-\$120,913	-\$14,580,160	-\$729,008	\$1,874,961	-\$15,309,168	\$20,167,262	\$4,858,094	\$17,575,283	\$2,266,116	
36	\$0	-\$181,289	-\$15,490,457	-\$774,523	\$2,081,622	-\$16,264,980	\$22,390,127	\$6,125,148	\$19,338,617	\$3,073,637	
37	\$0	-\$245,891	-\$16,510,871	-\$825,544	\$2,315,282	-\$17,336,414	\$24,903,404	\$7,566,989	\$21,275,711	\$3,939,296	
38	\$0	-\$315,144	-\$17,651,558	-\$882,578	\$0	-\$18,534,136	\$25,161,262	\$6,627,126	\$21,227,382	\$2,693,246	
39	\$0	-\$215,460	-\$18,749,596	-\$937,480	\$2,594,113	-\$19,687,075	\$27,902,529	\$8,215,453	\$23,340,195	\$3,653,119	
40	\$0	-\$292,250	-\$19,979,325	-\$998,966	\$2,881,580	-\$20,978,291	\$30,994,555	\$10,016,264	\$25,657,906	\$4,679,614	

**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).

**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.

**HYPOTHETICAL SYNTHETIC PROXY**

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

INTERNAL ACCOUNT LOANS: PARTICIPATING PLR: 5.00%										
1	2	3	4	5	6	7	8	9	10	
YEAR	3RD PARTY PAYOFF USING PARTICIPATING LOAN	INCOME DRAWDOWNS PARTICIPATING LOANS	CUMULATIVE ACCRUED INTERNAL LOAN PRINCIPAL	ACCRUED INTERNAL LOAN INTEREST	INDEX CREDIT AFTER CHARGES	CUMULATIVE INTERNAL DEBT BALANCE	CUMULATIVE INDEXED LOAN ACCOUNT VALUE	CUMULATIVE PAR LOAN GAIN/LOSS	EYO GROSS INDEX ACCUMULATED VALUE	EYO INDEX VALUE NET OF INT & EXT LOANS
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,675	\$2,222
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$156,543	\$71,841
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$457,538	\$75,230
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$835,058	\$138,842
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,250,450	\$222,503
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,549,073	\$169,873
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,962,276	\$210,366
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,409,416	\$271,035
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,983,979	\$433,179
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,296,079	\$304,252
11	-\$3,140,215	\$0	-\$3,140,215	-\$157,011	\$114,101	-\$3,297,226	\$3,240,582	-\$56,644	\$3,401,428	\$104,202
12	\$0	\$0	-\$3,297,226	-\$164,861	\$330,764	-\$3,462,087	\$3,557,735	\$95,648	\$3,734,323	\$272,236
13	\$0	\$0	-\$3,462,087	-\$173,104	\$640	-\$3,635,191	\$3,544,665	-\$90,527	\$3,720,604	\$85,412
14	\$0	\$0	-\$3,635,191	-\$181,760	\$339,674	-\$3,816,951	\$3,870,328	\$53,377	\$4,062,431	\$245,480
15	\$0	\$0	-\$3,816,951	-\$190,848	\$395,239	-\$4,007,798	\$4,251,230	\$243,431	\$4,462,239	\$454,440
16	\$0	-\$36,355	-\$4,044,154	-\$202,208	\$438,958	-\$4,246,361	\$4,721,478	\$475,117	\$4,913,807	\$667,446
17	\$0	-\$53,396	-\$4,299,757	-\$214,988	\$0	-\$4,514,745	\$4,769,401	\$254,656	\$4,908,175	\$393,430
18	\$0	-\$31,474	-\$4,546,219	-\$227,311	\$491,459	-\$4,773,530	\$5,286,186	\$512,655	\$5,404,332	\$630,801
19	\$0	-\$50,464	-\$4,823,994	-\$241,200	\$0	-\$5,065,194	\$5,329,697	\$264,503	\$5,397,291	\$332,097
20	\$0	-\$26,568	-\$5,091,762	-\$254,588	\$548,212	-\$5,346,350	\$5,896,621	\$550,271	\$5,941,785	\$595,436
21	\$0	-\$47,635	-\$5,393,985	-\$269,699	\$458,164	-\$5,663,684	\$6,393,477	\$729,793	\$6,390,821	\$727,137
22	\$0	-\$58,171	-\$5,721,855	-\$286,093	\$634,129	-\$6,007,948	\$7,075,630	\$1,067,683	\$7,008,920	\$1,000,972
23	\$0	-\$80,078	-\$6,088,025	-\$304,401	\$58,850	-\$6,392,427	\$7,203,823	\$811,396	\$7,056,047	\$663,621
24	\$0	-\$53,090	-\$6,445,516	-\$322,276	\$742,698	-\$6,767,792	\$7,988,528	\$1,220,736	\$7,767,413	\$999,621
25	\$0	-\$79,970	-\$6,847,762	-\$342,388	\$825,883	-\$7,190,150	\$8,883,281	\$1,693,131	\$8,551,791	\$1,361,641
26	\$0	-\$108,931	-\$7,299,081	-\$364,954	\$920,615	-\$7,664,035	\$9,902,221	\$2,238,185	\$9,417,229	\$1,753,194
27	\$0	-\$140,255	-\$7,804,291	-\$390,215	\$738,568	-\$8,194,505	\$10,771,996	\$2,577,490	\$10,101,329	\$1,906,823
28	\$0	-\$152,546	-\$8,347,051	-\$417,353	\$1,118,671	-\$8,764,404	\$12,032,533	\$3,268,129	\$11,125,828	\$2,361,424
29	\$0	-\$188,914	-\$8,953,318	-\$447,666	\$1,251,406	-\$9,400,984	\$13,460,241	\$4,059,257	\$12,253,567	\$2,852,584
30	\$0	-\$228,207	-\$9,629,190	-\$481,460	\$0	-\$10,110,650	\$13,673,541	\$3,562,891	\$12,240,223	\$2,129,573
31	\$0	-\$170,366	-\$10,281,016	-\$514,051	\$0	-\$10,795,066	\$13,826,386	\$3,031,320	\$12,224,732	\$1,429,666
32	\$0	-\$114,373	-\$10,909,440	-\$545,472	\$1,426,811	-\$11,454,912	\$15,346,916	\$3,892,004	\$13,457,799	\$2,002,887
33	\$0	-\$160,231	-\$11,615,143	-\$580,757	\$1,586,966	-\$12,195,900	\$17,069,563	\$4,873,664	\$14,813,734	\$2,617,835
34	\$0	-\$209,427	-\$12,405,326	-\$620,266	\$1,767,883	-\$13,025,593	\$19,017,683	\$5,992,090	\$16,304,362	\$3,278,769
35	\$0	-\$262,302	-\$13,287,894	-\$664,395	\$1,676,428	-\$13,952,289	\$20,921,693	\$6,969,404	\$17,692,693	\$3,740,404
36	\$0	-\$299,232	-\$14,251,521	-\$712,576	\$2,170,893	-\$14,964,097	\$23,350,333	\$8,386,235	\$19,468,061	\$4,503,963
37	\$0	-\$360,317	-\$15,324,415	-\$766,221	\$0	-\$16,090,635	\$23,660,812	\$7,570,177	\$19,427,141	\$3,336,506
38	\$0	-\$266,920	-\$16,357,556	-\$817,878	\$0	-\$17,175,433	\$23,868,208	\$6,692,774	\$19,378,812	\$2,203,378
39	\$0	-\$176,270	-\$17,351,704	-\$867,585	\$1,907,763	-\$18,219,289	\$25,881,347	\$7,662,058	\$20,859,249	\$2,639,960
40	\$0	-\$211,197	-\$18,430,486	-\$921,524	\$0	-\$19,352,010	\$26,007,837	\$6,655,827	\$20,791,531	\$1,439,521

**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).

**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.

**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	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS	
1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,675	\$2,222	
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$172,589	\$87,887	
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$520,592	\$138,284	
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$904,575	\$197,211	
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,327,092	\$272,553	
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,625,715	\$215,926	
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,121,106	\$318,245	
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,666,744	\$422,046	
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,097,633	\$348,834	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,759,230	\$495,729	
11	-\$3,449,788	\$0	-\$3,449,788	-\$172,489	\$252,206	-\$3,622,277	\$3,688,764	\$66,487	\$4,019,643	\$397,366	
12	\$0	\$0	-\$3,622,277	-\$181,114	\$358,786	-\$3,803,391	\$4,034,439	\$231,049	\$4,396,325	\$592,934	
13	\$0	\$0	-\$3,803,391	-\$190,170	\$0	-\$3,993,560	\$4,021,233	\$27,673	\$4,381,934	\$388,374	
14	\$0	\$0	-\$3,993,560	-\$199,678	\$410,793	-\$4,193,238	\$4,418,531	\$225,292	\$4,814,869	\$621,630	
15	\$0	\$0	-\$4,193,238	-\$209,662	\$451,484	-\$4,402,900	\$4,856,204	\$453,304	\$5,291,801	\$888,901	
16	\$0	-\$71,112	-\$4,474,012	-\$223,701	\$504,547	-\$4,697,713	\$5,426,955	\$729,242	\$5,828,400	\$1,130,687	
17	\$0	-\$90,455	-\$4,788,168	-\$239,408	\$564,988	-\$5,027,576	\$6,077,067	\$1,049,490	\$6,419,601	\$1,392,025	
18	\$0	-\$111,362	-\$5,138,938	-\$256,947	\$554,733	-\$5,395,885	\$6,737,101	\$1,341,216	\$6,988,770	\$1,592,885	
19	\$0	-\$127,431	-\$5,523,316	-\$276,166	\$0	-\$5,799,482	\$6,857,616	\$1,058,135	\$6,981,729	\$1,182,247	
20	\$0	-\$94,580	-\$5,894,062	-\$294,703	\$0	-\$6,188,765	\$6,944,314	\$755,549	\$6,973,813	\$785,048	
21	\$0	-\$62,804	-\$6,251,568	-\$312,578	\$0	-\$6,564,147	\$6,998,137	\$433,990	\$6,964,875	\$400,728	
22	\$0	-\$32,058	-\$6,596,205	-\$329,810	\$719,555	-\$6,926,015	\$7,739,605	\$813,590	\$7,667,694	\$741,678	
23	\$0	-\$59,334	-\$6,985,350	-\$349,267	\$345,232	-\$7,334,617	\$8,133,477	\$798,859	\$7,996,601	\$661,984	
24	\$0	-\$52,959	-\$7,387,576	-\$369,379	\$683,850	-\$7,756,955	\$8,859,254	\$1,102,300	\$8,653,818	\$896,863	
25	\$0	-\$71,749	-\$7,828,704	-\$391,435	\$914,297	-\$8,220,139	\$9,834,273	\$1,614,134	\$9,529,053	\$1,308,914	
26	\$0	-\$104,713	-\$8,324,852	-\$416,243	\$0	-\$8,741,095	\$9,928,465	\$1,187,370	\$9,518,966	\$777,872	
27	\$0	-\$62,230	-\$8,803,324	-\$440,166	\$0	-\$9,243,491	\$9,981,789	\$738,298	\$9,510,481	\$266,991	
28	\$0	-\$21,359	-\$9,264,850	-\$463,242	\$1,024,258	-\$9,728,092	\$11,017,020	\$1,288,927	\$10,474,418	\$746,326	
29	\$0	-\$59,706	-\$9,787,798	-\$489,390	\$1,134,120	-\$10,277,188	\$12,198,705	\$1,921,516	\$11,535,388	\$1,258,200	
30	\$0	-\$100,656	-\$10,377,844	-\$518,892	\$251,125	-\$10,896,737	\$12,536,258	\$1,639,521	\$11,757,571	\$860,834	
31	\$0	-\$68,867	-\$10,965,603	-\$548,280	\$1,290,323	-\$11,513,883	\$13,878,840	\$2,364,956	\$12,945,643	\$1,431,759	
32	\$0	-\$114,541	-\$11,628,424	-\$581,421	\$1,432,315	-\$12,209,845	\$15,406,117	\$3,196,272	\$14,252,603	\$2,042,757	
33	\$0	-\$163,421	-\$12,373,266	-\$618,663	\$1,593,492	-\$12,991,929	\$17,139,756	\$4,147,827	\$15,690,006	\$2,698,076	
34	\$0	-\$215,846	-\$13,207,775	-\$660,389	\$0	-\$13,868,164	\$17,327,921	\$3,459,757	\$15,664,981	\$1,796,817	
35	\$0	-\$143,745	-\$14,011,909	-\$700,595	\$1,787,489	-\$14,712,505	\$19,226,408	\$4,513,903	\$17,238,271	\$2,525,766	
36	\$0	-\$202,061	-\$14,914,566	-\$745,728	\$1,987,422	-\$15,660,295	\$21,376,909	\$5,716,615	\$18,967,060	\$3,306,766	
37	\$0	-\$264,541	-\$15,924,836	-\$796,242	\$0	-\$16,721,078	\$21,594,761	\$4,873,683	\$18,926,140	\$2,205,063	
38	\$0	-\$176,405	-\$16,897,483	-\$844,874	\$2,225,846	-\$17,742,357	\$23,941,418	\$6,199,061	\$20,812,787	\$3,070,430	
39	\$0	-\$245,634	-\$17,987,991	-\$899,400	\$2,472,367	-\$18,887,391	\$26,593,019	\$7,705,628	\$22,883,104	\$3,995,713	
40	\$0	-\$319,657	-\$19,207,048	-\$960,352	\$2,750,386	-\$20,167,400	\$29,583,419	\$9,416,019	\$25,153,963	\$4,986,563	

**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).

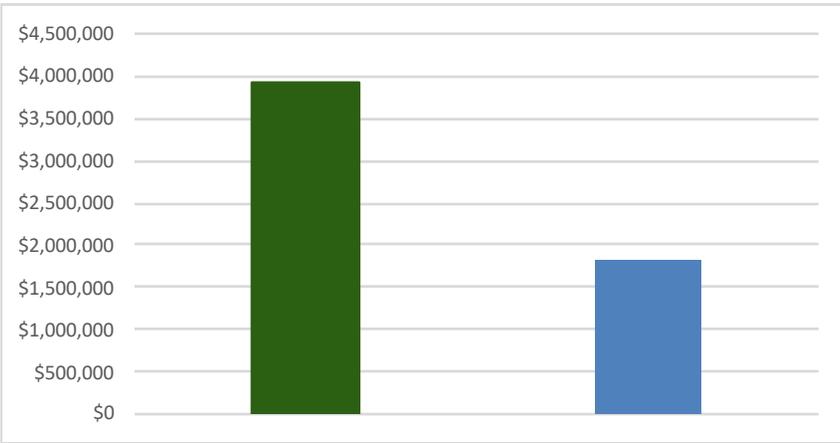
**EOY GROSS INDEX ACCUMULATED VALUE** The indexed accumulated value, not including any surrender charges, internal loans, or 3rd party lender debt.

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

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

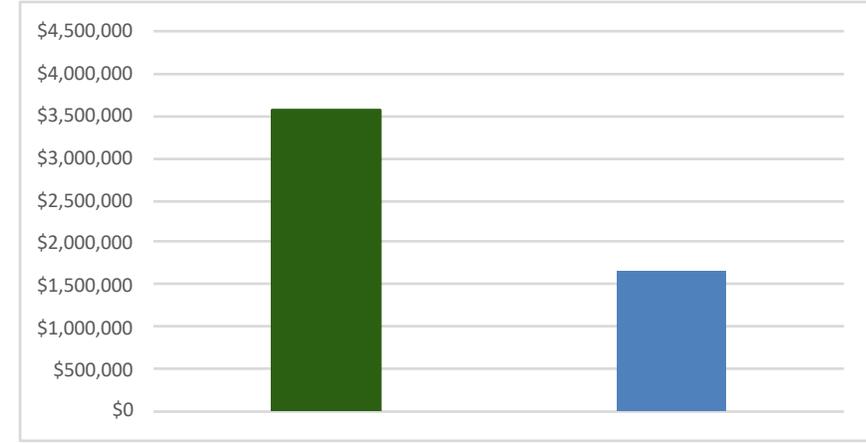
AN INCOME DRAWDOWN & ACCOUNT VALUE COMPARISON

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



	<b>BEST 40:</b>	<b>3RD YEAR FINANCING</b>	<b>EQUITIES &amp; BONDS ACCOUNT</b>
AVE ANNUAL INCOME:		\$156,871	\$130,345
TOTAL INCOME:		\$3,921,775	\$1,824,835
YR 40 ACCOUNT VALUE:		\$4,679,614	\$0

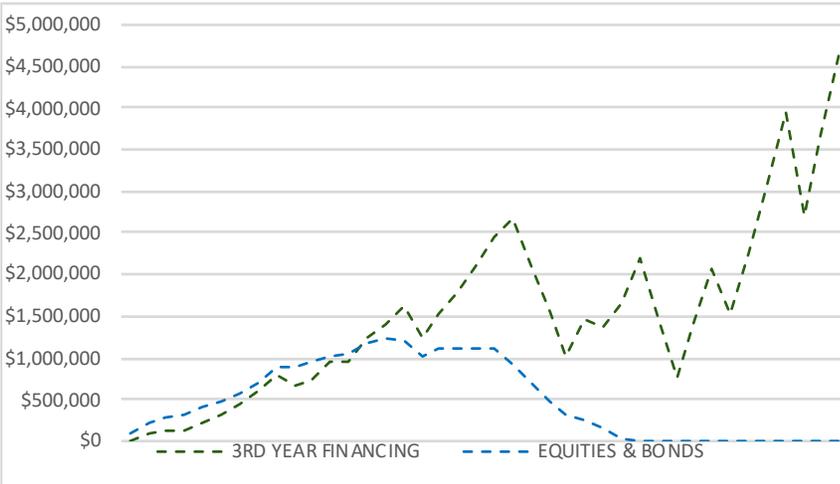
**WORST CAGR PERIOD OUT OF 121 DIFFERENT 40-YEAR S&P PERIODS ANALYZED**



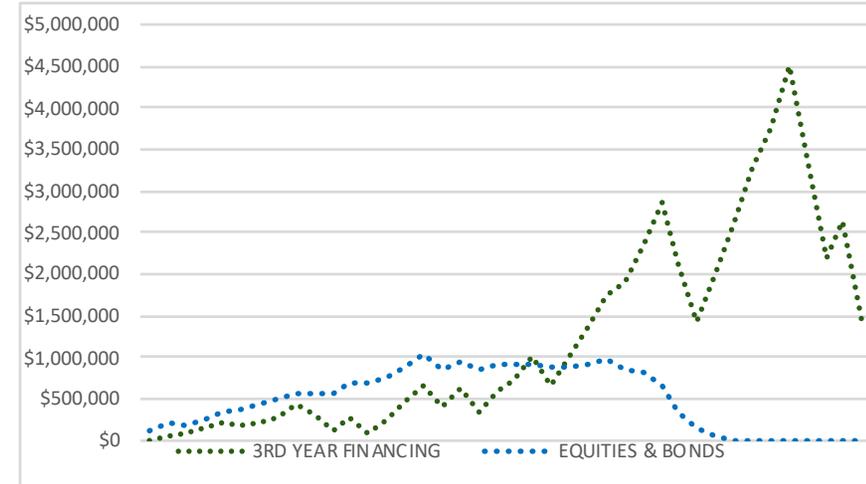
	<b>WORST 40:</b>	<b>3RD YEAR FINANCING</b>	<b>EQUITIES &amp; BONDS ACCOUNT</b>
AVE ANNUAL INCOME:		\$142,668	\$92,902
TOTAL INCOME:		\$3,566,689	\$1,672,235
YR 40 ACCOUNT VALUE:		\$1,439,521	\$0

**NET ACCOUNT VALUE (COMPARISON)**

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



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



*DISCLAIMER: The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only.*

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

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

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

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

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

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

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
YEAR	AGE	ANNUAL INVESTED	CALENDAR YEAR	GROSS EQUITIES RETURN	AFTER-FEE EQUITIES RETURN	AFTER-FEE & TAX EQUITIES RETURN	CALENDAR YEAR	GROSS BOND RETURN	AFTER-FEE BOND RETURN	AFTER-FEE & TAX BOND RETURN	TOTAL CHARGES	NET RETURN	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	LEVERAGED SYNTHETIC ACCOUNT VALUE	LEVERAGED SYNTHETIC INCREASE
1	50	\$100,000	1978	13.97%	12.62%	9.07%	1978	-7.81%	-9.16%	-9.16%	1.35%	3.60%	\$0	\$103,601	vs \$2,222	
2	51	\$100,000	1979	16.24%	14.89%	10.71%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.24%	\$0	\$212,224	vs \$87,887	
3	52	\$50,000	1980	15.48%	14.13%	10.16%	1980	-14.57%	-15.92%	-15.92%	1.35%	2.34%	\$0	\$268,354	vs \$139,818	
4	53	\$50,000	1981	-5.06%	-6.41%	-6.41%	1981	-1.94%	-3.29%	-3.29%	1.35%	-5.47%	\$0	\$300,925	vs \$125,794	
5	54	\$50,000	1982	22.68%	21.33%	15.34%	1982	25.14%	23.79%	14.96%	1.35%	15.23%	\$0	\$404,354	vs \$208,118	
6	55	\$50,000	1983	14.46%	13.11%	9.43%	1983	-0.01%	-1.36%	-1.36%	1.35%	6.19%	\$0	\$482,486	vs \$312,794	
7	56	\$50,000	1984	11.93%	10.58%	7.60%	1984	9.04%	7.69%	4.84%	1.35%	6.77%	\$0	\$568,561	vs \$435,819	
8	57	\$50,000	1985	19.90%	18.55%	13.34%	1985	21.41%	20.06%	12.62%	1.35%	13.12%	\$0	\$699,717	vs \$601,815	
9	58	\$50,000	1986	31.42%	30.07%	21.62%	1986	21.97%	20.62%	12.97%	1.35%	19.02%	\$0	\$892,340	vs \$797,864	
10	59	\$50,000	1987	-4.21%	-5.56%	-5.56%	1987	-8.32%	-9.67%	-9.67%	1.35%	-6.79%	\$0	\$878,352	vs \$668,936	-23.84%
11	60	\$0	1988	17.72%	16.37%	11.77%	1988	3.98%	2.63%	1.66%	1.35%	8.73%	\$0	\$955,065	vs \$722,873	-24.31%
12	61	\$0	1989	12.63%	11.28%	8.11%	1989	12.27%	10.92%	6.87%	1.35%	7.74%	\$0	\$1,028,955	vs \$954,320	-7.25%
13	62	\$0	1990	6.51%	5.16%	3.71%	1990	0.79%	-0.56%	-0.56%	1.35%	2.43%	\$0	\$1,053,976	vs \$965,469	-8.40%
14	63	\$0	1991	20.86%	19.51%	14.02%	1991	10.33%	8.98%	5.65%	1.35%	11.51%	\$0	\$1,175,311	vs \$1,239,064	5.42%
15	64	\$0	1992	9.34%	7.99%	5.74%	1992	6.15%	4.80%	3.02%	1.35%	4.93%	\$0	\$1,233,206	vs \$1,403,120	13.78%
16	65	\$0	1993	11.76%	10.41%	7.49%	1993	10.94%	9.59%	6.03%	1.35%	7.05%	-\$112,250	\$1,199,972	vs \$1,607,250	31.04%
17	66	\$0	1994	-0.32%	-1.67%	-1.67%	1994	-10.37%	-11.72%	-11.72%	1.35%	-4.69%	-\$128,580	\$1,021,159	vs \$1,250,307	18.16%
18	67	\$0	1995	37.20%	35.85%	25.78%	1995	20.11%	18.76%	11.80%	1.35%	21.58%	-\$100,025	\$1,119,960	vs \$1,512,067	26.84%
19	68	\$0	1996	25.61%	24.26%	17.44%	1996	-1.46%	-2.81%	-2.81%	1.35%	11.37%	-\$120,965	\$1,112,533	vs \$1,795,631	43.39%
20	69	\$0	1997	26.69%	25.34%	18.22%	1997	7.43%	6.08%	3.82%	1.35%	13.90%	-\$143,651	\$1,103,572	vs \$2,103,313	58.50%
21	70	\$0	1998	32.54%	31.19%	22.42%	1998	13.16%	11.81%	7.43%	1.35%	17.93%	-\$168,265	\$1,102,975	vs \$2,437,637	71.12%
22	71	\$0	1999	10.97%	9.62%	6.92%	1999	-10.22%	-11.57%	-11.57%	1.35%	1.37%	-\$195,011	\$920,426	vs \$2,690,222	93.68%
23	72	\$0	2000	-0.04%	-1.39%	-1.39%	2000	12.84%	11.49%	7.23%	1.35%	1.20%	-\$215,218	\$713,642	vs \$2,113,684	73.78%
24	73	\$0	2001	-15.26%	-16.61%	-16.61%	2001	2.67%	1.32%	0.83%	1.35%	-11.38%	-\$169,095	\$482,579	vs \$1,557,014	58.53%
25	74	\$0	2002	-22.29%	-23.64%	-23.64%	2002	13.32%	11.97%	7.53%	1.35%	-14.29%	-\$124,561	\$306,865	vs \$1,019,898	39.96%
26	75	\$0	2003	34.19%	32.84%	23.61%	2003	-1.85%	-3.20%	-3.20%	1.35%	15.57%	-\$81,592	\$260,340	vs \$1,470,705	66.52%
27	76	\$0	2004	6.43%	5.08%	3.65%	2004	1.77%	0.42%	0.26%	1.35%	2.64%	-\$117,656	\$146,446	vs \$1,352,745	66.16%
28	77	\$0	2005	10.36%	9.01%	6.48%	2005	-0.51%	-1.86%	-1.86%	1.35%	3.98%	-\$108,220	\$39,748	vs \$1,661,813	88.89%
29	78	\$0	2006	14.36%	13.01%	9.35%	2006	-1.23%	-2.58%	-2.58%	1.35%	5.77%	-\$39,748	\$0	vs \$2,210,531	126.24%
30	79	\$0	2007	-2.15%	-3.50%	-3.50%	2007	7.15%	5.80%	3.65%	1.35%	-1.36%	\$0	\$0	vs \$1,473,890	95.57%
31	80	\$0	2008	-38.09%	-39.44%	-39.44%	2008	15.66%	14.31%	9.00%	1.35%	-24.91%	\$0	\$0	vs \$760,816	62.95%
32	81	\$0	2009	32.03%	30.68%	22.06%	2009	-10.80%	-12.15%	-12.15%	1.35%	11.80%	\$0	\$0	vs \$1,394,011	100.99%
33	82	\$0	2010	21.76%	20.41%	14.68%	2010	6.71%	5.36%	3.37%	1.35%	11.29%	\$0	\$0	vs \$2,070,710	144.18%
34	83	\$0	2011	4.04%	2.69%	1.94%	2011	12.48%	11.13%	7.00%	1.35%	3.46%	\$0	\$0	vs \$1,511,415	122.61%
35	84	\$0	2012	16.15%	14.80%	10.64%	2012	0.88%	-0.47%	-0.47%	1.35%	7.31%	\$0	\$0	vs \$2,266,116	170.59%
36	85	\$0	2013	20.99%	19.64%	14.12%	2013	-10.42%	-11.77%	-11.77%	1.35%	6.35%	\$0	\$0	vs \$3,073,637	224.78%
37	86	\$0	2014	13.92%	12.57%	9.03%	2014	8.98%	7.63%	4.80%	1.35%	7.76%	\$0	\$0	vs \$3,939,296	285.69%
38	87	\$0	2015	-0.74%	-2.09%	-2.09%	2015	1.16%	-0.19%	-0.19%	1.35%	-1.52%	\$0	\$0	vs \$2,693,246	234.68%
39	88	\$0	2016	19.45%	18.10%	13.02%	2016	-0.56%	-1.91%	-1.91%	1.35%	8.54%	\$0	\$0	vs \$3,653,119	299.09%
40	89	\$0	2017	25.91%	24.56%	17.66%	2017	0.66%	-0.69%	-0.69%	1.35%	12.15%	\$0	\$0	vs \$4,679,614	371.35%

Average Equities Return: 12.23%

Average T-Bond Return: 3.94%

Average Net Portfolio Return: 5.16%

BEST 40

AVERAGE ANNUAL INCOME DRAWN DOWN: \$130,345

DISCLAIMER: The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only.



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

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

EQUITIES	BONDS	Current Adjusted Gross Income (AGI):	<b>\$250,000</b>	% of Equities Taxed at STCG Tax Rates:	<b>0.00%</b>	Advisor Fee:	0.50%	
<AGE 56:	<b>70.00%</b>	<b>30.00%</b>	Current Income Tax Rate:	<b>37.10%</b>	% of Equities Taxed at LTCG Tax Rates:	<b>100.00%</b>	Fund Manager Fee:	0.70%
AGE 56+:	<b>70.00%</b>	<b>30.00%</b>	Long-Term Capital Gains Tax Rate:	<b>28.10%</b>	% of Bonds Taxed at STCG Tax Rates:	<b>100.00%</b>	Broker Dealer Fee:	0.15%
			State of Residence:	<b>CA</b>			<b>Investment Fees (All-In):</b>	<b>1.35%</b>

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
YEAR	ANNUAL INVESTED	CALENDAR YEAR	GROSS EQUITIES RETURN	AFTER-FEE EQUITIES RETURN	AFTER-FEE & TAX EQUITIES RETURN	CALENDAR YEAR	GROSS BOND RETURN	AFTER-FEE BOND RETURN	AFTER-FEE & TAX BOND RETURN	TOTAL CHARGES	NET RETURN	INCOME DRAWDOWNS	AFTER-TAX ACCOUNT VALUE	LEVERAGED SYNTHETIC ACCOUNT VALUE	LEVERAGED SYNTHETIC INCREASE
1	50	\$100,000	1971	14.42%	13.07%	9.39%	1971	5.27%	3.92%	2.46%	1.35%	7.32%	\$0	\$107,315	vs \$2,222
2	51	\$100,000	1972	0.08%	-1.27%	-1.27%	1972	-0.44%	-1.79%	-1.79%	1.35%	-1.42%	\$0	\$204,363	vs \$71,841
3	52	\$50,000	1973	-39.40%	-40.75%	-40.75%	1973	-2.37%	-3.72%	-3.72%	1.35%	-29.64%	\$0	\$178,965	vs \$75,230
4	53	\$50,000	1974	34.00%	32.65%	23.47%	1974	-8.16%	-9.51%	-9.51%	1.35%	13.58%	\$0	\$260,051	vs \$138,842
5	54	\$50,000	1975	27.48%	26.13%	18.79%	1975	-5.07%	-6.42%	-6.42%	1.35%	11.22%	\$0	\$344,851	vs \$222,503
6	55	\$50,000	1976	-6.28%	-7.63%	-7.63%	1976	9.68%	8.33%	5.24%	1.35%	-3.77%	\$0	\$379,981	vs \$169,873
7	56	\$50,000	1977	8.23%	6.88%	4.94%	1977	-4.89%	-6.24%	-6.24%	1.35%	1.59%	\$0	\$436,807	vs \$210,366
8	57	\$50,000	1978	8.61%	7.26%	5.22%	1978	-7.81%	-9.16%	-9.16%	1.35%	0.91%	\$0	\$491,219	vs \$271,035
9	58	\$50,000	1979	16.76%	15.41%	11.08%	1979	-9.51%	-10.86%	-10.86%	1.35%	4.50%	\$0	\$565,568	vs \$433,179
10	59	\$50,000	1980	-5.40%	-6.75%	-6.75%	1980	-14.57%	-15.92%	-15.92%	1.35%	-9.50%	\$0	<b>\$557,106</b>	vs <b>\$304,252</b> <i>-45.39%</i>
11	60	\$0	1981	5.65%	4.30%	3.09%	1981	-1.94%	-3.29%	-3.29%	1.35%	1.18%	\$0	\$563,670	vs \$104,202 <i>-81.51%</i>
12	61	\$0	1982	39.91%	38.56%	27.72%	1982	25.14%	23.79%	14.96%	1.35%	23.90%	\$0	\$698,366	vs \$272,236 <i>-61.02%</i>
13	62	\$0	1983	2.02%	0.67%	0.67%	1983	-0.01%	-1.36%	-1.36%	1.35%	-0.07%	\$0	\$697,861	vs \$85,412 <i>-87.76%</i>
14	63	\$0	1984	11.62%	10.27%	7.38%	1984	9.04%	7.69%	4.84%	1.35%	6.62%	\$0	\$744,067	vs \$245,480 <i>-67.01%</i>
15	64	\$0	1985	29.04%	27.69%	19.91%	1985	21.41%	20.06%	12.62%	1.35%	17.72%	\$0	\$875,936	vs \$454,440 <i>-48.12%</i>
16	65	\$0	1986	41.13%	39.78%	28.60%	1986	21.97%	20.62%	12.97%	1.35%	23.91%	<i>-\$36,355</i>	\$1,040,332	vs \$667,446 <i>-34.63%</i>
17	66	\$0	1987	-13.51%	-14.86%	-14.86%	1987	-8.32%	-9.67%	-9.67%	1.35%	-13.30%	<i>-\$53,396</i>	\$855,635	vs \$393,430 <i>-48.89%</i>
18	67	\$0	1988	30.41%	29.06%	20.89%	1988	3.98%	2.63%	1.66%	1.35%	15.12%	<i>-\$31,474</i>	\$948,782	vs \$630,801 <i>-29.72%</i>
19	68	\$0	1989	-10.34%	-11.69%	-11.69%	1989	12.27%	10.92%	6.87%	1.35%	-6.12%	<i>-\$50,464</i>	\$843,300	vs \$332,097 <i>-50.37%</i>
20	69	\$0	1990	28.73%	27.38%	19.69%	1990	0.79%	-0.56%	-0.56%	1.35%	13.61%	<i>-\$26,568</i>	<b>\$927,924</b>	vs <b>\$595,436</b> <i>-29.52%</i>
21	70	\$0	1991	9.72%	8.37%	6.02%	1991	10.33%	8.98%	5.65%	1.35%	5.91%	<i>-\$47,635</i>	\$932,289	vs \$727,137 <i>-17.41%</i>
22	71	\$0	1992	11.84%	10.49%	7.55%	1992	6.15%	4.80%	3.02%	1.35%	6.19%	<i>-\$58,171</i>	\$928,199	vs \$1,000,972 <i>5.91%</i>
23	72	\$0	1993	2.82%	1.47%	1.06%	1993	10.94%	9.59%	6.03%	1.35%	2.55%	<i>-\$80,078</i>	\$869,754	vs \$663,621 <i>-16.44%</i>
24	73	\$0	1994	28.30%	26.95%	19.38%	1994	-10.37%	-11.72%	-11.72%	1.35%	10.05%	<i>-\$53,090</i>	\$898,720	vs \$999,621 <i>7.55%</i>
25	74	\$0	1995	19.61%	18.26%	13.13%	1995	20.11%	18.76%	11.80%	1.35%	12.73%	<i>-\$79,970</i>	\$922,985	vs \$1,361,641 <i>30.46%</i>
26	75	\$0	1996	39.82%	38.47%	27.66%	1996	-1.46%	-2.81%	-2.81%	1.35%	18.52%	<i>-\$108,931</i>	\$964,810	vs \$1,753,194 <i>49.55%</i>
27	76	\$0	1997	9.36%	8.01%	5.76%	1997	7.43%	6.08%	3.82%	1.35%	5.18%	<i>-\$140,255</i>	\$867,257	vs \$1,906,823 <i>63.63%</i>
28	77	\$0	1998	28.13%	26.78%	19.25%	1998	13.16%	11.81%	7.43%	1.35%	15.71%	<i>-\$152,546</i>	\$826,960	vs \$2,361,424 <i>87.89%</i>
29	78	\$0	1999	13.99%	12.64%	9.09%	1999	-10.22%	-11.57%	-11.57%	1.35%	2.89%	<i>-\$188,914</i>	\$656,494	vs \$2,852,584 <i>124.47%</i>
30	79	\$0	2000	-25.54%	-26.89%	-26.89%	2000	12.84%	11.49%	7.23%	1.35%	-16.65%	<i>-\$228,207</i>	<b>\$356,970</b>	vs <b>\$2,129,573</b> <i>104.70%</i>
31	80	\$0	2001	-19.68%	-21.03%	-21.03%	2001	2.67%	1.32%	0.83%	1.35%	-14.47%	<i>-\$170,366</i>	\$159,601	vs \$1,429,666 <i>76.23%</i>
32	81	\$0	2002	24.16%	22.81%	16.40%	2002	13.32%	11.97%	7.53%	1.35%	13.74%	<i>-\$114,373</i>	\$51,442	vs \$2,002,887 <i>116.70%</i>
33	82	\$0	2003	13.91%	12.56%	9.03%	2003	-1.85%	-3.20%	-3.20%	1.35%	5.36%	<i>-\$151,442</i>	\$0	vs \$2,617,835 <i>163.05%</i>
34	83	\$0	2004	12.25%	10.90%	7.84%	2004	1.77%	0.42%	0.26%	1.35%	5.56%	\$0	\$0	vs \$3,278,769 <i>215.10%</i>
35	84	\$0	2005	10.71%	9.36%	6.73%	2005	-0.51%	-1.86%	-1.86%	1.35%	4.15%	\$0	\$0	vs \$3,740,404 <i>258.39%</i>
36	85	\$0	2006	16.29%	14.94%	10.74%	2006	-1.23%	-2.58%	-2.58%	1.35%	6.75%	\$0	\$0	vs \$4,503,963 <i>321.95%</i>
37	86	\$0	2007	-21.61%	-22.96%	-22.96%	2007	7.15%	5.80%	3.65%	1.35%	-14.97%	\$0	\$0	vs \$3,336,506 <i>273.68%</i>
38	87	\$0	2008	-7.37%	-8.72%	-8.72%	2008	15.66%	14.31%	9.00%	1.35%	-3.40%	\$0	\$0	vs \$2,203,378 <i>221.88%</i>
39	88	\$0	2009	9.96%	8.61%	6.19%	2009	-10.80%	-12.15%	-12.15%	1.35%	0.69%	\$0	\$0	vs \$2,639,960 <i>258.53%</i>
40	89	\$0	2010	1.14%	-0.21%	-0.21%	2010	6.71%	5.36%	3.37%	1.35%	0.87%	\$0	\$0	vs <b>\$1,439,521</b> <i>199.37%</i>

Average Equities Return: 10.02%

Average T-Bond Return: 3.46%

Average Net Portfolio Return: 3.62%

**WORST 40**

**AVERAGE ANNUAL INCOME DRAWN DOWN: \$92,902**

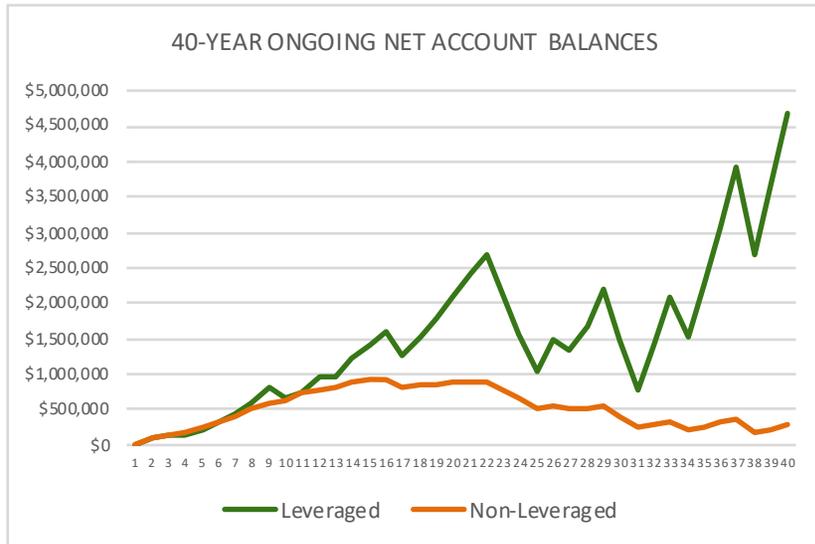
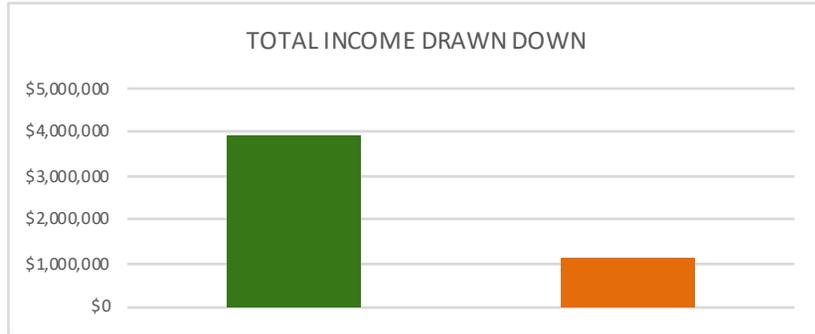
DISCLAIMER: The "Gross Equities Return" is a hypothetical return based on historical annual point-to-point S&P 500 performance (starting on the first day of a particular month) not including dividends, plus a 2.00% bonus added. The "Gross Bond Return" is a hypothetical return based on historical 10-Year T-Bond Returns during the January 1st to December 31st period. The taxation and investment fees are merely hypothetical based on certain assumptions, and would vary from client situation to client situation based on a number of factors and variables. Such variables may be changed and modeled per the client or advisor's request. The assumptions made in this document are purely hypothetical and do not represent any specific investment, fund or asset in particular. The purpose of this document is for educational purposes only.

## BEST CAGR IN 40-YEAR PERIOD\*

### LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

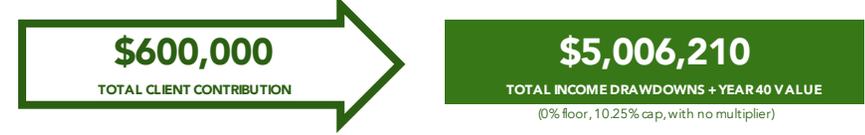


### NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

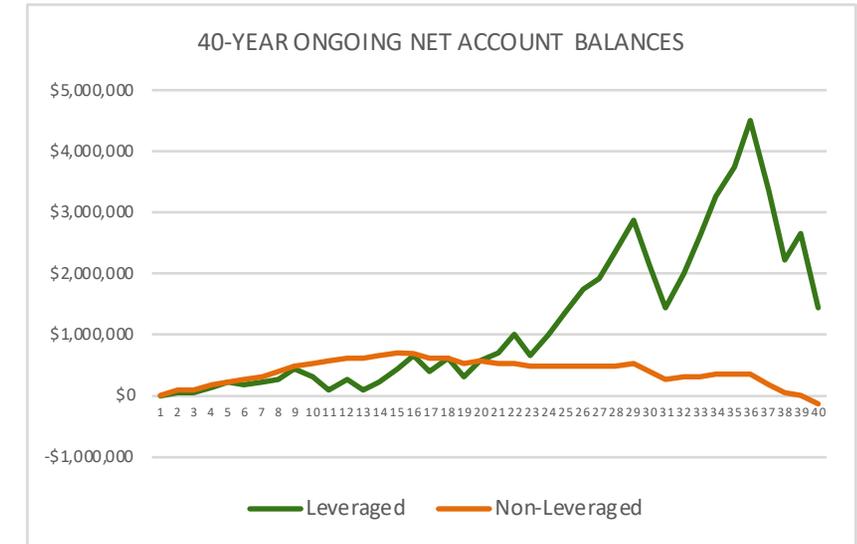
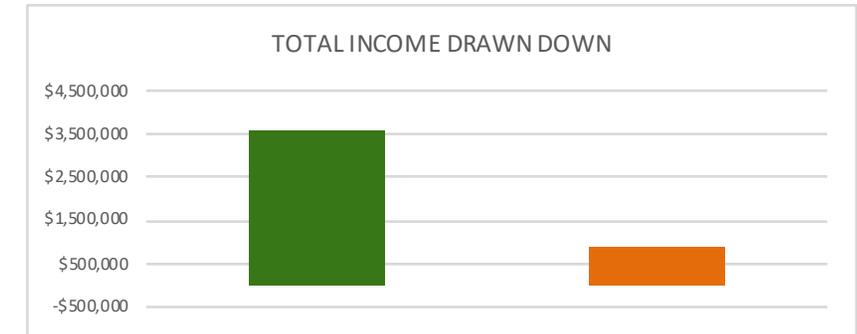


## WORST CAGR IN 40-YEAR PERIOD\*

### LEVERAGED HYPOTHETICAL SYNTHETIC ASSET



### NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET



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

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

NON-FINANCED HYPOTHETICAL SYNTHETIC ASSET

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

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

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

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

Participation Rate: **100.00%**

Floor Modeled: **0.00%**

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

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

#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50		\$100,000	1978	11.97%	10.25%	10.25%	\$0	\$88,193	\$7,740
2	51		\$100,000	1979	14.24%	10.25%	10.25%	\$0	\$184,600	\$99,898
3	52		\$50,000	1980	13.48%	10.25%	10.25%	\$0	\$239,220	\$156,912
4	53		\$50,000	1981	-7.06%	0.00%	0.00%	\$0	\$270,851	\$190,937
5	54		\$50,000	1982	20.68%	10.25%	10.25%	\$0	\$332,935	\$255,415
6	55		\$50,000	1983	12.46%	10.25%	10.25%	\$0	\$401,001	\$325,875
7	56		\$50,000	1984	9.93%	9.93%	9.93%	\$0	\$474,318	\$401,548
8	57		\$50,000	1985	17.90%	10.25%	10.25%	\$0	\$556,186	\$495,557
9	58		\$50,000	1986	29.42%	10.25%	10.25%	\$0	\$646,016	\$597,509
10	59		\$50,000	1987	-6.21%	0.00%	0.00%	\$0	\$677,359	<b>\$640,974</b>
11	60		\$0	1988	15.72%	10.25%	10.25%	\$0	\$730,583	\$730,583
12	61		\$0	1989	10.63%	10.25%	10.25%	\$0	\$789,036	\$789,036
13	62		\$0	1990	4.51%	4.51%	4.51%	\$0	\$808,831	\$808,831
14	63		\$0	1991	18.86%	10.25%	10.25%	\$0	\$874,477	\$874,477
15	64		\$0	1992	7.34%	7.34%	7.34%	\$0	\$921,219	\$921,219
16	65		\$0	1993	9.76%	9.76%	9.76%	-\$73,698	\$1,000,323	\$922,941
17	66		\$0	1994	-2.32%	0.00%	0.00%	-\$73,835	\$989,583	\$830,805
18	67		\$0	1995	35.20%	10.25%	10.25%	-\$66,464	\$1,078,102	\$841,597
19	68		\$0	1996	23.61%	10.25%	10.25%	-\$67,328	\$1,174,471	\$855,447
20	69		\$0	1997	24.69%	10.25%	10.25%	-\$68,436	\$1,279,276	<b>\$872,443</b>
21	70		\$0	1998	30.54%	10.25%	10.25%	-\$69,795	\$1,393,085	\$892,625
22	71		\$0	1999	8.97%	8.97%	8.97%	-\$71,410	\$1,499,078	\$898,615
23	72		\$0	2000	-2.04%	0.00%	0.00%	-\$71,889	\$1,479,661	\$773,691
24	73		\$0	2001	-17.26%	0.00%	0.00%	-\$61,895	\$1,458,005	\$651,746
25	74		\$0	2002	-24.29%	0.00%	0.00%	-\$52,140	\$1,433,877	\$532,559
26	75		\$0	2003	32.19%	10.25%	10.25%	-\$42,605	\$1,551,243	\$560,124
27	76		\$0	2004	4.43%	4.43%	4.43%	-\$44,810	\$1,589,875	\$502,149
28	77		\$0	2005	8.36%	8.36%	8.36%	-\$40,172	\$1,689,331	\$505,038
29	78		\$0	2006	12.36%	10.25%	10.25%	-\$40,403	\$1,826,070	\$540,139
30	79		\$0	2007	-4.15%	0.00%	0.00%	-\$43,211	\$1,790,932	<b>\$395,333</b>
31	80		\$0	2008	-40.09%	0.00%	0.00%	-\$31,627	\$1,753,697	\$255,110
32	81		\$0	2009	30.03%	10.25%	10.25%	-\$20,409	\$1,889,750	\$294,805
33	82		\$0	2010	19.76%	10.25%	10.25%	-\$23,584	\$2,036,764	\$337,308
34	83		\$0	2011	2.04%	2.04%	2.04%	-\$26,985	\$2,032,419	\$219,656
35	84		\$0	2012	14.15%	10.25%	10.25%	-\$17,572	\$2,188,083	\$266,231
36	85		\$0	2013	18.99%	10.25%	10.25%	-\$21,298	\$2,356,468	\$316,160
37	86		\$0	2014	11.92%	10.25%	10.25%	-\$25,293	\$2,538,583	\$369,702
38	87		\$0	2015	-2.74%	0.00%	0.00%	-\$29,576	\$2,481,530	\$173,150
39	88		\$0	2016	17.45%	10.25%	10.25%	-\$13,852	\$2,669,425	\$231,081
40	89		\$0	2017	23.91%	10.25%	10.25%	-\$18,486	\$2,872,838	<b>\$293,166</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$44,671**

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:	-\$600,000
AVERAGE ANNUAL INCOME DRAWDOWN:	\$44,671
TOTAL INCOME DRAWDOWN:	\$1,116,774
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	\$293,166
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$1,409,940</b>
RAW S&P 500 CAGR:	9.02%
40-YEAR NET ACCOUNT IRR:	3.94%

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

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

NON-FINANCED HYPOTHETICAL SYNTHETIC ASSET

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

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

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

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

Participation Rate: **100.00%**

Floor Modeled: **0.00%**

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

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

#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50		\$100,000	1971	12.42%	10.25%	10.25%	\$0	\$88,193	\$7,740
2	51		\$100,000	1972	-1.92%	0.00%	0.00%	\$0	\$167,437	\$82,735
3	52		\$50,000	1973	-41.40%	0.00%	0.00%	\$0	\$199,817	\$117,509
4	53		\$50,000	1974	32.00%	10.25%	10.25%	\$0	\$255,172	\$175,258
5	54		\$50,000	1975	25.48%	10.25%	10.25%	\$0	\$315,649	\$238,129
6	55		\$50,000	1976	-8.28%	0.00%	0.00%	\$0	\$346,433	\$271,307
7	56		\$50,000	1977	6.23%	6.23%	6.23%	\$0	\$400,388	\$327,618
8	57		\$50,000	1978	6.61%	6.61%	6.61%	\$0	\$459,015	\$398,386
9	58		\$50,000	1979	14.76%	10.25%	10.25%	\$0	\$538,886	\$490,379
10	59		\$50,000	1980	-7.40%	0.00%	0.00%	\$0	\$570,229	<b>\$533,844</b>
11	60		\$0	1981	3.65%	3.65%	3.65%	\$0	\$575,804	\$575,804
12	61		\$0	1982	37.91%	10.25%	10.25%	\$0	\$618,392	\$618,392
13	62		\$0	1983	0.02%	0.02%	0.02%	\$0	\$603,373	\$603,373
14	63		\$0	1984	9.62%	9.62%	9.62%	\$0	\$644,261	\$644,261
15	64		\$0	1985	27.04%	10.25%	10.25%	\$0	\$692,389	\$692,389
16	65		\$0	1986	39.13%	10.25%	10.25%	-\$55,391	\$752,494	\$694,333
17	66		\$0	1987	-15.51%	0.00%	0.00%	-\$55,547	\$741,754	\$622,361
18	67		\$0	1988	28.41%	10.25%	10.25%	-\$49,789	\$804,870	\$627,230
19	68		\$0	1989	-12.34%	0.00%	0.00%	-\$50,178	\$792,048	\$552,838
20	69		\$0	1990	26.73%	10.25%	10.25%	-\$44,227	\$857,655	<b>\$560,046</b>
21	70		\$0	1991	7.72%	7.72%	7.72%	-\$44,804	\$906,940	\$547,407
22	71		\$0	1992	9.84%	9.84%	9.84%	-\$43,793	\$977,065	\$553,573
23	72		\$0	1993	0.82%	0.82%	0.82%	-\$44,286	\$965,536	\$474,369
24	73		\$0	1994	26.30%	10.25%	10.25%	-\$37,950	\$1,040,628	\$485,056
25	74		\$0	1995	17.61%	10.25%	10.25%	-\$38,804	\$1,120,691	\$496,596
26	75		\$0	1996	37.82%	10.25%	10.25%	-\$39,728	\$1,205,955	\$508,941
27	76		\$0	1997	7.36%	7.36%	7.36%	-\$40,715	\$1,263,751	\$489,135
28	77		\$0	1998	26.13%	10.25%	10.25%	-\$39,131	\$1,359,169	\$504,735
29	78		\$0	1999	11.99%	10.25%	10.25%	-\$40,379	\$1,462,067	\$522,513
30	79		\$0	2000	-27.54%	0.00%	0.00%	-\$41,801	\$1,426,929	<b>\$396,506</b>
31	80		\$0	2001	-21.68%	0.00%	0.00%	-\$31,720	\$1,389,694	\$274,443
32	81		\$0	2002	22.16%	10.25%	10.25%	-\$21,955	\$1,488,436	\$294,370
33	82		\$0	2003	11.91%	10.25%	10.25%	-\$23,550	\$1,594,316	\$315,819
34	83		\$0	2004	10.25%	10.25%	10.25%	-\$25,266	\$1,708,037	\$339,087
35	84		\$0	2005	8.71%	8.71%	8.71%	-\$27,127	\$1,804,898	\$339,017
36	85		\$0	2006	14.29%	10.25%	10.25%	-\$27,121	\$1,934,006	\$366,354
37	86		\$0	2007	-23.61%	0.00%	0.00%	-\$29,308	\$1,880,107	\$203,299
38	87		\$0	2008	-9.37%	0.00%	0.00%	-\$16,264	\$1,823,054	\$45,328
39	88		\$0	2009	7.96%	7.96%	7.96%	-\$3,626	\$1,903,049	\$32,629
40	89		\$0	2010	-0.86%	0.00%	0.00%	-\$2,610	\$1,839,373	<b>-\$127,309</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$35,003**

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>-\$600,000</b>
AVERAGE ANNUAL INCOME DRAWDOWN:	<b>\$35,003</b>
TOTAL INCOME DRAWDOWN:	<b>\$875,070</b>
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>-\$127,309</b>
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$747,761</b>
<b>RAW S&amp;P 500 CAGR: 6.30%</b>	<b>40-YEAR NET ACCOUNT IRR: 1.23%</b>

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

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

# NON-LEVERAGED HYPOTHETICAL SYNTHETIC ASSET

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

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

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

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Participation Rate: **100.00%**

Floor Modeled: **0.00%**

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

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

8/27/2022

#	YEAR	AGE	TOTAL INDEX CONTRIBUTION	CALENDAR YEAR	INDEX RETURN (GROSS)	INDEX RETURN (FLOOR & CAP)	INDEX RETURN (EFFECTIVE)	ANNUAL INCOME DRAWDOWNS	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	50		\$100,000	1982	20.68%	10.25%	10.25%	\$0	\$88,193	\$7,740
2	51		\$100,000	1983	12.46%	10.25%	10.25%	\$0	\$184,600	\$99,898
3	52		\$50,000	1984	9.93%	9.93%	9.93%	\$0	\$238,517	\$156,209
4	53		\$50,000	1985	17.90%	10.25%	10.25%	\$0	\$297,838	\$217,924
5	54		\$50,000	1986	29.42%	10.25%	10.25%	\$0	\$362,689	\$285,169
6	55		\$50,000	1987	-6.21%	0.00%	0.00%	\$0	\$393,473	\$318,347
7	56		\$50,000	1988	15.72%	10.25%	10.25%	\$0	\$467,416	\$394,646
8	57		\$50,000	1989	10.63%	10.25%	10.25%	\$0	\$548,577	\$487,948
9	58		\$50,000	1990	4.51%	4.51%	4.51%	\$0	\$604,445	\$555,938
10	59		\$50,000	1991	18.86%	10.25%	10.25%	\$0	\$700,957	<b>\$664,572</b>
11	60		\$0	1992	7.34%	7.34%	7.34%	\$0	\$736,622	\$736,622
12	61		\$0	1993	9.76%	9.76%	9.76%	\$0	\$792,165	\$792,165
13	62		\$0	1994	-2.32%	0.00%	0.00%	\$0	\$777,037	\$777,037
14	63		\$0	1995	35.20%	10.25%	10.25%	\$0	\$839,424	\$839,424
15	64		\$0	1996	23.61%	10.25%	10.25%	\$0	\$907,557	\$907,557
16	65		\$0	1997	24.69%	10.25%	10.25%	-\$72,605	\$989,717	\$913,482
17	66		\$0	1998	30.54%	10.25%	10.25%	-\$73,079	\$1,079,322	\$922,543
18	67		\$0	1999	8.97%	8.97%	8.97%	-\$73,803	\$1,163,404	\$921,292
19	68		\$0	2000	-2.04%	0.00%	0.00%	-\$73,703	\$1,150,582	\$818,976
20	69		\$0	2001	-17.26%	0.00%	0.00%	-\$65,518	\$1,136,452	<b>\$719,472</b>
21	70		\$0	2002	-24.29%	0.00%	0.00%	-\$57,558	\$1,120,745	\$622,480
22	71		\$0	2003	32.19%	10.25%	10.25%	-\$49,798	\$1,216,392	\$640,926
23	72		\$0	2004	4.43%	4.43%	4.43%	-\$51,274	\$1,250,034	\$591,957
24	73		\$0	2005	8.36%	8.36%	8.36%	-\$47,357	\$1,331,128	\$590,423
25	74		\$0	2006	12.36%	10.25%	10.25%	-\$47,234	\$1,440,968	\$613,632
26	75		\$0	2007	-4.15%	0.00%	0.00%	-\$49,091	\$1,414,114	\$493,866
27	76		\$0	2008	-40.09%	0.00%	0.00%	-\$39,509	\$1,385,262	\$377,517
28	77		\$0	2009	30.03%	10.25%	10.25%	-\$30,201	\$1,493,135	\$403,292
29	78		\$0	2010	19.76%	10.25%	10.25%	-\$32,263	\$1,609,764	\$431,551
30	79		\$0	2011	2.04%	2.04%	2.04%	-\$34,524	\$1,606,814	<b>\$333,440</b>
31	80		\$0	2012	14.15%	10.25%	10.25%	-\$26,675	\$1,730,460	\$365,409
32	81		\$0	2013	18.99%	10.25%	10.25%	-\$29,233	\$1,864,132	\$400,134
33	82		\$0	2014	11.92%	10.25%	10.25%	-\$32,011	\$2,008,520	\$437,711
34	83		\$0	2015	-2.74%	0.00%	0.00%	-\$35,017	\$1,963,462	\$277,344
35	84		\$0	2016	17.45%	10.25%	10.25%	-\$22,188	\$2,112,058	\$318,338
36	85		\$0	2017	23.91%	10.25%	10.25%	-\$25,467	\$2,272,650	\$362,504
37	86		\$0	2018	-4.41%	0.00%	0.00%	-\$29,000	\$2,218,751	\$182,647
38	87		\$0	2019	31.74%	10.25%	10.25%	-\$14,612	\$2,383,272	\$230,021
39	88		\$0	2020	18.38%	10.25%	10.25%	-\$18,402	\$2,561,096	\$280,860
40	89		\$0	2021	28.83%	10.25%	10.25%	-\$22,469	\$2,753,405	<b>\$335,565</b>

AVERAGE ANNUAL INCOME DRAWDOWN: **\$42,104**

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>-\$600,000</b>
AVERAGE ANNUAL INCOME DRAWDOWN:	<b>\$42,104</b>
TOTAL INCOME DRAWDOWN:	<b>\$1,052,590</b>
40-YEAR ACCOUNT BALANCE (NET OF LOAN):	<b>\$335,565</b>
<b>INCOME + 40-YEAR ACCOUNT BALANCE (NET OF LOAN):</b>	<b>\$1,388,155</b>
<b>RAW S&amp;P 500 CAGR: 9.99%</b>	<b>40-YEAR NET ACCOUNT IRR: 3.76%</b>

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.



## **ACCOUNT CHARGES + INDEX CREDITS + BONUSES**

AN ANNUAL EXPLANATION OF POSITIVE & NEGATIVE ARBITRAGE

**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$20,006	1978	11.97%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$8,199	-\$20,006	-\$11,807	\$79,994	\$88,193	\$7,740
2	0.00%	\$0	-\$20,756	1979	14.24%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$17,162	-\$20,756	-\$3,594	\$167,437	\$184,600	\$99,898
3	0.00%	\$0	-\$17,620	1980	13.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$22,240	-\$17,620	\$4,620	\$216,980	\$239,220	\$156,912
4	0.00%	\$0	-\$18,369	1981	-7.06%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$18,369	-\$18,369	\$270,851	\$270,851	\$190,937
5	0.00%	\$0	-\$18,869	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$30,953	-\$18,869	\$12,084	\$301,982	\$332,935	\$255,415
6	0.00%	\$0	-\$19,216	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$37,281	-\$19,216	\$18,065	\$363,719	\$401,001	\$325,875
7	0.00%	\$0	-\$19,512	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$42,829	-\$19,512	\$23,317	\$431,489	\$474,318	\$401,548
8	0.00%	\$0	-\$19,841	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$51,709	-\$19,841	\$31,868	\$504,477	\$556,186	\$495,557
9	0.00%	\$0	-\$20,230	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$60,060	-\$20,230	\$39,830	\$585,956	\$646,016	\$597,509
10	0.00%	\$0	-\$18,657	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$18,657	-\$18,657	\$677,359	\$677,359	\$640,974
11	0.00%	\$0	-\$14,699	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$67,923	-\$14,699	\$53,224	\$662,660	\$730,583	\$730,583
12	0.00%	\$0	-\$14,904	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$73,357	-\$14,904	\$58,453	\$715,679	\$789,036	\$789,036
13	0.00%	\$0	-\$15,128	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$34,923	-\$15,128	\$19,795	\$773,908	\$808,831	\$808,831
14	0.00%	\$0	-\$15,655	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$81,301	-\$15,655	\$65,646	\$793,176	\$874,477	\$874,477
15	0.00%	\$0	-\$16,243	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$62,985	-\$16,243	\$46,742	\$858,234	\$921,219	\$921,219
16	0.00%	\$0	-\$9,855	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$88,960	-\$9,855	\$79,105	\$911,364	\$1,000,323	\$922,941
17	0.00%	\$0	-\$10,740	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,740	-\$10,740	\$989,583	\$989,583	\$830,805
18	0.00%	\$0	-\$11,713	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$100,232	-\$11,713	\$88,519	\$977,870	\$1,078,102	\$841,597
19	0.00%	\$0	-\$12,822	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$109,191	-\$12,822	\$96,369	\$1,065,280	\$1,174,471	\$855,447
20	0.00%	\$0	-\$14,130	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$118,935	-\$14,130	\$104,805	\$1,160,341	\$1,279,276	\$872,443
21	0.00%	\$0	-\$15,707	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$129,516	-\$15,707	\$113,809	\$1,263,569	\$1,393,085	\$892,625
22	0.00%	\$0	-\$17,441	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$123,434	-\$17,441	\$105,993	\$1,375,644	\$1,499,078	\$898,615
23	0.00%	\$0	-\$19,417	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$19,417	-\$19,417	\$1,479,661	\$1,479,661	\$773,691
24	0.00%	\$0	-\$21,656	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$21,656	-\$21,656	\$1,458,005	\$1,458,005	\$651,746
25	0.00%	\$0	-\$24,128	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$24,128	-\$24,128	\$1,433,877	\$1,433,877	\$532,559
26	0.00%	\$0	-\$26,854	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$144,220	-\$26,854	\$117,366	\$1,407,023	\$1,551,243	\$560,124
27	0.00%	\$0	-\$28,852	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$67,484	-\$28,852	\$38,632	\$1,522,391	\$1,589,875	\$502,149
28	0.00%	\$0	-\$30,944	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$130,400	-\$30,944	\$99,456	\$1,558,931	\$1,689,331	\$505,038
29	0.00%	\$0	-\$33,032	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$169,771	-\$33,032	\$136,739	\$1,656,299	\$1,826,070	\$540,139
30	0.00%	\$0	-\$35,138	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$35,138	-\$35,138	\$1,790,932	\$1,790,932	\$395,333
31	0.00%	\$0	-\$37,235	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$37,235	-\$37,235	\$1,753,697	\$1,753,697	\$255,110
32	0.00%	\$0	-\$39,638	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$175,691	-\$39,638	\$136,053	\$1,714,059	\$1,889,750	\$294,805
33	0.00%	\$0	-\$42,345	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$189,359	-\$42,345	\$147,014	\$1,847,405	\$2,036,764	\$337,308
34	0.00%	\$0	-\$45,058	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$40,713	-\$45,058	-\$4,345	\$1,991,706	\$2,032,419	\$219,656
35	0.00%	\$0	-\$47,763	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$203,427	-\$47,763	\$155,664	\$1,984,656	\$2,188,083	\$266,231
36	0.00%	\$0	-\$50,697	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$219,082	-\$50,697	\$168,385	\$2,137,386	\$2,356,468	\$316,160
37	0.00%	\$0	-\$53,899	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$236,013	-\$53,899	\$182,114	\$2,302,569	\$2,538,583	\$369,702
38	0.00%	\$0	-\$57,053	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$57,053	-\$57,053	\$2,481,530	\$2,481,530	\$173,150
39	0.00%	\$0	-\$60,283	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$248,178	-\$60,283	\$187,895	\$2,421,247	\$2,669,425	\$231,081
40	0.00%	\$0	-\$63,676	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$267,089	-\$63,676	\$203,413	\$2,605,749	\$2,872,838	\$293,166

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

- ASSET-BASED CHARGES (%)** Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.
- ASSET-BASED CHARGES (\$)** The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).
- FIXED CHARGES (\$)** Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.
- INDEX CREDIT** The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.
- MULTIPLIER BONUS (x)** A numerical number determined by a particular bonus schedule, multiplied by the basic after-floor, after-cap, INDEX CREDIT. This is not a guaranteed bonus amount. See actual product details for guarantees.
- INDEX CREDIT w/ MULTIPLIER** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)
- PERSISTENCY BONUS (+)** A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)
- TOTAL INDEX CREDIT (%)** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).
- TOTAL INDEX CREDITS (\$)** The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.
- TOTAL CHARGES (\$)** The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).
- YEAR-END GAIN/LOSS (\$)** The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.
- EOY VALUE AFTER CHARGES B4 CREDIT** The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.
- EOY GROSS INDEX ACCUMULATED VALUE** The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.
- EOY INDEX VALUE NET OF INT & EXT LOANS** The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.



**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$20,006	1971	12.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$8,199	-\$20,006	-\$11,807	\$79,994	\$88,193	\$7,740
2	0.00%	\$0	-\$20,756	1972	-1.92%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$20,756	-\$20,756	\$167,437	\$167,437	\$82,735
3	0.00%	\$0	-\$17,620	1973	-41.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$17,620	-\$17,620	\$199,817	\$199,817	\$117,509
4	0.00%	\$0	-\$18,369	1974	32.00%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$23,723	-\$18,369	\$5,354	\$231,448	\$255,172	\$175,258
5	0.00%	\$0	-\$18,869	1975	25.48%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$29,346	-\$18,869	\$10,477	\$286,303	\$315,649	\$238,129
6	0.00%	\$0	-\$19,216	1976	-8.28%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$19,216	-\$19,216	\$346,433	\$346,433	\$271,307
7	0.00%	\$0	-\$19,512	1977	6.23%	6.23%	x 1.00	= 6.23%	+ 0.00%	= 6.23%	\$23,467	-\$19,512	\$3,955	\$376,921	\$400,388	\$327,618
8	0.00%	\$0	-\$19,841	1978	6.61%	6.61%	x 1.00	= 6.61%	+ 0.00%	= 6.61%	\$28,468	-\$19,841	\$8,627	\$430,547	\$459,015	\$398,386
9	0.00%	\$0	-\$20,230	1979	14.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$50,100	-\$20,230	\$29,870	\$488,785	\$538,886	\$490,379
10	0.00%	\$0	-\$18,657	1980	-7.40%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$18,657	-\$18,657	\$570,229	\$570,229	\$533,844
11	0.00%	\$0	-\$14,699	1981	3.65%	3.65%	x 1.00	= 3.65%	+ 0.00%	= 3.65%	\$20,274	-\$14,699	\$5,575	\$555,530	\$575,804	\$575,804
12	0.00%	\$0	-\$14,904	1982	37.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$57,492	-\$14,904	\$42,588	\$560,900	\$618,392	\$618,392
13	0.00%	\$0	-\$15,128	1983	0.02%	0.02%	x 1.00	= 0.02%	+ 0.00%	= 0.02%	\$109	-\$15,128	-\$15,019	\$603,264	\$603,373	\$603,373
14	0.00%	\$0	-\$15,655	1984	9.62%	9.62%	x 1.00	= 9.62%	+ 0.00%	= 9.62%	\$56,543	-\$15,655	\$40,888	\$587,718	\$644,261	\$644,261
15	0.00%	\$0	-\$16,243	1985	27.04%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$64,372	-\$16,243	\$48,129	\$628,018	\$692,389	\$692,389
16	0.00%	\$0	-\$9,855	1986	39.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$69,960	-\$9,855	\$60,105	\$682,534	\$752,494	\$694,333
17	0.00%	\$0	-\$10,740	1987	-15.51%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$10,740	-\$10,740	\$741,754	\$741,754	\$622,361
18	0.00%	\$0	-\$11,713	1988	28.41%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$74,829	-\$11,713	\$63,116	\$730,041	\$804,870	\$627,230
19	0.00%	\$0	-\$12,822	1989	-12.34%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$12,822	-\$12,822	\$792,048	\$792,048	\$552,838
20	0.00%	\$0	-\$14,130	1990	26.73%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$79,737	-\$14,130	\$65,607	\$777,918	\$857,655	\$560,046
21	0.00%	\$0	-\$15,707	1991	7.72%	7.72%	x 1.00	= 7.72%	+ 0.00%	= 7.72%	\$64,992	-\$15,707	\$49,285	\$841,948	\$906,940	\$547,407
22	0.00%	\$0	-\$17,441	1992	9.84%	9.84%	x 1.00	= 9.84%	+ 0.00%	= 9.84%	\$87,566	-\$17,441	\$70,125	\$889,499	\$977,065	\$553,573
23	0.00%	\$0	-\$19,417	1993	0.82%	0.82%	x 1.00	= 0.82%	+ 0.00%	= 0.82%	\$7,888	-\$19,417	-\$11,529	\$957,648	\$965,536	\$474,369
24	0.00%	\$0	-\$21,656	1994	26.30%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$96,748	-\$21,656	\$75,092	\$943,880	\$1,040,628	\$485,056
25	0.00%	\$0	-\$24,128	1995	17.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$104,191	-\$24,128	\$80,063	\$1,016,500	\$1,120,691	\$496,596
26	0.00%	\$0	-\$26,854	1996	37.82%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$112,118	-\$26,854	\$85,264	\$1,093,837	\$1,205,955	\$508,941
27	0.00%	\$0	-\$28,852	1997	7.36%	7.36%	x 1.00	= 7.36%	+ 0.00%	= 7.36%	\$86,647	-\$28,852	\$57,795	\$1,177,103	\$1,263,751	\$489,135
28	0.00%	\$0	-\$30,944	1998	26.13%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$126,363	-\$30,944	\$95,419	\$1,232,807	\$1,359,169	\$504,735
29	0.00%	\$0	-\$33,032	1999	11.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$135,929	-\$33,032	\$102,897	\$1,326,137	\$1,462,067	\$522,513
30	0.00%	\$0	-\$35,138	2000	-27.54%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$35,138	-\$35,138	\$1,426,929	\$1,426,929	\$396,506
31	0.00%	\$0	-\$37,235	2001	-21.68%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$37,235	-\$37,235	\$1,389,694	\$1,389,694	\$274,443
32	0.00%	\$0	-\$39,638	2002	22.16%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$138,381	-\$39,638	\$98,743	\$1,350,056	\$1,488,436	\$294,370
33	0.00%	\$0	-\$42,345	2003	11.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$148,224	-\$42,345	\$105,879	\$1,446,091	\$1,594,316	\$315,819
34	0.00%	\$0	-\$45,058	2004	10.25%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$158,779	-\$45,058	\$113,721	\$1,549,258	\$1,708,037	\$339,087
35	0.00%	\$0	-\$47,763	2005	8.71%	8.71%	x 1.00	= 8.71%	+ 0.00%	= 8.71%	\$144,624	-\$47,763	\$96,861	\$1,660,274	\$1,804,898	\$339,017
36	0.00%	\$0	-\$50,697	2006	14.29%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$179,806	-\$50,697	\$129,109	\$1,754,201	\$1,934,006	\$366,354
37	0.00%	\$0	-\$53,899	2007	-23.61%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$53,899	-\$53,899	\$1,880,107	\$1,880,107	\$203,299
38	0.00%	\$0	-\$57,053	2008	-9.37%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$57,053	-\$57,053	\$1,823,054	\$1,823,054	\$45,328
39	0.00%	\$0	-\$60,283	2009	7.96%	7.96%	x 1.00	= 7.96%	+ 0.00%	= 7.96%	\$140,277	-\$60,283	\$79,994	\$1,762,771	\$1,903,049	\$32,629
40	0.00%	\$0	-\$63,676	2010	-0.86%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$63,676	-\$63,676	\$1,839,373	\$1,839,373	-\$127,309

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

- ASSET-BASED CHARGES (%)** Account charges as a percentage of gross account value, after new TOTAL INDEX CONTRIBUTION and 100% BOY charges and 50% of remaining FIXED CHARGES (\$) are deducted.
- ASSET-BASED CHARGES (\$)** The previous year's EOY GROSS INDEX ACCUMULATED VALUE minus 100% BOY charges, minus 50% of remaining FIXED CHARGES (\$) multiplied by the ASSET-BASED CHARGES (%).
- FIXED CHARGES (\$)** Amounts taken from a real life product. These charges in a real life product would most likely not be fixed, as there would be some variable charges. This is merely a proxy for this category of charges.
- INDEX CREDIT** The after-floor after-cap index return, before any bonuses or participation rates are applied or credited. Caps are not guaranteed in a real world product. See actual product details for guarantees.
- MULTIPLIER BONUS (x)** A numerical number determined by a particular bonus schedule, multiplied by the basic after-floor, after-cap, INDEX CREDIT. This is not a guaranteed bonus amount. See actual product details for guarantees.
- INDEX CREDIT w/ MULTIPLIER** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x). (e.g. If the MULTIPLIER BONUS (x) was 2.00, and the INDEX CREDIT was 10.00%, the INDEX CREDIT w/ MULTIPLIER would be 20.00%)
- PERSISTENCY BONUS (+)** A bonus credit added to the INDEX CREDIT. (e.g. If the INDEX CREDIT was 10.00% and the PERSISTENCY BONUS (+) was 0.50%, the TOTAL INDEX CREDIT (%) would be 10.50%)
- TOTAL INDEX CREDIT (%)** The INDEX CREDIT multiplied by the MULTIPLIER BONUS (x) plus the PERSISTENCY BONUS (+).
- TOTAL INDEX CREDITS (\$)** The TOTAL INDEX CREDIT (%) multiplied by the EOY VALUE AFTER CHARGES B4 CREDIT.
- TOTAL CHARGES (\$)** The sum of the ASSET-BASED CHARGES (\$) and the FIXED CHARGES (\$).
- YEAR-END GAIN/LOSS (\$)** The EOY GROSS INDEX ACCUMULATED VALUE net gain or loss in each year based on the TOTAL INDEX CREDITS (\$) minus the TOTAL CHARGES (\$) in a given year.
- EOY VALUE AFTER CHARGES B4 CREDIT** The EOY account value after any new contributions in such year and after all charges have been subtracted from this cumulative value, before any index credits have been applied.
- EOY GROSS INDEX ACCUMULATED VALUE** The EOY account value after any new contributions, after any "Total Index Credits (\$)" have been added, and after the "Total Charges (\$)" have been subtracted.
- EOY INDEX VALUE NET OF INT & EXT LOANS** The EOY GROSS INDEX ACCUMULATED VALUE minus the third party Cumulative Loan Balance (if any), minus any internal cumulative loan balances as a result of Participating Loans.



**CHARGES & CREDITS**

#	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
YEAR	ASSET-BASED CHARGES (%)	ASSET-BASED CHARGES (\$)	FIXED CHARGES (\$)	BACKTESTED YEAR	INDEX GROSS RETURN	INDEX CREDIT	MULTIPLIER BONUS (x)	INDEX CREDIT w/ MULTIPLIER	PERSISTENCY BONUS (+)	TOTAL INDEX CREDIT (%)	TOTAL INDEX CREDITS (\$)	TOTAL CHARGES (\$)	YEAR-END GAIN/LOSS (\$)	EOY VALUE AFTER CHARGES B4 CREDIT	EOY GROSS INDEX ACCUMULATED VALUE	EOY INDEX VALUE NET OF INT & EXT LOANS
1	0.00%	\$0	-\$20,006	1982	20.68%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$8,199	-\$20,006	-\$11,807	\$79,994	\$88,193	\$7,740
2	0.00%	\$0	-\$20,756	1983	12.46%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$17,162	-\$20,756	-\$3,594	\$167,437	\$184,600	\$99,898
3	0.00%	\$0	-\$17,620	1984	9.93%	9.93%	x 1.00	= 9.93%	+ 0.00%	= 9.93%	\$21,537	-\$17,620	\$3,917	\$216,980	\$238,517	\$156,209
4	0.00%	\$0	-\$18,369	1985	17.90%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$27,690	-\$18,369	\$9,321	\$270,148	\$297,838	\$217,924
5	0.00%	\$0	-\$18,869	1986	29.42%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$33,719	-\$18,869	\$14,850	\$328,969	\$362,689	\$285,169
6	0.00%	\$0	-\$19,216	1987	-6.21%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$19,216	-\$19,216	\$393,473	\$393,473	\$318,347
7	0.00%	\$0	-\$19,512	1988	15.72%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$43,456	-\$19,512	\$23,944	\$423,961	\$467,416	\$394,646
8	0.00%	\$0	-\$19,841	1989	10.63%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$51,001	-\$19,841	\$31,160	\$497,575	\$548,577	\$487,948
9	0.00%	\$0	-\$20,230	1990	4.51%	4.51%	x 1.00	= 4.51%	+ 0.00%	= 4.51%	\$26,098	-\$20,230	\$5,868	\$578,347	\$604,445	\$555,938
10	0.00%	\$0	-\$18,657	1991	18.86%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$65,168	-\$18,657	\$46,511	\$635,788	\$700,957	\$664,572
11	0.00%	\$0	-\$14,699	1992	7.34%	7.34%	x 1.00	= 7.34%	+ 0.00%	= 7.34%	\$50,364	-\$14,699	\$35,665	\$686,258	\$736,622	\$736,622
12	0.00%	\$0	-\$14,904	1993	9.76%	9.76%	x 1.00	= 9.76%	+ 0.00%	= 9.76%	\$70,448	-\$14,904	\$55,544	\$721,718	\$792,165	\$792,165
13	0.00%	\$0	-\$15,128	1994	-2.32%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$15,128	-\$15,128	\$777,037	\$777,037	\$777,037
14	0.00%	\$0	-\$15,655	1995	35.20%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$78,042	-\$15,655	\$62,387	\$761,382	\$839,424	\$839,424
15	0.00%	\$0	-\$16,243	1996	23.61%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$84,376	-\$16,243	\$68,133	\$823,181	\$907,557	\$907,557
16	0.00%	\$0	-\$9,855	1997	24.69%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$92,014	-\$9,855	\$82,159	\$897,702	\$989,717	\$913,482
17	0.00%	\$0	-\$10,740	1998	30.54%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$100,345	-\$10,740	\$89,605	\$978,977	\$1,079,322	\$922,543
18	0.00%	\$0	-\$11,713	1999	8.97%	8.97%	x 1.00	= 8.97%	+ 0.00%	= 8.97%	\$95,795	-\$11,713	\$84,082	\$1,067,609	\$1,163,404	\$921,292
19	0.00%	\$0	-\$12,822	2000	-2.04%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$12,822	-\$12,822	\$1,150,582	\$1,150,582	\$818,976
20	0.00%	\$0	-\$14,130	2001	-17.26%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$14,130	-\$14,130	\$1,136,452	\$1,136,452	\$719,472
21	0.00%	\$0	-\$15,707	2002	-24.29%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$15,707	-\$15,707	\$1,120,745	\$1,120,745	\$622,480
22	0.00%	\$0	-\$17,441	2003	32.19%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$113,089	-\$17,441	\$95,648	\$1,103,304	\$1,216,392	\$640,926
23	0.00%	\$0	-\$19,417	2004	4.43%	4.43%	x 1.00	= 4.43%	+ 0.00%	= 4.43%	\$53,059	-\$19,417	\$33,642	\$1,196,975	\$1,250,034	\$591,957
24	0.00%	\$0	-\$21,656	2005	8.36%	8.36%	x 1.00	= 8.36%	+ 0.00%	= 8.36%	\$102,750	-\$21,656	\$81,094	\$1,228,378	\$1,331,128	\$590,423
25	0.00%	\$0	-\$24,128	2006	12.36%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$133,968	-\$24,128	\$109,840	\$1,307,000	\$1,440,968	\$613,632
26	0.00%	\$0	-\$26,854	2007	-4.15%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$26,854	-\$26,854	\$1,414,114	\$1,414,114	\$493,866
27	0.00%	\$0	-\$28,852	2008	-40.09%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$28,852	-\$28,852	\$1,385,262	\$1,385,262	\$377,517
28	0.00%	\$0	-\$30,944	2009	30.03%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$138,818	-\$30,944	\$107,874	\$1,354,318	\$1,493,135	\$403,292
29	0.00%	\$0	-\$33,032	2010	19.76%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$149,661	-\$33,032	\$116,629	\$1,460,103	\$1,609,764	\$431,551
30	0.00%	\$0	-\$35,138	2011	2.04%	2.04%	x 1.00	= 2.04%	+ 0.00%	= 2.04%	\$32,187	-\$35,138	-\$2,951	\$1,574,626	\$1,606,814	\$333,440
31	0.00%	\$0	-\$37,235	2012	14.15%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$160,882	-\$37,235	\$123,647	\$1,569,579	\$1,730,460	\$365,409
32	0.00%	\$0	-\$39,638	2013	18.99%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$173,309	-\$39,638	\$133,671	\$1,690,822	\$1,864,132	\$400,134
33	0.00%	\$0	-\$42,345	2014	11.92%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$186,733	-\$42,345	\$144,388	\$1,821,787	\$2,008,520	\$437,711
34	0.00%	\$0	-\$45,058	2015	-2.74%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$45,058	-\$45,058	\$1,963,462	\$1,963,462	\$277,344
35	0.00%	\$0	-\$47,763	2016	17.45%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$196,359	-\$47,763	\$148,596	\$1,915,699	\$2,112,058	\$318,338
36	0.00%	\$0	-\$50,697	2017	23.91%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$211,289	-\$50,697	\$160,592	\$2,061,361	\$2,272,650	\$362,504
37	0.00%	\$0	-\$53,899	2018	-4.41%	0.00%	x 1.00	= 0.00%	+ 0.00%	= 0.00%	\$0	-\$53,899	-\$53,899	\$2,218,751	\$2,218,751	\$182,647
38	0.00%	\$0	-\$57,053	2019	31.74%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$221,574	-\$57,053	\$164,521	\$2,161,698	\$2,383,272	\$230,021
39	0.00%	\$0	-\$60,283	2020	18.38%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$238,106	-\$60,283	\$177,823	\$2,322,989	\$2,561,096	\$280,860
40	0.00%	\$0	-\$63,676	2021	28.83%	10.25%	x 1.00	= 10.25%	+ 0.00%	= 10.25%	\$255,986	-\$63,676	\$192,310	\$2,497,420	\$2,753,405	\$335,565

**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	\$88,193	\$7,740
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$184,600	\$99,898
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$239,220	\$156,912
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$270,851	\$190,937
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$332,935	\$255,415
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$401,001	\$325,875
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$474,318	\$401,548
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$556,186	\$495,557
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$646,016	\$597,509
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$677,359	<b>\$640,974</b>
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$730,583	\$730,583
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$789,036	\$789,036
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$808,831	\$808,831
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$874,477	\$874,477
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$921,219	\$921,219
16	\$0	-\$73,698	-\$73,698	-\$3,685	\$7,117	-\$77,382	\$80,026	\$2,643	\$1,000,323	\$922,941
17	\$0	-\$73,835	-\$151,218	-\$7,561	\$0	-\$158,779	\$152,209	-\$6,569	\$989,583	\$830,805
18	\$0	-\$66,464	-\$225,243	-\$11,262	\$22,149	-\$236,505	\$238,234	\$1,729	\$1,078,102	\$841,597
19	\$0	-\$67,328	-\$303,833	-\$15,192	\$30,948	-\$319,024	\$332,875	\$13,851	\$1,174,471	\$855,447
20	\$0	-\$68,436	-\$387,460	-\$19,373	\$40,640	-\$406,833	\$437,122	\$30,289	\$1,279,276	<b>\$872,443</b>
21	\$0	-\$69,795	-\$476,629	-\$23,831	\$51,321	-\$500,460	\$552,015	\$51,555	\$1,393,085	\$892,625
22	\$0	-\$71,410	-\$571,870	-\$28,594	\$55,239	-\$600,464	\$670,859	\$70,395	\$1,499,078	\$898,615
23	\$0	-\$71,889	-\$672,353	-\$33,618	\$0	-\$705,970	\$733,127	\$27,157	\$1,479,661	\$773,691
24	\$0	-\$61,895	-\$767,866	-\$38,393	\$0	-\$806,259	\$783,387	-\$22,872	\$1,458,005	\$651,746
25	\$0	-\$52,140	-\$858,399	-\$42,920	\$0	-\$901,319	\$821,700	-\$79,619	\$1,433,877	\$532,559
26	\$0	-\$42,605	-\$943,923	-\$47,196	\$86,932	-\$991,120	\$935,049	-\$56,070	\$1,551,243	\$560,124
27	\$0	-\$44,810	-\$1,035,929	-\$51,796	\$42,627	-\$1,087,726	\$1,004,261	-\$83,465	\$1,589,875	\$502,149
28	\$0	-\$40,172	-\$1,127,898	-\$56,395	\$85,664	-\$1,184,293	\$1,109,769	-\$74,524	\$1,689,331	\$505,038
29	\$0	-\$40,403	-\$1,224,696	-\$61,235	\$115,587	-\$1,285,931	\$1,243,270	-\$42,661	\$1,826,070	\$540,139
30	\$0	-\$43,211	-\$1,329,142	-\$66,457	\$0	-\$1,395,599	\$1,261,726	-\$133,873	\$1,790,932	<b>\$395,333</b>
31	\$0	-\$31,627	-\$1,427,225	-\$71,361	\$0	-\$1,498,587	\$1,266,463	-\$232,124	\$1,753,697	\$255,110
32	\$0	-\$20,409	-\$1,518,996	-\$75,950	\$128,923	-\$1,594,945	\$1,386,708	-\$208,238	\$1,889,750	\$294,805
33	\$0	-\$23,584	-\$1,618,530	-\$80,926	\$141,316	-\$1,699,456	\$1,520,006	-\$179,450	\$2,036,764	\$337,308
34	\$0	-\$26,985	-\$1,726,441	-\$86,322	\$30,923	-\$1,812,763	\$1,543,691	-\$269,072	\$2,032,419	\$219,656
35	\$0	-\$17,572	-\$1,830,335	-\$91,517	\$156,269	-\$1,921,852	\$1,680,842	-\$241,010	\$2,188,083	\$266,231
36	\$0	-\$21,298	-\$1,943,151	-\$97,158	\$170,427	-\$2,040,308	\$1,833,129	-\$207,179	\$2,356,468	\$316,160
37	\$0	-\$25,293	-\$2,065,601	-\$103,280	\$186,131	-\$2,168,881	\$2,002,046	-\$166,835	\$2,538,583	\$369,702
38	\$0	-\$29,576	-\$2,198,457	-\$109,923	\$0	-\$2,308,380	\$1,985,963	-\$322,417	\$2,481,530	\$173,150
39	\$0	-\$13,852	-\$2,322,232	-\$116,112	\$200,001	-\$2,438,344	\$2,151,235	-\$287,108	\$2,669,425	\$231,081
40	\$0	-\$18,486	-\$2,456,830	-\$122,842	\$217,091	-\$2,579,672	\$2,335,057	-\$244,614	\$2,872,838	<b>\$293,166</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	\$88,193	\$7,740
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$167,437	\$82,735
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$199,817	\$117,509
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$255,172	\$175,258
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$315,649	\$238,129
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$346,433	\$271,307
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400,388	\$327,618
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$459,015	\$398,386
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$538,886	\$490,379
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$570,229	\$533,844
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$575,804	\$575,804
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$618,392	\$618,392
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$603,373	\$603,373
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$644,261	\$644,261
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$692,389	\$692,389
16	\$0	-\$55,391	-\$55,391	-\$2,770	\$5,597	-\$58,161	\$60,200	\$2,039	\$752,494	\$694,333
17	\$0	-\$55,547	-\$113,707	-\$5,685	\$0	-\$119,393	\$114,094	-\$5,299	\$741,754	\$622,361
18	\$0	-\$49,789	-\$169,182	-\$8,459	\$16,533	-\$177,641	\$177,828	\$187	\$804,870	\$627,230
19	\$0	-\$50,178	-\$227,819	-\$11,391	\$0	-\$239,210	\$224,374	-\$14,836	\$792,048	\$552,838
20	\$0	-\$44,227	-\$283,437	-\$14,172	\$27,040	-\$297,609	\$290,850	-\$6,759	\$857,655	\$560,046
21	\$0	-\$44,804	-\$342,413	-\$17,121	\$25,436	-\$359,533	\$354,942	-\$4,591	\$906,940	\$547,407
22	\$0	-\$43,793	-\$403,326	-\$20,166	\$38,498	-\$423,492	\$429,565	\$6,073	\$977,065	\$553,573
23	\$0	-\$44,286	-\$467,778	-\$23,389	\$3,825	-\$491,167	\$468,259	-\$22,908	\$965,536	\$474,369
24	\$0	-\$37,950	-\$529,116	-\$26,456	\$50,723	-\$555,572	\$545,578	-\$9,995	\$1,040,628	\$485,056
25	\$0	-\$38,804	-\$594,377	-\$29,719	\$58,510	-\$624,096	\$629,343	\$5,248	\$1,120,691	\$496,596
26	\$0	-\$39,728	-\$663,823	-\$33,191	\$66,936	-\$697,014	\$719,975	\$22,961	\$1,205,955	\$508,941
27	\$0	-\$40,715	-\$737,730	-\$36,886	\$54,655	-\$774,616	\$797,146	\$22,530	\$1,263,751	\$489,135
28	\$0	-\$39,131	-\$813,747	-\$40,687	\$83,620	-\$854,434	\$899,420	\$44,985	\$1,359,169	\$504,735
29	\$0	-\$40,379	-\$894,813	-\$44,741	\$93,988	-\$939,554	\$1,010,947	\$71,393	\$1,462,067	\$522,513
30	\$0	-\$41,801	-\$981,355	-\$49,068	\$0	-\$1,030,422	\$1,027,447	-\$2,976	\$1,426,929	\$396,506
31	\$0	-\$31,720	-\$1,062,143	-\$53,107	\$0	-\$1,115,250	\$1,031,529	-\$83,721	\$1,389,694	\$274,443
32	\$0	-\$21,955	-\$1,137,206	-\$56,860	\$104,902	-\$1,194,066	\$1,128,338	-\$65,728	\$1,488,436	\$294,370
33	\$0	-\$23,550	-\$1,217,615	-\$60,881	\$114,710	-\$1,278,496	\$1,233,827	-\$44,669	\$1,594,316	\$315,819
34	\$0	-\$25,266	-\$1,303,762	-\$65,188	\$125,394	-\$1,368,950	\$1,348,902	-\$20,048	\$1,708,037	\$339,087
35	\$0	-\$27,127	-\$1,396,077	-\$69,804	\$116,512	-\$1,465,881	\$1,454,063	-\$11,818	\$1,804,898	\$339,017
36	\$0	-\$27,121	-\$1,493,002	-\$74,650	\$147,557	-\$1,567,652	\$1,587,136	\$19,484	\$1,934,006	\$366,354
37	\$0	-\$29,308	-\$1,596,960	-\$79,848	\$0	-\$1,676,809	\$1,571,396	-\$105,413	\$1,880,107	\$203,299
38	\$0	-\$16,264	-\$1,693,072	-\$84,654	\$0	-\$1,777,726	\$1,539,481	-\$238,245	\$1,823,054	\$45,328
39	\$0	-\$3,626	-\$1,781,352	-\$89,068	\$118,736	-\$1,870,420	\$1,610,818	-\$259,602	\$1,903,049	\$32,629
40	\$0	-\$2,610	-\$1,873,030	-\$93,652	\$0	-\$1,966,682	\$1,559,443	-\$407,239	\$1,839,373	-\$127,309

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	\$88,193	\$7,740
2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$184,600	\$99,898
3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$238,517	\$156,209
4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$297,838	\$217,924
5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$362,689	\$285,169
6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$393,473	\$318,347
7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$467,416	\$394,646
8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$548,577	\$487,948
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$604,445	\$555,938
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700,957	\$664,572
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$736,622	\$736,622
12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$792,165	\$792,165
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$777,037	\$777,037
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$839,424	\$839,424
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$907,557	\$907,557
16	\$0	-\$72,605	-\$72,605	-\$3,630	\$7,361	-\$76,235	\$79,177	\$2,943	\$989,717	\$913,482
17	\$0	-\$73,079	-\$149,313	-\$7,466	\$15,437	-\$156,779	\$166,041	\$9,262	\$1,079,322	\$922,543
18	\$0	-\$73,803	-\$230,582	-\$11,529	\$21,287	-\$242,112	\$258,528	\$16,417	\$1,163,404	\$921,292
19	\$0	-\$73,703	-\$315,815	-\$15,791	\$0	-\$331,606	\$328,570	-\$3,035	\$1,150,582	\$818,976
20	\$0	-\$65,518	-\$397,124	-\$19,856	\$0	-\$416,980	\$389,249	-\$27,731	\$1,136,452	\$719,472
21	\$0	-\$57,558	-\$474,538	-\$23,727	\$0	-\$498,265	\$440,631	-\$57,634	\$1,120,745	\$622,480
22	\$0	-\$49,798	-\$548,063	-\$27,403	\$49,487	-\$575,466	\$532,284	-\$43,182	\$1,216,392	\$640,926
23	\$0	-\$51,274	-\$626,740	-\$31,337	\$25,455	-\$658,077	\$599,698	-\$58,380	\$1,250,034	\$591,957
24	\$0	-\$47,357	-\$705,434	-\$35,272	\$53,187	-\$740,705	\$689,031	-\$51,674	\$1,331,128	\$590,423
25	\$0	-\$47,234	-\$787,939	-\$39,397	\$74,099	-\$827,336	\$797,018	-\$30,318	\$1,440,968	\$613,632
26	\$0	-\$49,091	-\$876,427	-\$43,821	\$0	-\$920,248	\$830,341	-\$89,907	\$1,414,114	\$493,866
27	\$0	-\$39,509	-\$959,757	-\$47,988	\$0	-\$1,007,745	\$852,103	-\$155,643	\$1,385,262	\$377,517
28	\$0	-\$30,201	-\$1,037,947	-\$51,897	\$88,416	-\$1,089,844	\$951,011	-\$138,833	\$1,493,135	\$403,292
29	\$0	-\$32,263	-\$1,122,107	-\$56,105	\$98,556	-\$1,178,213	\$1,060,078	-\$118,135	\$1,609,764	\$431,551
30	\$0	-\$34,524	-\$1,212,737	-\$60,637	\$21,887	-\$1,273,374	\$1,092,596	-\$180,778	\$1,606,814	\$333,440
31	\$0	-\$26,675	-\$1,300,049	-\$65,002	\$112,067	-\$1,365,051	\$1,205,400	-\$159,651	\$1,730,460	\$365,409
32	\$0	-\$29,233	-\$1,394,284	-\$69,714	\$123,651	-\$1,463,998	\$1,330,004	-\$133,994	\$1,864,132	\$400,134
33	\$0	-\$32,011	-\$1,496,009	-\$74,800	\$136,435	-\$1,570,809	\$1,467,511	-\$103,299	\$2,008,520	\$437,711
34	\$0	-\$35,017	-\$1,605,826	-\$80,291	\$0	-\$1,686,117	\$1,468,821	-\$217,297	\$1,963,462	\$277,344
35	\$0	-\$22,188	-\$1,708,305	-\$85,415	\$149,111	-\$1,793,720	\$1,603,849	-\$189,871	\$2,112,058	\$318,338
36	\$0	-\$25,467	-\$1,819,187	-\$90,959	\$162,996	-\$1,910,147	\$1,753,202	-\$156,944	\$2,272,650	\$362,504
37	\$0	-\$29,000	-\$1,939,147	-\$96,957	\$0	-\$2,036,104	\$1,739,935	-\$296,169	\$2,218,751	\$182,647
38	\$0	-\$14,612	-\$2,050,716	-\$102,536	\$175,217	-\$2,153,252	\$1,884,647	-\$268,604	\$2,383,272	\$230,021
39	\$0	-\$18,402	-\$2,171,653	-\$108,583	\$190,129	-\$2,280,236	\$2,045,041	-\$235,195	\$2,561,096	\$280,860
40	\$0	-\$22,469	-\$2,302,705	-\$115,135	\$206,651	-\$2,417,840	\$2,222,757	-\$195,083	\$2,753,405	\$335,565

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.
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- 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:**

M50 - 3YF 100.50

**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*