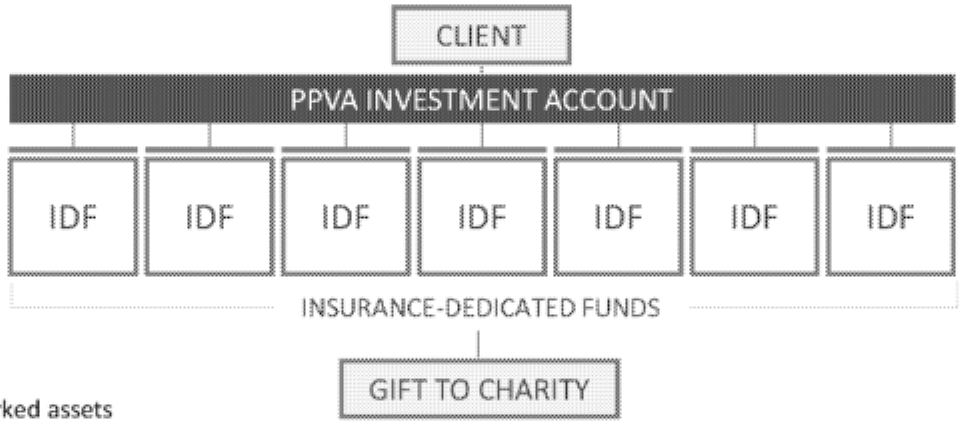
Optimizing Planned Gifts to a Private Foundation or Public Charity

Private Placement Variable Annuity

STRUCTURE



CLIENT OBJECTIVES

- Maximize the value to the charity
- Retain full control and ownership of earmarked assets
- Retain ability to change planned gift amount or terms at any time

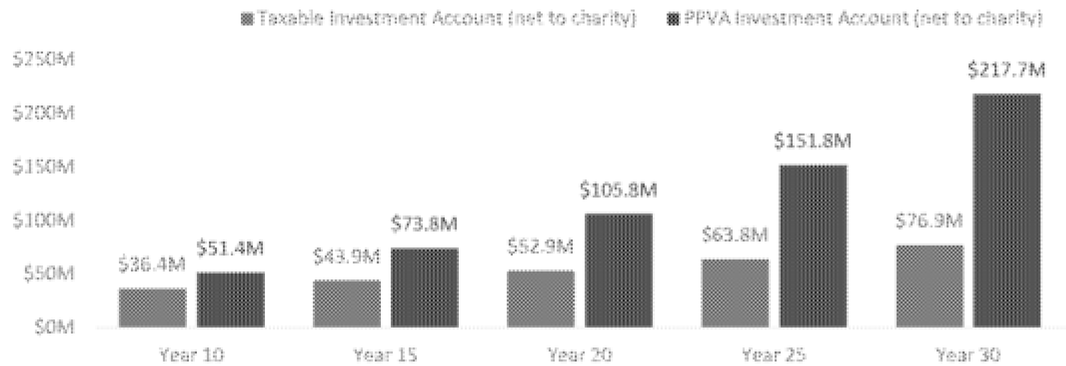
PRIVATE PLACEMENT VARIABLE ANNUITY ("PPVA") INVESTMENT ACCOUNT

- PPVA Investment Accounts accumulate on a tax-deferred basis. When money is withdrawn from a PPVA Investment account, deferred gains are subject to tax at ordinary income rates.
- If a private foundation or public charity is designated as the beneficiary of the PPVA Investment Account, deferred gains become fully exempt from income and estate taxes at the death of the annuitant.
- The cost of the tax-deferral is an annual annuity fee of 50 basis points[2], charged monthly on the Net Asset Value.
- There are no K-1s.
- Bottom line: assets that would otherwise be transferred to the federal government in the form of income taxes will benefit the charity and its recipients.

FUTURE VALUE OF A $25 MILLION INVESTMENT EARMARKED FOR CHARITY USING A TAXABLE INVESTMENT ACCOUNT VERSUS A PPVA INVESTMENT ACCOUNT

ASSUMPTIONS

- 8.00% Net Return
- 75% STCG / Ordinary Income
- 25% LTCG



1. Private Placement Variable Annuity ("PPVA") assets are held in Separate Accounts that are not subject to credit risk with respect to the life insurance company.
2. The annual annuity fee of 50 basis points is based on a $25 million investment. The actual fee may vary depending on the investment amount and the insurance company.
3. Assumes 1.50% of fund management fees and an 8.00% return after fund management fees on a $25 million investment in a Taxable Investment Account and a PPVA Investment Account, 75% of realized gains are taxed at ordinary income rates, 25% of realized gains are taxed at long term capital gains rates, and no withdrawals are made before age 59½. There is a 10% excise tax on gains if withdrawals are made from a PPVA Investment Account before age 59½.
4. Assumes that fund management fees are not tax-deductible in the Taxable Investment Account due to the 2% of AGI floor and the limitations on deductions of such fees for alternative minimum tax purposes. The PPVA Investment Account enables all fees and expenses to become effectively tax deductible (i.e. not subject to 2% of AGI floor).
5. Tax Rates assume no additional tax legislation is enacted. Assumes an Ordinary Income Tax Rate of 48.60% and Capital Gains Tax Rate of 29.00%.