

inclusion of the PPVA in the estate. To the extent paid to a tax-exempt entity, the investment income and gains within a PPVA will not be subject to income tax.

FACTS

For purposes of this opinion, you have represented the following facts are true with respect to the PPVA:

Under the terms of a PPVA, an issuer of the PPVA will agree to make a series of payments to an annuitant over time, beginning no later than when the annuitant reaches age 95 or 100. The PPVA will be issued by the Insurance Company to U.S. individual investors (or to trusts for the benefit of U.S. individual investors). It is intended that the PPVA will meet the requirements of section 72 of the Code.¹

The owner of the annuity contract may select a beneficiary of the PPVA. The beneficiary receives the account value of the annuity at the annuitant's death.

There will be no limits on the amount that may be contributed to the PPVA. There will be a fee charged monthly by the Insurance Company on the Net Asset Value.

The PPVA account value will be held in a separate account at the insurance company. The contract owner will then instruct the Insurance Company to allocate the value to one or more insurance-dedicated funds that are available on the PPVA platform. The PPVA account value will reflect the investment return and market value of the insurance-dedicated funds to which the separate account values are allocated. Each underlying insurance-dedicated fund ("IDF") will meet the diversification requirements under section 817 of the Code. Except where otherwise permitted under Treasury Regulation section 1.817-5(f)(2)(i) in order to receive look-through treatment, all the beneficial interests in the IDFs will be held by one or more separate accounts of one or more insurance companies, and public access to interests in the IDFs will be held exclusively through the purchase of a variable annuity or a variable life insurance contract.

The PPVA owner will be given various IDF investment choices upon making a deposit into the PPVA account. The owner will be permitted to reallocate amounts among the IDFs from time to time. The separate account of the PPVA contract does not need to be diversified in accordance with 817(h) of the Code (*i.e.*, all of the account value could be allocated to a single IDF). However, each IDF available to a PPVA owner will conform with section 817(h) of the Code.

An owner of the PPVA may take unscheduled withdrawals from the PPVA account at any time before the annuity start date. Distributions may be taken in annual installments or lump-sums. The PPVA will permit the holder to designate a tax-exempt charity or tax-exempt private foundation as a beneficiary of the PPVA upon death of the policy holder.

¹ All "Code" or "section" references are to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.