

Paul and Rich,

Here is the material Michael is referring to that will help guide the discussion.

PPVA Overview: This document is a simple one-page summary of a PPVA Investment Account. Under IRC Section 72, an investment account administered by an insurance company qualifies for deferral of investment gains from current period taxation. A client can open a PPVA Investment Account and invest in traditional and/or alternative asset class investment funds. The PPVA Investment Account has no restriction on contributions or withdrawals (other than those imposed by an investment manager) and no surrender charges. Withdrawals are taxed on a LIFO basis (the gain element is recognized first and taxed at ordinary income rates, and then the cost basis is returned tax-free). There is a 10% excise tax applicable to the gain element of any withdrawals from the PPVA Investment Account taken prior to the owner's age 59.5. If a client bequeaths the PPVA Investment Account to a private foundation or public charity, the deferred taxes are eliminated altogether, and the charity will receive the full value of the account. PPVA Investment Accounts should be considered when the client's objectives are: 1) deferral of income taxes on investment allocations to asset classes that would otherwise be highly tax-inefficient, and/or 2) optimization of the value that will ultimately be bequeathed to a private foundation or public charity.

Optimizing Planned Gifts to a Private Foundation or Public Charity: This one-page presentation highlights the attributes and economics of utilizing a PPVA Investment Account for assets earmarked for charitable bequests. The private foundation or public charities will receive more than double the asset value in 20 years and nearly triple the asset value in 30 years simply by locating the investment portfolio within a tax-deferred environment versus continuing to expose the investment portfolio to current period income taxes. The PPVA Investment Account is unique in that it allows the owner to:

- maintain control of the investment portfolio throughout his/her lifetime
- defer investment portfolio gains from current period taxation
- allocate investment portfolio values to any of the registered and non-registered investment funds made available by the insurance company
- avoid required distributions until the owner's age 95 or 100 (at which time the distributions can be taken over a 30 year period of time)
- eliminate the taxes on investment gains altogether if a private foundation or public charity is named as the beneficiary. This beneficiary designation is completely revocable and can be adjusted at any time.

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