

Also, when we got off the call, Michael and I thought it may be helpful for you to have the Willkie Farr & Gallagher Tax Memorandum at your fingertips for when you meet with the Principal tomorrow (see "Willkie Farr & Gallagher LLP Memorandum," attached). We asked Willkie Farr & Gallagher to research the tax treatment of the charitable legacy application of a Private Placement Variable Annuity (PPVA) Investment Account. They were able to confirm the tax results we had anticipated, namely that all taxes on investment gains are eliminated to the extent that the PPVA Investment Account is bequeathed to a tax-exempt charity or private foundation. We hope you find this helpful for your conversation tomorrow.

Please let us know if you have any questions prior to your discussion with the Principal or if any arise as a result of tomorrow's conversation.

Brian

From: Brian Gartner
Sent: Thursday, June 05, 2014 4:47 PM
To: paul.morris@db.com; richardkahn12@gmail.com
Cc: Michael Liebeskind (mliebeskind@wingedkeel.com)
Subject: FW: Private Placement Variable Annuity (PPVA) Investment Account

Paul and Rich,

The third attachment to this email is the reporting example Michael was referring to. Here is a brief description of the document:

PPVA Sample Statement: This is a redacted version of an actual client statement for the month ending December 31, 2013. The PPVA Investment Account has now shielded \$6,537,565 of investment gains from current period taxation for an incremental fee of \$407,101. This particular client had earmarked \$20 million to bequeath to her private foundation, but she did not want to give up ownership and control of the assets during her lifetime. Needless to say, she is delighted with the results that have been achieved.

Brian

From: Brian Gartner
Sent: Thursday, June 05, 2014 4:09 PM
To: 'paul.morris@db.com'; 'richardkahn12@gmail.com'
Cc: Michael Liebeskind (mliebeskind@wingedkeel.com)
Subject: FW: Private Placement Variable Annuity (PPVA) Investment Account

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