

L O N G E V I T Y • I N F R A S T R U C T U R E • K N O W L E D G E • I N D
E P E N D E N C E

Optimizing Planned Gifts to a Private Foundation or Public Charity
Private Placement Variable Annuity

STRUCTURE

IDF

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

IDF

IDF

CLIENT

PPVA INVESTMENT ACCOUNT

IDF

IDF

INSURANCE-DEDICATED FUNDS

GIFT TO CHARITY

IDF

IDF

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 When money is withdrawn from a PPVA Investment account, deferred gains are subject to tax at ordinary income rates.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 points², 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

\$0M

\$50M

\$100M

\$150M

\$200M

\$250M

Taxable Investment Account (net to charity)

PPVA Investment Account (net to charity)

\$217.7M

\$151.8M

\$105.8M

\$73.8M

\$36.4M

\$51.4M

\$43.9M

Year 10

Year 15

\$52.9M

\$63.8M

\$76.9M

Year 20

Year 25

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%.

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Proprietary and Confidential

®

Year 30

DISCLOSURES

Private Placement Variable Annuity is an unregistered securities product and is not subject to the same regulatory requirements as registered variable annuity products. As such, Private Placement Variable Annuities should only be presented to accredited investors or qualified purchasers as described by the Securities Act of 1933.

This material is intended for informational purposes only and should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney, or tax advisor. This material may be delivered only by an individual licensed to present Private Placement Variable Annuity offering documents.

Private Placement Variable Annuities are long-term investments. The value of the investment options will fluctuate and, when redeemed or annuitized, may be worth more or less than the original cost. Withdrawals and other distributions of taxable amounts, including death benefit payments, will be subject to ordinary income tax. If withdrawals and other distributions are taken prior to age 59 $\frac{1}{2}$, a 10% excise tax may apply. Assumes the Private Placement Variable Annuities illustrated herein are not issued in the following states: CA, ME, NV, PR, SD, WV, or WY. These states charge a premium tax, which would add a fee to such illustrations.

A Private Placement Variable Annuity investment may include additional fees such as placement fees and performance fees. None of the illustrations contained herein assume these fees. The returns would be lower if these fees become applicable.

The tax and legal references attached herein are designed to provide accurate and authoritative information with regard to the subject matter covered and are provided with the understanding that Winged Keel Group, Inc. is not engaged in rendering tax, legal or actuarial services. If tax, legal or actuarial advice is required, you should consult your accountant, attorney, or actuary. Winged Keel Group, Inc. does not replace those advisors.

The tax rates and tax treatment of earnings may impact comparative results. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown.

The information and financial data included here are purely hypothetical and are not intended to predict or project future performance. Any illustration is intended solely for discussion purposes and is not representative of any actual investment results or performance. Actual investment results and performance will vary and are not guaranteed. This information is not intended to constitute any future performance figures and no specific securities are identified.

The financial illustrations and other statements within this report, as well as comments made by any individuals, are not guaranteed and do not constitute a contract. Any contract entered into is between the Private Placement Variable Annuity owner and the insurance company, through its Private Placement Variable Annuity. You should read the Private Placement Variable Annuity

thoroughly.

Investors should consider the investment objectives, risks, charges and expenses of any variable product carefully before investing.

This and other important information about the investment company is contained in each fund's offering memorandum, which can be obtained by calling [REDACTED] Please read it carefully before you invest.

Securities Offered Through M Holdings Securities, Inc.

A Registered Broker Dealer Member FINRA/SIPC

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ABOUT US

Winged Keel Group is an independent life insurance brokerage firm that seeks to create and implement customized, multi-generational wealth accumulation and wealth transfer strategies for ultra-high-net-worth families. We specialize in the structuring and administration of large life insurance and annuity portfolios that enable our clients to achieve their financial goals. It is our commitment to excellence "beneath the surface" that sets us apart.

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