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Welcome to
**Current Trends
and Exciting
Developments in
PPLI**

Tuesday, November 7, 2023 | 9:00-10:30am

Available Via Video Conference

NASBA CPE Credit: 1 hour for CPAs

CFP Credit: 1 hour

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LEARNING OBJECTIVES & MEETING REMINDERS

🌀 Learning Objectives

- Understand the basics of PPLI
 - Potential tax savings and impact of PPLI
 - Review the separately managed account (SMA) application for RIAs and Multi-Family Offices (MFOs)
 - Key drivers of client and advisor adoption
 - Identify ideal client fact patterns
- Identify advanced planning considerations when implementing PPLI
 - Implementation in existing trust structures
 - Funding considerations
 - Offshore and onshore opportunities
 - Review applications for single family offices
 - Investor Control issues
- Identify where utilizing existing life insurance policies can be repurposed for PPLI
 - Catalyst (Lombard)
 - Private mortality coverage (Investor's Preferred Life)



MEETING REMINDERS & CE CREDIT

🕒 Q&A

- Please type your questions into the Q&A feature in your Zoom toolbar
 - Do not use the chat function

🕒 If you are interested in receiving CE and/or CFP credit for attending this webinar, please look for and complete the survey that will be sent to you

- CE certificates will be emailed to you within 30 days after the webinar and completion of the survey.
- For any additional questions, please reach out to Kristin@wealthpoint.net



Private Placement Life Insurance Overview

- ④ PPLI is an institutionally-priced life insurance product
 - Designed for investment performance, not death benefit
 - No surrender charge
 - Fully disclosed, transparent pricing

- ④ Investments managed by existing asset manager
 - Separately managed account
 - Funds custodied at Schwab, Fidelity, Pershing, etc.
 - Potential investments include the same securities used in a taxable account



- ④ Tax benefits
 - Tax-deferred growth
 - Account value growth is tax-deferred
 - Tax-free death benefit
 - Under §101(a)(1), life insurance death benefits are income tax-free
 - Tax-free access to cash value
 - Distributions from insurance policies are assessed on a first-in, first-out (FIFO) basis
 - Step-up in basis equivalence
 - If owned by an irrevocable trust, PPLI will be the only asset to receive a step-up in basis equivalence at death

- ④ Complies with multiple IRC sections, including 101, 72, 817 and 7702
 - These code sections govern all life insurance products, not just PPLI
 - 160 years of tax law precedent



KEY DRIVERS OF PPLI GROWTH

- ④ The SMA application
- ④ Reliable tax authority – Revenue Rulings, Treasury Regulations, Private Letter Rulings in support
- ④ Broader array of investment options
- ④ Increase in number of insurance brokerage firms, investment firms, and estate planning professionals with technical expertise
- ④ Critical mass of clients (institutional and individual) with PPLI
- ④ Threat of higher tax burden for taxable investment accounts
- ④ PPLI is now more cost-efficient to implement than in the past



REGISTERED INSURANCE DEDICATED FUNDS (IDFs): TRAD. ASSETS



NON-REGISTERED IDFS: ALTS AND RESTRICTED LIQUIDITY

ARES



Blackstone



GOLUB CAPITAL



J.P.Morgan

KKR



MILLENNIUM
GLOBAL



Morgan Stanley
Smith Barney

OWL ROCK
CAPITAL PARTNERS

PIMCO

PAAMCO



Vontobel







LOMBARD
INTERNATIONAL



Prudential



PACIFIC LIFE



ZURICH[®]



- ⊗ In order to ensure that the PPLI structure is respected, two important requirements must be satisfied: 1) investor control and 2) diversification

Investor Control

The policy owner may not exercise direct or indirect influence over a fund manager or investment advisor's selection of funds or securities

Diversification

In general, each asset account in the policy must contain at least five investments

- ⊗ A breach of either test may result in the PPLI policy being disregarded and, thus, the income being treated as ordinary income received by the policyowner for the current and future taxable years



Case Study

FACT PATTERN & ASSUMPTIONS

Ⓢ Client Fact Pattern

- 50-year-old male
- Business owner, private equity
- Colorado resident
- Liquid net worth: \$50 Million
- Total net worth: \$100 Million

Ⓢ Goal: Maximize net return on \$20 million of the investment portfolio

Ⓢ Brokerage Account Assumptions

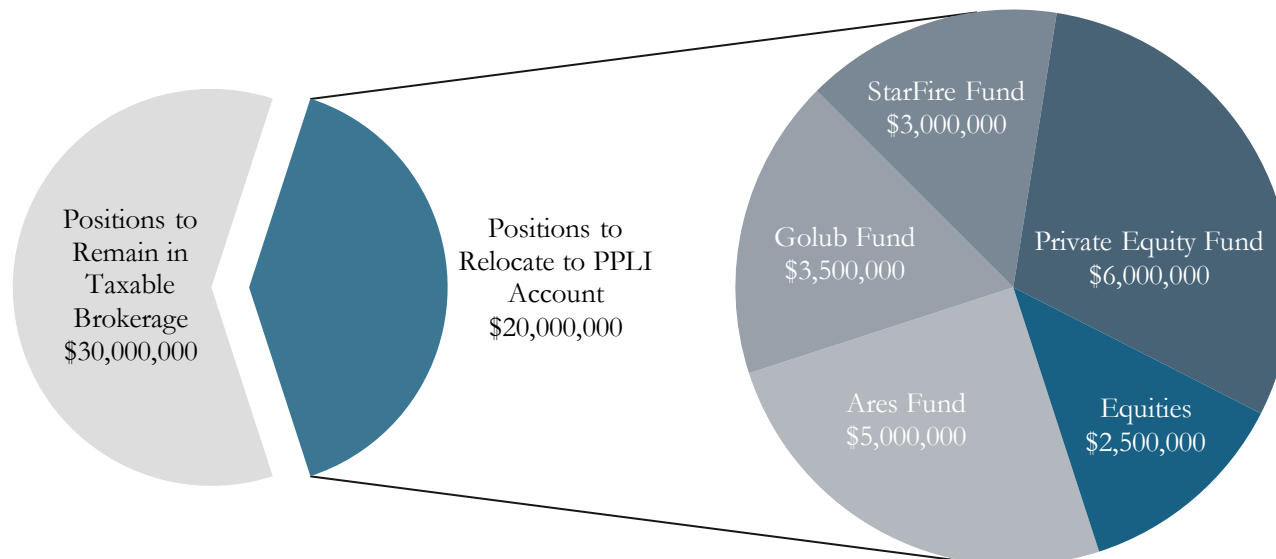
- Portfolio expected return: 7.93%
- Average annual tax rate: 34.03%
- Cost of taxes: 2.70%
- Net rate of return: 5.73%



CURRENT PORTFOLIO

Location	Current Values	
	Balance	Asset Mix
Checking Account	\$4,750,000	7.92%
IRA	\$3,000,000	5.00%
401(k)	\$2,250,000	3.75%
Brokerage Account	\$50,000,000	83.33%
Positions to Remain in Taxable Brokerage	\$30,000,000	50.00%
Positions to Relocate to PPLI Account	\$20,000,000	33.33%
Ares Fund	\$5,000,000	8.33%
Golub Fund	\$3,500,000	5.83%
StarFire Fund	\$3,000,000	5.00%
Private Equity Fund	\$6,000,000	10.00%
Equities	\$2,500,000	4.17%
Total	\$60,000,000	100.00%

Location Change, Not Allocation Change



\$68,898,010

Income Tax Paid Over 40 Years

\$18,338,321

Future LTCG Liability Accrued at Year 40

\$87,236,331

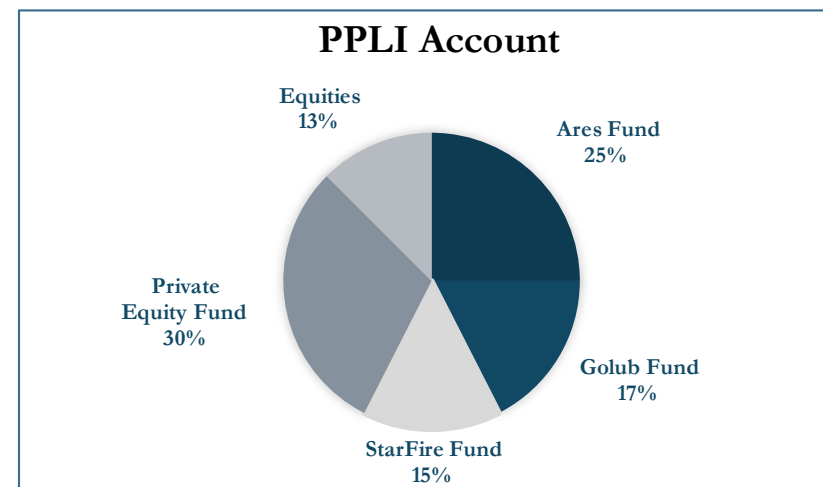
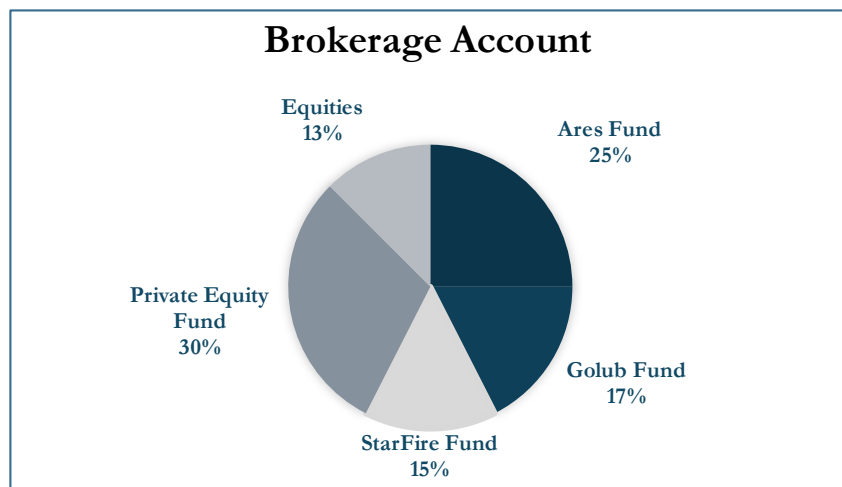
Total Tax Problem



Brokerage Account vs. PPLI Account at Year 40

	Total Investment	Account Balance	Account Balance IRR	Net To Heirs	Net To Heirs IRR
Brokerage Account	\$20,000,000	\$146,078,885	5.23%	\$128,770,789	4.89%
PPLI Account		\$313,368,684	7.31%	\$329,037,118	7.44%
PPLI Advantage		\$167,289,799	2.08%	\$200,266,329	2.55%

Location Change, Not Allocation Change



CURRENT PORTFOLIO – TAX TREATMENT

Assumptions

State	CO	Federal	State	NIIT	City
OI/STCG Tax Rate*	45.35%	37.00%	4.55%	3.80%	0.00%
LTCG Tax Rate	28.35%	20.00%	4.55%	3.80%	0.00%

Portfolio Allocation	Investment Allocation	Investment Balance	Investment Assumption	Assumed Tax Treatment	Assumed Turnover	Assumed Tax Rate*
Ares Fund	25.00%	\$ 5,000,000	8.00%	Blended Rate (100% OI; 0% LTCG)	25.00%	45.35%
Golub Fund	17.50%	\$ 3,500,000	9.00%	Blended Rate (100% OI; 0% LTCG)	15.00%	45.35%
StarFire Fund	15.00%	\$ 3,000,000	6.00%	Blended Rate (30% OI; 70% LTCG)	10.00%	15.59%
Private Equity Fund	30.00%	\$ 6,000,000	9.00%	Blended Rate (80% OI; 20% LTCG)	15.00%	37.13%
Equities	12.50%	\$ 2,500,000	6.00%	Blended Rate (20% OI; 80% LTCG)	5.00%	10.20%
Total/Weighted Average	100.00%	\$ 20,000,000	7.93%			34.03%

*Assumes the tax treatment of each fund, factors in the marginal ordinary and long-term capital gain tax rates and frequency of when they are incurred/realized.


Current Investment Portfolio Return & Tax Rate:

Portfolio Weighted Return	7.93%
Portfolio Weighted Tax Rate	34.03%
Portfolio Net Return	5.23%
Cost of Taxes	2.70%

Projection of Brokerage Account

Investment	Gross Rate	Growth	Tax Rate	Taxes Incurred	Account Balance*
\$20,000,000	7.93%	\$1,585,000	34.03%	(\$539,325)	\$21,045,675

*Depending on ownership, account balance could be subject to estate or LTCG taxes upon death or liquidation

 Tax assumptions are based off current federal, state and city tax rates along with the client's current investment portfolio information given to WealthPoint by the advisor team

Cost of Insurance < Cost of Taxes

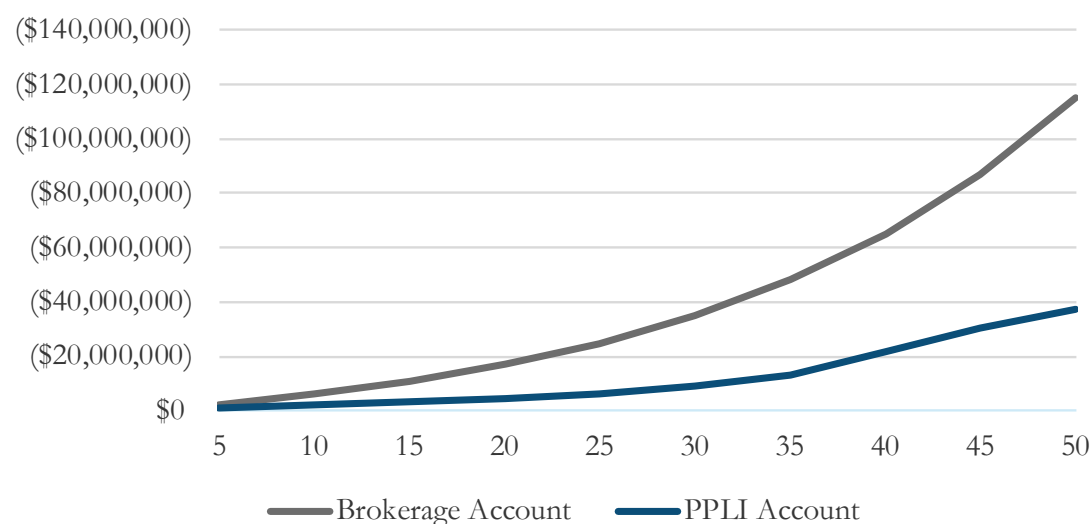


COST ANALYSIS

Cost of Taxes vs. Cost of PPLI Structure			
Year	Brokerage Account Cumulative Cost	PPLI Account Cumulative Cost	PPLI Account Cumulative Cost Savings
5	(\$2,343,415)	(\$1,122,590)	\$1,220,824
10	(\$6,017,262)	(\$2,072,367)	\$3,944,895
15	(\$10,757,339)	(\$3,110,831)	\$7,646,508
20	(\$16,873,088)	(\$4,676,134)	\$12,196,954
25	(\$24,763,760)	(\$6,423,642)	\$18,340,118
30	(\$34,944,475)	(\$8,931,488)	\$26,012,987
35	(\$48,079,853)	(\$13,214,135)	\$34,865,718
40	(\$65,027,402)	(\$21,702,550)	\$43,324,852
45	(\$86,893,494)	(\$30,560,251)	\$56,333,243
50	(\$115,105,599)	(\$37,312,870)	\$77,792,729

- ⊗ Brokerage expenses consist of all income and capital gains taxes incurred
- ⊗ PPLI expenses consist of premium tax charge, structuring fee, M&E charge and COI
- ⊗ Investment management fees are assumed to be the same for both the brokerage and PPLI assets

Cumulative Expense Analysis



BROKERAGE ACCOUNT VS. PPLI

		Brokerage Account							PPLI Account							PPLI Advantage	
		Tax Rate Assumptions: Effective Rate 34.03% See Taxable Account Projection Slide For More Information							Prudential Life Ins. Co. Variable Life Three Pay NonMEC Preferred Non-Tobacco Pre-Informal Gross: 7.93%								
		Gross: 7.93% - Net: 5.23%															
Carrier	Product Design																
UW Rating	UW Status																
Rate of Return																	
EOY Age	Year	Annual Investment	Annual Tax	Account Balance	Net to Heirs	Account Balance IRR	Net to Heirs IRR	Annual Investment	Annual Cost	Account Balance	Net to Heirs (Death Benefit)	Account Balance IRR	Net to Heirs IRR	Account Balance	Net to Heirs		
51	1	\$6,666,667	(\$179,775)	\$7,015,225	\$6,967,375	5.23%	4.51%	\$6,666,667	(\$206,797)	\$6,976,410	\$86,136,127	4.65%	1192.04%	(\$38,815)	\$79,168,752		
52	2	\$6,666,667	(\$368,949)	\$14,397,232	\$14,251,180	5.23%	4.52%	\$6,666,667	(\$248,704)	\$14,462,375	\$93,622,092	5.54%	228.06%	\$65,143	\$79,370,911		
53	3	\$6,666,667	(\$568,015)	\$22,165,198	\$21,867,960	5.23%	4.53%	\$6,666,667	(\$293,478)	\$22,495,314	\$101,655,031	6.00%	107.13%	\$330,116	\$79,787,071		
54	4	\$0	(\$597,712)	\$23,324,078	\$22,867,749	5.23%	4.54%	\$0	(\$176,487)	\$24,095,233	\$79,159,717	6.36%	54.90%	\$771,155	\$56,291,968		
55	5	\$0	(\$628,963)	\$24,543,548	\$23,919,810	5.23%	4.56%	\$0	(\$197,124)	\$25,800,508	\$79,159,717	6.54%	39.75%	\$1,256,960	\$55,239,907		
56	6	\$0	(\$661,848)	\$25,826,776	\$25,026,877	5.23%	4.57%	\$0	(\$221,114)	\$27,616,000	\$79,159,717	6.64%	31.04%	\$1,789,224	\$54,132,840		
57	7	\$0	(\$696,452)	\$27,177,097	\$26,191,826	5.23%	4.59%	\$0	(\$249,058)	\$29,546,324	\$79,159,717	6.70%	25.41%	\$2,369,228	\$52,967,891		
58	8	\$0	(\$732,865)	\$28,598,017	\$27,417,682	5.23%	4.60%	\$0	(\$147,568)	\$31,735,585	\$43,795,107	6.80%	11.78%	\$3,137,568	\$16,377,425		
59	9	\$0	(\$771,182)	\$30,093,228	\$28,707,631	5.23%	4.61%	\$0	(\$160,025)	\$34,085,473	\$45,674,534	6.87%	10.83%	\$3,992,245	\$16,966,903		
60	10	\$0	(\$811,502)	\$31,666,615	\$30,065,023	5.23%	4.63%	\$0	(\$172,012)	\$36,609,218	\$47,591,983	6.93%	10.07%	\$4,942,603	\$17,526,960		
61	11	\$0	(\$853,930)	\$33,322,264	\$31,493,385	5.23%	4.64%	\$0	(\$169,137)	\$39,336,091	\$50,350,197	6.98%	9.64%	\$6,013,827	\$18,856,812		
62	12	\$0	(\$898,577)	\$35,064,477	\$32,996,427	5.23%	4.65%	\$0	(\$186,321)	\$42,261,300	\$53,249,239	7.02%	9.28%	\$7,196,824	\$20,252,812		
63	13	\$0	(\$945,558)	\$36,897,779	\$34,578,053	5.23%	4.66%	\$0	(\$206,270)	\$45,397,692	\$56,293,138	7.06%	8.98%	\$8,499,913	\$21,715,085		
64	14	\$0	(\$994,995)	\$38,826,932	\$36,242,373	5.23%	4.67%	\$0	(\$227,661)	\$48,760,510	\$59,487,822	7.08%	8.73%	\$9,933,577	\$23,245,449		
65	15	\$0	(\$1,047,017)	\$40,856,950	\$37,993,710	5.23%	4.68%	\$0	(\$249,075)	\$52,367,687	\$62,841,224	7.11%	8.50%	\$11,510,737	\$24,847,514		
66	16	\$0	(\$1,101,759)	\$42,993,104	\$39,836,613	5.23%	4.70%	\$0	(\$272,195)	\$56,236,822	\$66,921,818	7.12%	8.37%	\$13,243,718	\$27,085,205		
67	17	\$0	(\$1,159,363)	\$45,240,944	\$41,775,870	5.23%	4.71%	\$0	(\$292,344)	\$60,391,784	\$71,262,305	7.14%	8.25%	\$15,150,840	\$29,486,435		
68	18	\$0	(\$1,219,979)	\$47,606,310	\$43,816,519	5.23%	4.72%	\$0	(\$312,013)	\$64,855,740	\$75,881,216	7.16%	8.15%	\$17,249,430	\$32,064,697		
69	19	\$0	(\$1,283,764)	\$50,095,346	\$45,963,860	5.23%	4.73%	\$0	(\$333,447)	\$69,651,354	\$80,795,570	7.17%	8.05%	\$19,556,007	\$34,831,710		
70	20	\$0	(\$1,350,884)	\$52,714,518	\$48,223,473	5.23%	4.74%	\$0	(\$355,305)	\$74,804,484	\$86,025,157	7.18%	7.97%	\$22,089,966	\$37,801,684		
75	25	\$0	(\$1,742,940)	\$68,013,409	\$61,422,133	5.23%	4.78%	\$0	(\$369,246)	\$107,432,857	\$112,804,499	7.25%	7.47%	\$39,419,448	\$51,382,366		
80	30	\$0	(\$2,248,779)	\$87,752,368	\$78,451,330	5.23%	4.82%	\$0	(\$608,181)	\$154,327,378	\$162,043,746	7.29%	7.47%	\$66,575,010	\$83,592,416		
85	35	\$0	(\$2,901,423)	\$113,219,998	\$100,422,767	5.23%	4.86%	\$0	(\$1,076,257)	\$220,885,850	\$231,930,142	7.31%	7.47%	\$107,665,852	\$131,507,375		
90	40	\$0	(\$3,743,478)	\$146,078,885	\$128,770,789	5.23%	4.89%	\$0	(\$2,229,972)	\$313,368,684	\$329,037,118	7.31%	7.44%	\$167,289,799	\$200,266,329		
95	45	\$0	(\$4,829,916)	\$188,474,129	\$165,346,019	5.23%	4.92%	\$0	(\$1,076,393)	\$447,875,972	\$447,875,972	7.32%	7.32%	\$259,401,843	\$282,529,953		
100	50	\$0	(\$6,231,662)	\$243,173,389	\$212,536,170	5.23%	4.94%	\$0	(\$1,556,865)	\$647,795,109	\$647,795,109	7.35%	7.35%	\$404,621,721	\$435,258,939		
		Consult Tax Professional							As Illustrated, Policy Does Not Lapse								
Total at Year 40:		\$20,000,000	(\$65,027,402)						\$20,000,000	(\$21,702,550)							

Account Value Break-
 40-Year Benchmark



PLANNING APPLICATIONS & CONSIDERATIONS

- ④ On-Shore vs Off-Shore
 - Primary Differences
 - Investor Control Issues

- ④ Jurisdiction
 - Costs
 - Estate Planning Considerations

- ④ Ownership
 - Outside the Estate
 - Personal Ownership

- ④ Enhancements to Common Estate Planning Strategies
 - Dynasty Trusts
 - Trustee Flexibility

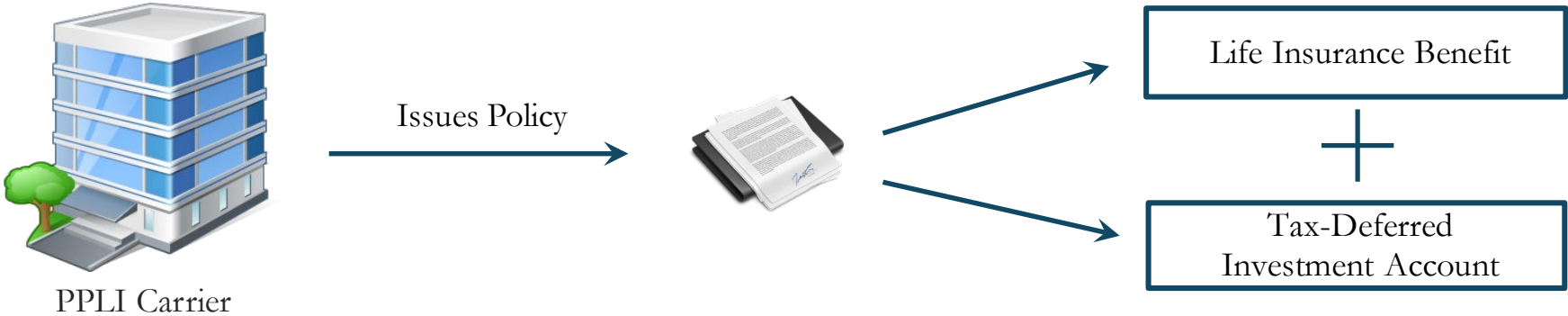
- ④ Existing Life Insurance Portfolios



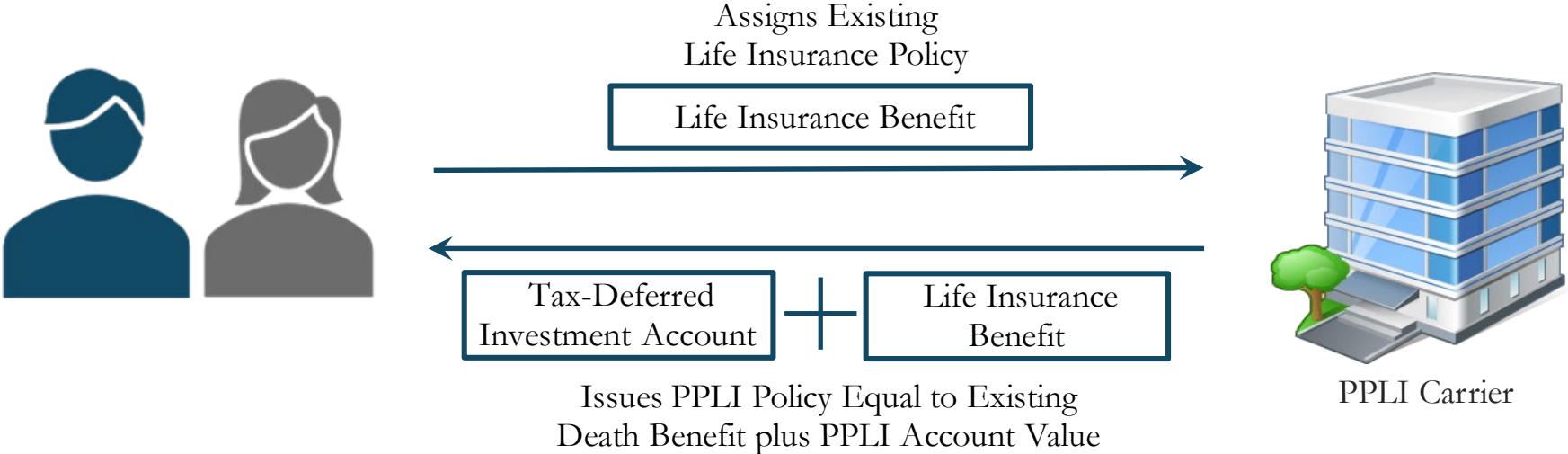
Catalyst Overview

WHAT IS CATALYST?

Traditional PPLI



Catalyst/PMC PPLI

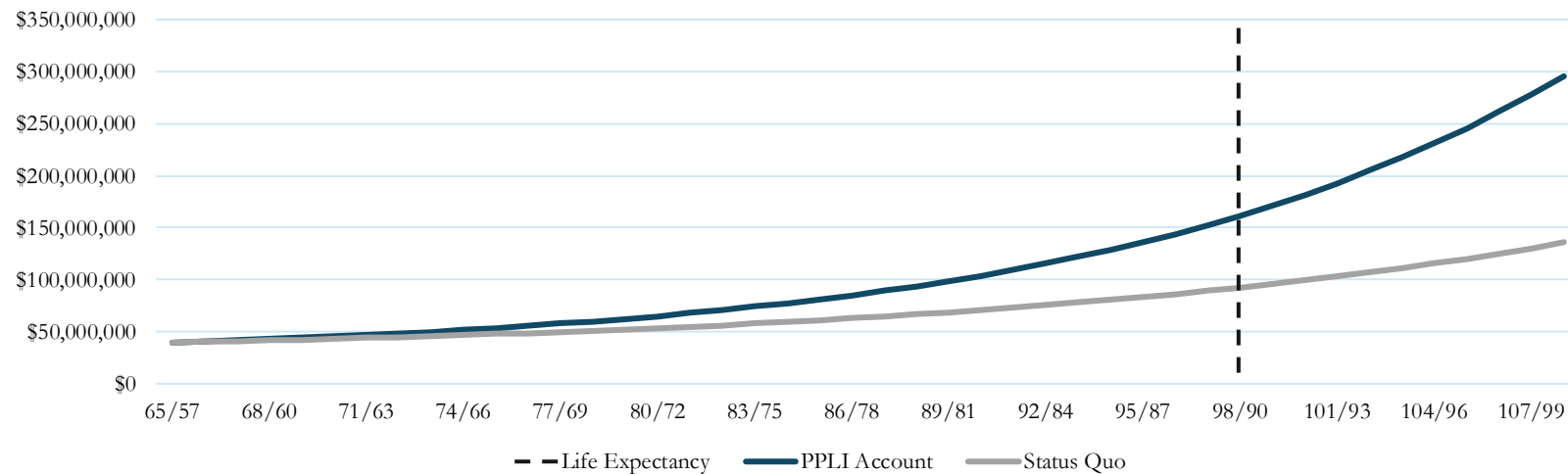


CATALYST ACCOUNT

Status Quo vs. Catalyst PPLI Account at Life Expectancy

	Total Investment	Account Balance	Insurance Death Benefit	Account Balance IRR	Net To Heirs	Net To Heirs IRR
Status Quo	\$13,862,212	\$76,680,767	\$25,000,000	5.17%	\$92,611,300	5.75%
Catalyst PPLI Account		\$136,185,672	\$25,000,000	6.96%	\$161,676,790	7.50%
PPLI Advantage		\$59,504,905	\$ -	1.79%	\$69,065,490	1.75%

Net to Heirs Analysis



Assumptions

State	AZ	Federal	State	City
OI/STCG Tax Rate	43.30%	37.00%	2.50%	0.00%
LTCG Tax Rate	26.30%	20.00%	2.50%	0.00%

Total Portfolio	Investment Allocation	Investment Balance	Investment Assumption	Assumed Tax Rate
Capital Fund	100.00%	\$ 13,862,212	7.50%	31.10%
Total/Weighted Average	100.00%	\$ 13,862,212	7.50%	31.10%

Presentation Summary

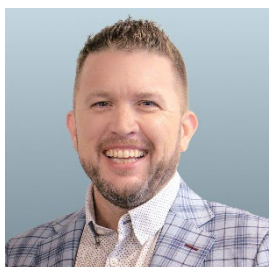
LEARNING OBJECTIVES ACHIEVED

🕒 Learning objectives achieved:

- ✓ Understand the basics of PPLI
- ✓ Identify advanced planning considerations when implementing PPLI
- ✓ Review applications for single family offices
- ✓ Identify where utilizing existing life insurance policies can be repurposed for PPLI







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Appendix

BROKERAGE ACCOUNT PROJECTION

Brokerage Account											
<i>Gross: 7.93% - Net: 5.23%</i>											
<i>Effective Tax Rate: 34.03%</i>											
<i>See Tax Calculation Slide for Breakdown of Assumptions</i>											
EOY Age	Year	Investment	Annual Growth	Annual Income Tax	Cumulative Income Tax Paid	Account Balance	Future Unrealized LTCG	Future Income Tax Liability*	Net To Heirs	Account Balance IRR	Net to Heirs IRR
51	1	\$20,000,000	\$1,585,000	(\$539,325)	(\$539,325)	\$21,045,675	\$506,350	(\$143,550)	\$20,902,125	5.23%	4.51%
52	2		\$1,667,870	(\$567,523)	(\$1,106,848)	\$22,146,021	\$1,039,173	(\$294,606)	\$21,851,416	5.23%	4.53%
53	3		\$1,755,072	(\$597,195)	(\$1,704,044)	\$23,303,898	\$1,599,855	(\$453,559)	\$22,850,339	5.23%	4.54%
54	4		\$1,846,834	(\$628,419)	(\$2,332,463)	\$24,522,313	\$2,189,851	(\$620,823)	\$23,901,491	5.23%	4.56%
55	5		\$1,943,393	(\$661,275)	(\$2,993,738)	\$25,804,432	\$2,810,694	(\$796,832)	\$25,007,600	5.23%	4.57%
56	6		\$2,045,001	(\$695,849)	(\$3,689,587)	\$27,153,584	\$3,463,997	(\$982,043)	\$26,171,541	5.23%	4.58%
57	7		\$2,151,922	(\$732,231)	(\$4,421,817)	\$28,573,275	\$4,151,458	(\$1,176,938)	\$27,396,337	5.23%	4.60%
58	8		\$2,264,432	(\$770,514)	(\$5,192,332)	\$30,067,192	\$4,874,861	(\$1,382,023)	\$28,685,169	5.23%	4.61%
59	9		\$2,382,825	(\$810,800)	(\$6,003,131)	\$31,639,218	\$5,636,087	(\$1,597,831)	\$30,041,387	5.23%	4.62%
60	10		\$2,507,408	(\$853,191)	(\$6,856,323)	\$33,293,434	\$6,437,112	(\$1,824,921)	\$31,468,513	5.23%	4.64%
61	11		\$2,638,505	(\$897,799)	(\$7,754,122)	\$35,034,140	\$7,280,018	(\$2,063,885)	\$32,970,255	5.23%	4.65%
62	12		\$2,776,456	(\$944,740)	(\$8,698,862)	\$36,865,856	\$8,166,994	(\$2,315,343)	\$34,550,513	5.23%	4.66%
63	13		\$2,921,619	(\$994,134)	(\$9,692,996)	\$38,793,340	\$9,100,345	(\$2,579,948)	\$36,213,393	5.23%	4.67%
64	14		\$3,074,372	(\$1,046,111)	(\$10,739,107)	\$40,821,601	\$10,082,494	(\$2,858,387)	\$37,963,214	5.23%	4.68%
65	15		\$3,235,112	(\$1,100,806)	(\$11,839,913)	\$42,955,907	\$11,115,995	(\$3,151,384)	\$39,804,523	5.23%	4.70%
66	16		\$3,404,256	(\$1,158,360)	(\$12,998,273)	\$45,201,803	\$12,203,530	(\$3,459,701)	\$41,742,102	5.23%	4.71%
67	17		\$3,582,243	(\$1,218,924)	(\$14,217,197)	\$47,565,122	\$13,347,926	(\$3,784,137)	\$43,780,985	5.23%	4.72%
68	18		\$3,769,536	(\$1,282,653)	(\$15,499,850)	\$50,052,005	\$14,552,155	(\$4,125,536)	\$45,926,469	5.23%	4.73%
69	19		\$3,966,621	(\$1,349,715)	(\$16,849,565)	\$52,668,911	\$15,819,346	(\$4,484,785)	\$48,184,127	5.23%	4.74%
70	20		\$4,174,011	(\$1,420,283)	(\$18,269,849)	\$55,422,639	\$17,152,790	(\$4,862,816)	\$50,559,823	5.23%	4.75%
75	25		\$5,385,399	(\$1,832,480)	(\$26,565,891)	\$71,507,484	\$24,941,594	(\$7,070,942)	\$64,436,543	5.23%	4.79%
80	30		\$6,948,358	(\$2,364,306)	(\$37,269,623)	\$92,260,499	\$34,990,876	(\$9,919,913)	\$82,340,586	5.23%	4.83%
85	35		\$8,964,922	(\$3,050,478)	(\$51,079,810)	\$119,036,487	\$47,956,678	(\$13,595,718)	\$105,440,769	5.23%	4.86%
90	40		\$11,566,736	(\$3,935,793)	(\$68,898,010)	\$153,583,444	\$64,685,434	(\$18,338,321)	\$135,245,124	5.23%	4.89%
95	45		\$14,923,652	(\$5,078,045)	(\$91,887,437)	\$198,156,674	\$86,269,237	(\$24,457,329)	\$173,699,345	5.23%	4.92%
100	50		\$19,254,818	(\$6,551,803)	(\$121,548,892)	\$255,666,016	\$114,117,125	(\$32,352,205)	\$223,313,811	5.23%	4.94%

*Calculation is based off the projected future unrealized gain (basis/gain) and the current state/federal LTCG rate if liquidated. Consult tax professional

40-Year Benchmark

IMPORTANT DISCLOSURES

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, tax advisor, personal investment advisor or retirement plan or employee benefit plan provider. This report is not intended as an offer or solicitation to purchase insurance or any other product. Any discussion of US tax matters contained herein is not intended to be used and cannot be used for purposes of avoiding US tax-related penalties.

The financial information included in this report has been taken from sources, which we believe to be reliable, but there is no guarantee as to its accuracy. All information provided should be confirmed to any official account statement and is not a replacement for any account statement or transaction confirmation issued by the custodian or investment/insurance provider. WealthPoint (WP) has made reasonable steps to accurately reproduce the information from your official account custodian statements. Differences in positions and valuations may occur due to the reporting dates used and differences in valuation sources and methods. Please contact the carrier or your financial representative if you have any questions about your statements. In the event of a discrepancy your official account statement valuations would prevail.

Nature of Services, and Responsibilities

The business advisory services, and possible resulting recommendations (estate planning solutions, need for liquidity planning, etc.) will vary in type and complexity, depending on a client's individual personal and business circumstances and goals. Services and responsibilities are outlined in our Proposal Letter and Relationship and Engagement Agreement. It is important that you provide accurate and complete responses to the questions asked by the WP Partner, that you review the information provided to you in the initial Instinct Verification, Decision Dialogue, financial modeling or other report, as well as any final report, and that you promptly inform the Partner of any subsequent changes to your situation or the information provided. You are solely responsible for the accuracy or completeness of the information you have provided, which may affect the results of any recommendations contained in the report. Information should be kept up to date, as results may vary over time and as assumptions change.

Methods of Analysis and Projection

Information collected is intended to project future financial scenarios to meet your future goals or liquidity requirements. Financial Projections and other information prepared by WP are based on assumptions provided by and/or reviewed with the client in their final report, are hypothetical in nature, do not reflect actual investment or business results and are not guarantees of future performance. Actual results will vary, perhaps to a significant degree.

- Personal Investments - WP uses simple aggregate growth rates to project personal investments and retirement accounts, and all inputs are either provided by the client or client's financial advisor/provider or are jointly agreed on by WP and the client. Return assumptions do not reflect the deduction of any commissions, fees or product charges that may apply to any particular investment, which may negatively impact returns.
- Insurance Illustrated Performance - All policy values used reflect current policy charges, current cost of insurance rates, current mortality and expense risk charges, average fund expenses and the stated hypothetical gross rate of return. The policy values are hypothetical for illustration purposes only and may not be used to project or predict investment results. Policy values will vary based on the actual performance of sub-account investments selected, actual insurance charges over the life of the plan and the timing of the premium payments. A WP illustration may utilize a supplemental illustration from an insurance provider, that is only part of the basic illustration and must be read in conjunction with the actual basic illustration. Please refer to the actual illustration for more information about the guaranteed elements of the policy and other important details.
- Business Income Statement, Cash Flow Statement and Balance Sheet – Current company financial statement information is provided by the client, as well as revenue and expense growth assumptions for future years. These assumptions are used to project future Net Income, and business valuation based upon an appropriate multiplier disclosed to the client.
- Personal Cash Flow – Cash flows are projected based on information obtained from the client (tax returns, personal financial statements, bank statements, W-2s, 1099s, K-1s, etc.). Future cash inflows and outflows are based on input from the client and the client's advisors.



IMPORTANT DISCLOSURES (CONT'D)

- Estate/Trust Cash Flow – Cash flows due to and from Trusts will be based on trust documents and financial information (tax returns, financial statements, etc.) obtained from the client.
- Personal Assets – In some situations, WP may project the value of an asset (i.e. real estate, other assets, etc.) based on input from the client and the client's advisors.
- Taxes – Taxes are being calculated in the analysis. However, WP does not provide tax advice and the tax calculations are for illustrative and hypothetical purposes only. The client should consult with their tax advisor to evaluate their tax situation.

Other Compensation

In addition to WP's business consulting services, and the fees charged to clients as outlined in the Relationship and Engagement Agreement, WP Partners are licensed agents to sell insurance. WP may receive fees from life insurance companies, if insurance is purchased through WP relationships. Any commissions or fees will be disclosed to you in any life insurance proposal and agreement. WP is a member firm of Partners Financial and has access to all insurance providers on their network. The needs and circumstances of the client will drive the choice of the insurance provider.

Insurance Product

An investment in variable life insurance is subject to fluctuating values of the underlying investment options and entails risk, including the possible loss of principal. The performance of your account will vary and you may receive more or less than the amount invested. Product guarantees, including the death benefit, are subject to the claims-paying ability of the issuing insurance company. Loans and partial withdrawals will decrease the death benefit and cash value and may be subject to policy limitations and income tax.

An insurer's financial strength rating represents an opinion by the issuing agency regarding the ability of an insurance company to meet its financial obligations to its policyholders and contract holders. A rating is an opinion of the rating agency only, and not a statement of fact or recommendation to purchase, sell or hold any security, policy or contract. These ratings do not apply to the safety or performance of any separate account.

Sub Account Performance Disclosures (for Variable Universal Life policies)

The fund performance data shown in this report that relates to variable life insurance policies was obtained through Morningstar and represents the individual net returns of the underlying funds shown in the report. Morningstar is a non-affiliated third party investment research and management firm that provides mutual fund information, news, commentary, portfolio analysis, comparison reporting and other services. Past performance does not guarantee future results. The fund performance data is being provided for informational purposes only and does not reflect the actual returns of the sub accounts in the variable component of the insurance policies that are invested in those funds, which may be lower or higher than the performance quoted due to the timing of cash flows, holding periods, sub account allocation changes, policy fees and other expenses. Policy fees or expenses include premium loads, cost of insurance, administration fees, mortality and expense risk charges, or any other charges that may be incurred under the policy. Policy returns would be significantly lower after all policy fees and expenses are deducted.

Securities offered through Kestra Investment Services LLC (Kestra IS), member FINRA/SIPC. Investment advisory services offered through Kestra Advisory Services, LLC (Kestra AS), an affiliate of Kestra IS. WealthPoint is a member firm of PartnersFinancial. Kestra IS and Kestra AS are not affiliated with WealthPoint, LLC or PartnersFinancial. WealthPoint, LLC is independently owned and operated.

