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Presented by Bob Chesner  
*Financial Experts Network Webinar*  
March 25, 2025

## Creating Abundant Tax-Free Retirement Income and Efficient Wealth Transfer

*Private Placement Life Insurance*

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# Biography and Contact Information

**Ripp Grossman & Fitte LLP** ("RGF") delivers highly-personalized legal and non-legal wealth preservation, tax, closely-held entities, and estate planning services to the high-net-worth community in the United States and abroad. Distinguished by a superb team of legal, tax, and insurance professionals, RGF offers a comprehensive array of private client strategies at the highest level of quality—reasonably priced and timely delivered. The professionals and staff of RGF seek to provide the highest quality legal services within the strictest ethical boundaries of the legal profession in a work environment that honors, respects, and values our clients, each other, our colleagues, and the community.

Bob is a frequent speaker and author on life insurance matters and is quoted regularly in major financial publications. He co-authored, with Leslie Giordani (Partner at Giordani & Associates), Bloomberg BNA's Tax Management Portfolio 870, 1st, Private Placement Life Insurance and Annuities. Bob assists high net worth individuals and family offices in the design and implementation of domestic and international life insurance and annuity structures, consults on their property, casualty, and liability needs, and oversees the marketing and development of the firm's insurance practice. He also consults with firm clients about the implementation, reporting, and analysis aspects of their investment portfolios as well as all other non-investment risk management matters.

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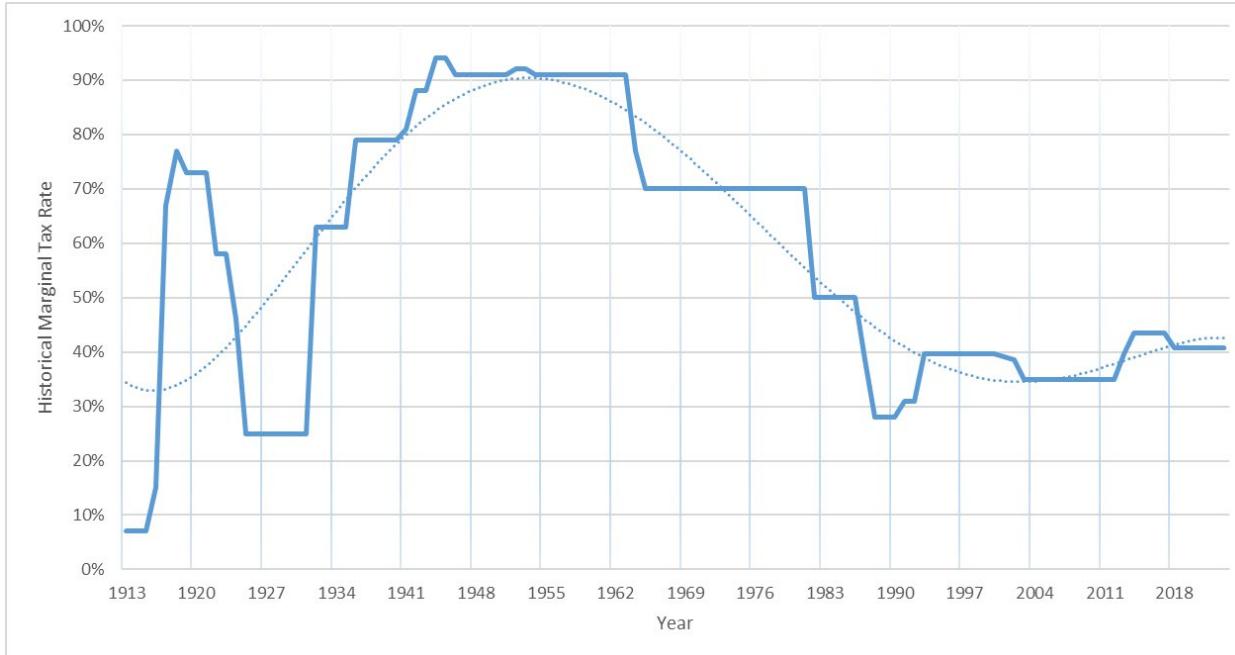
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Question: What reduces your investment returns the most?

Answer: TAXES!

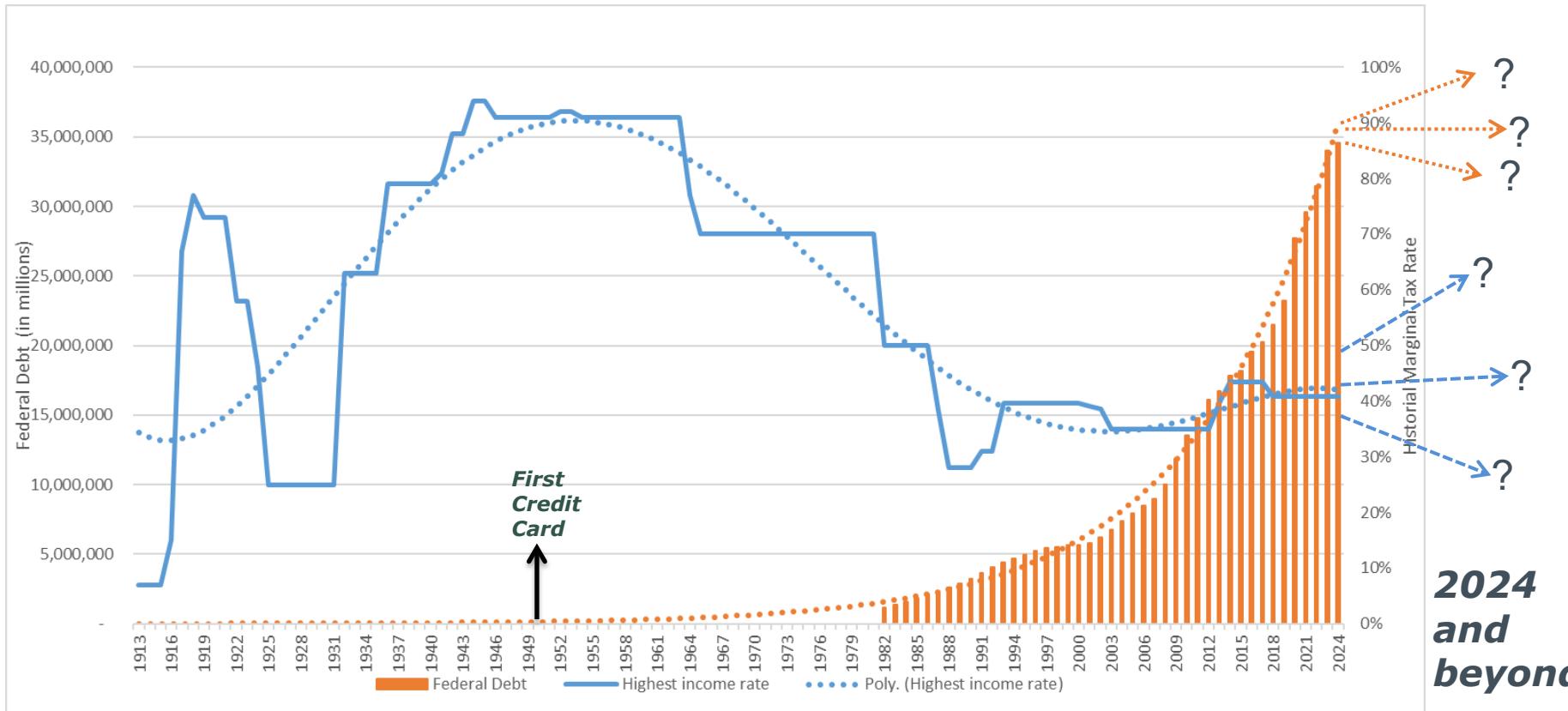
# Historical Top Federal Tax Rates

Year	Rates
1913	7.0%
1918	77.0%
1930	25.0%
1944	94.0%
1955	91.0%
1967	70.0%
1975	70.0%
1992	31.0%
2000	39.6%
2010	35.0%
2016	43.4%
2017	43.4%
2018	40.8%
2019	40.8%
2020	40.8%
2021	40.8%
2022	40.8%
2023	40.8%
2024	40.8%

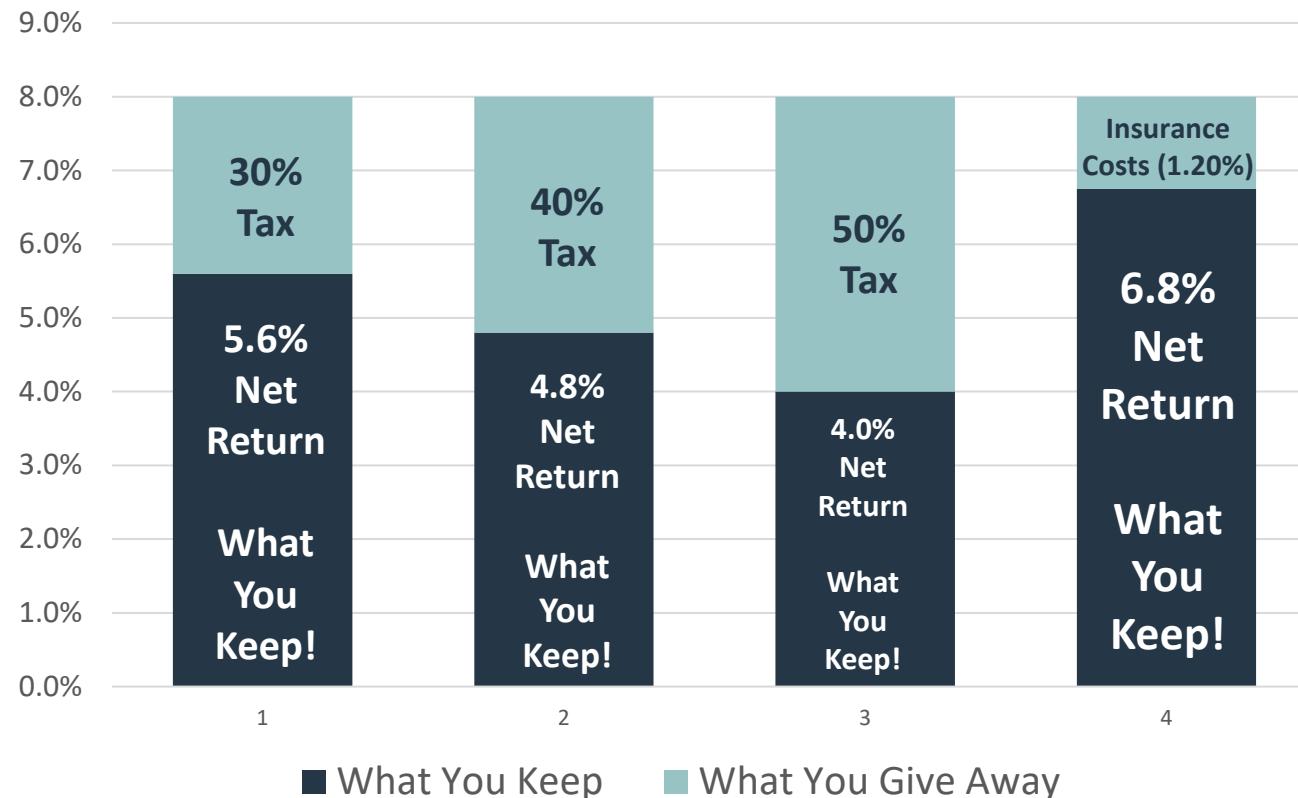


*Add in state income tax and you can lose 50% or more of your investment return*  
*Always remember: TAXES AND FEES MATTER and*  
*It's not what you earn, **it's what you keep!***

# Historical Top Federal Tax Rates (U.S. Federal Debt)



# Impact of Taxes on Investment Returns (8% Return)



# The Strategy is an Insurance Wrapper

- **Extremely low fees** (*less than 1-1.25% per annum of account value*), which is a fraction of the taxes you would otherwise pay
- **Typically low / no commissions**
- **Customized to each investor's needs and their investment choices**
- **Use the same investment style your manager (RIA/fiduciary) is using – open architecture**
- **This strategy is referred to as Private Placement Life Insurance (PPLI)**

# The Three Tenets of PPLI

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- 1. Grow investments free of income tax**
- 2. Access these investments – for retirement or otherwise – free of income tax**
- 3. Pass these investments to beneficiaries and heirs free of all income tax (*and potentially estate tax*)**

# The PPLI Market

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## 4 Main Components

- 1. The Client** (*the buyer*)
- 2. The Adviser** (*attorney/other adviser*)
- 3. The Investment Manager** (*the engine*)
- 4. The Carrier** (*the manufacturer*)

# PPLI: THE VALUE PROPOSITION AND THE ECONOMICS

# What is “Private Placement” Life Insurance?

## Needs Based Insurance

### Retail Life Insurance Funding

VS.

## Investment Based Insurance

### Private Placement Life Insurance Funding

**Minimized Net Amount at Risk**  
*Death Benefit*

**Smaller Deposits**  
*Made Over Long Time Period*

**Death Benefit**  
*Purchase Goal*

**Investment Risk with Carrier**

#### PRODUCT TYPES:

- Guaranteed Universal Life
- Universal Life
- Whole Life
- Term Insurance

**Minimized Net Amount at Risk**  
*Death Benefit*

**Larger Deposits**  
*Made Over Short Time Period*

**Investment**  
*Purchase Goal*

**Investment Risk with Policyowner**

#### PRODUCT TYPES:

- Private Placement Life Insurance
- Private Placement Annuities

# The Economics: Taxable Account

**Four Annual Investments of \$1,000,000  
Male, Age 50, Net Investment Return: 8%**

			TAXABLE INVESTMENT		
Year / Age		Deposit	Account Value	Internal Rate of Return	Tax Cost
1	50	1,000,000	1,052,000	5.20%	2.80%
2	51	1,000,000	2,158,704	5.20%	2.80%
3	52	1,000,000	3,322,957	5.20%	2.80%
4	53	1,000,000	4,547,750	5.20%	2.80%
5	54	-	4,784,233	5.20%	2.80%
10	59	-	6,164,403	5.20%	2.80%
15	64	-	7,942,729	5.20%	2.80%
20	69	-	10,234,072	5.20%	2.80%
25	74	-	13,186,428	5.20%	2.80%
30	79	-	16,990,488	5.20%	2.80%
35	84	-	21,891,955	5.20%	2.80%
40	89	-	28,207,412	5.20%	2.80%
45	94	-	36,344,772	5.20%	2.80%
51	100	-	49,264,762	5.20%	2.80%

Assumes a hypothetical combined effective state and federal income tax rate of 35% on taxable earnings.

# The Economics: Taxable Account vs. PPLI

Four Annual Investments of \$1,000,000 – Non-MEC  
 Male, Age 50, Preferred Non-Smoker, Net Investment Return: 8%

Year / Age	Deposit	TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE		
		Account Value	Internal Rate of Return	Tax Cost	Subaccount Value	Internal Rate of Return	
1	50	1,000,000	1,052,000	5.20%	2.80%	1,054,649	5.46%
2	51	1,000,000	2,158,704	5.20%	2.80%	2,195,403	6.38%
3	52	1,000,000	3,322,957	5.20%	2.80%	3,417,633	6.66%
4	53	1,000,000	4,547,750	5.20%	2.80%	4,727,073	6.79%
5	54	-	4,784,233	5.20%	2.80%	5,062,270	6.88%
10	59	-	6,164,403	5.20%	2.80%	7,153,826	7.04%
15	64	-	7,942,729	5.20%	2.80%	10,152,114	7.12%
20	69	-	10,234,072	5.20%	2.80%	14,391,251	7.15%
25	74	-	13,186,428	5.20%	2.80%	20,487,898	7.18%
30	79	-	16,990,488	5.20%	2.80%	29,296,341	7.22%
35	84	-	21,891,955	5.20%	2.80%	41,721,370	7.24%
40	89	-	28,207,412	5.20%	2.80%	58,865,712	7.23%
45	94	-	36,344,772	5.20%	2.80%	82,774,057	7.21%
51	100	-	49,264,762	5.20%	2.80%	129,185,902	7.27%

## Notes

1. Assumes a hypothetical combined effective state and federal income tax rate of 35% on taxable earnings.

2. The policy is designed as a non-Modified Endowment Contract (Non-MEC) under current tax law.

3. Under current tax law, if the policy is fully surrendered, all investment gains in excess of the policy owner's basis are taxable to the policy owner as ordinary income in the year the policy is fully surrendered. Withdrawals or loans can be tax-free to the policy owner.

4. These calculations make assumptions as to future investment returns, mortality costs, and administrative expenses that are not guaranteed. Actual results may be higher or lower. The contents of this report are provided strictly for information purposes.

It does not constitute an offer by Giordani Baker Grossman & Ripp LLP, or any other party to you or to any other person to acquire a life insurance policy.

**Taxable Investment  
 Vs.  
 PPLI**

→ **≈ \$4.1 M (41% more)**

→ **≈ \$30.6 M (108% more)**

# The Economics: Taxable Account vs. PPLI

Four Annual Investments of \$1,000,000 – Non-MEC

Male, Age 50, Preferred Non-Smoker, Net Investment Return: 8%

Year / Age	Deposit	TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE		
		Account Value	Internal Rate of Return	Tax Cost	Subaccount Value	Internal Rate of Return	Death Benefit
1	50	1,000,000	1,052,000	5.20%	2.80%	1,054,649	5.46%
2	51	1,000,000	2,158,704	5.20%	2.80%	2,195,403	6.38%
3	52	1,000,000	3,322,957	5.20%	2.80%	3,417,633	6.66%
4	53	1,000,000	4,547,750	5.20%	2.80%	4,727,073	6.79%
5	54	-	4,784,233	5.20%	2.80%	5,062,270	6.88%
10	59	-	6,164,403	5.20%	2.80%	7,153,826	7.04%
15	64	-	7,942,729	5.20%	2.80%	10,152,114	7.12%
20	69	-	10,234,072	5.20%	2.80%	14,391,251	7.15%
25	74	-	13,186,428	5.20%	2.80%	20,487,898	7.18%
30	79	-	16,990,488	5.20%	2.80%	29,296,341	7.22%
35	84	-	21,891,955	5.20%	2.80%	41,721,370	7.24%
40	89	-	28,207,412	5.20%	2.80%	58,865,712	7.23%
45	94	-	36,344,772	5.20%	2.80%	82,774,057	7.21%
51	100	-	49,264,762	5.20%	2.80%	129,185,902	7.27%
							129,185,902

## Notes

1. Assumes a hypothetical combined effective state and federal income tax rate of 35% on taxable earnings.

2. The policy is designed as a non-Modified Endowment Contract (Non-MEC) under current tax law.

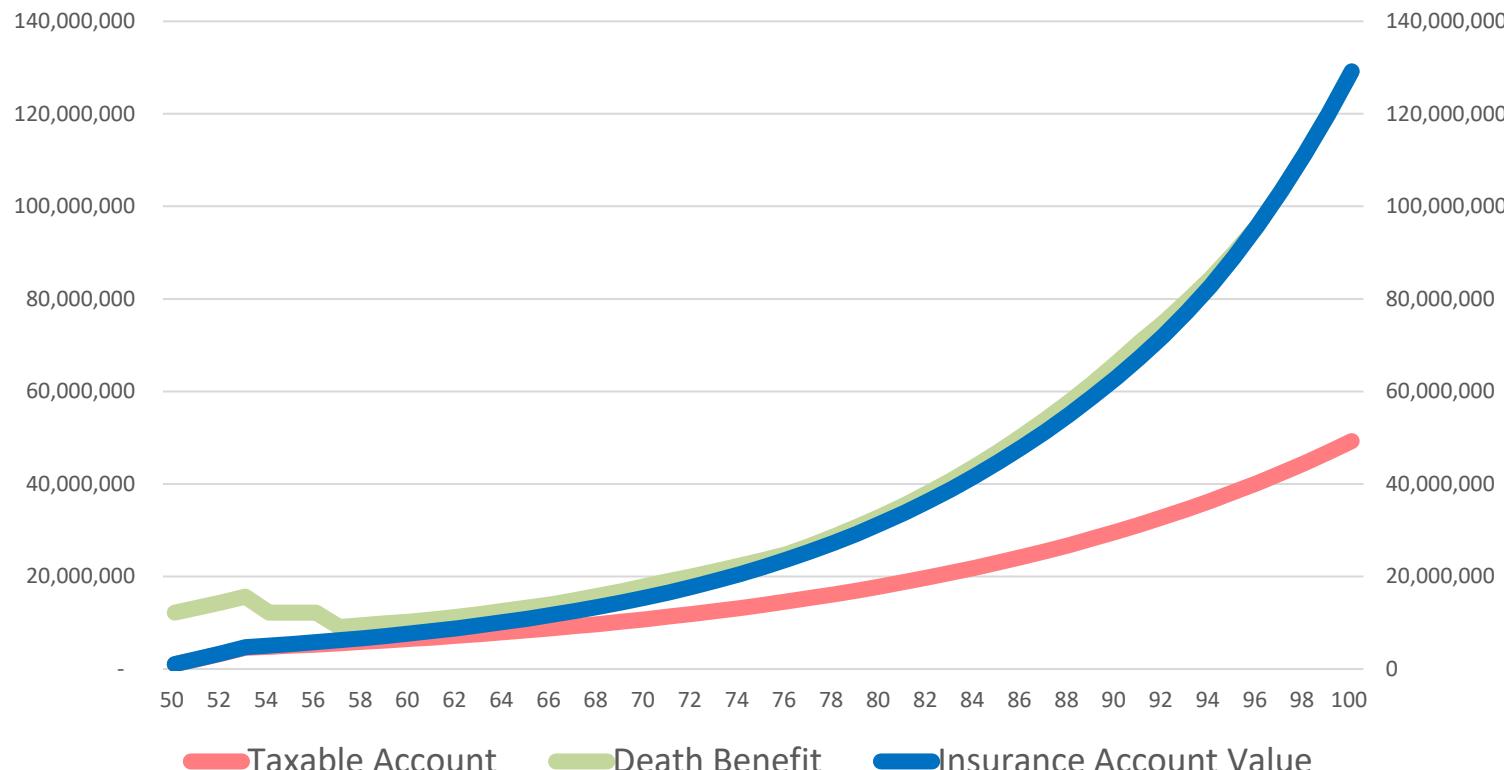
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4. These calculations make assumptions as to future investment returns, mortality costs, and administrative expenses that are not guaranteed. Actual results may be higher or lower. The contents of this report are provided strictly for information purposes.

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**Taxable Investment  
Vs.  
PPLI**

# *The Economics: Taxable Account vs. PPLI (The Picture)*



# The Economics: Taxable Account (with Distributions)

**Four Annual Investments of \$1,000,000**  
**Net Investment Return: 8%**

		TAXABLE INVESTMENT		
Year / Age	Deposit	Investment Income	Taxes Paid	Ending Value
1	50	1,000,000	80,000	(28,000) 1,052,000
2	51	1,000,000	164,160	(57,456) 2,158,704
3	52	1,000,000	252,696	(88,444) 3,322,957
4	53	1,000,000	345,837	(121,043) 4,547,750
5	54	-	363,820	(127,337) 4,784,233
10	59	-	468,776	(164,072) 6,164,403
16	65	-	635,418	(222,396) 8,355,751
Years 17-27 (age 65-76)		Annual Distributions of \$928,000 (11.5 years)		
Years 28 (age 77)		You're Out of Money		

Total Distributions from  
Taxable Investment → **\$ 10,786,223**

# The Economics: PPLI (with Distributions @ 8%)

Four Annual Investments of \$1,000,000 – Non-MEC

Male, Age 50, Preferred Non-Smoker, Net Investment Return: 8%

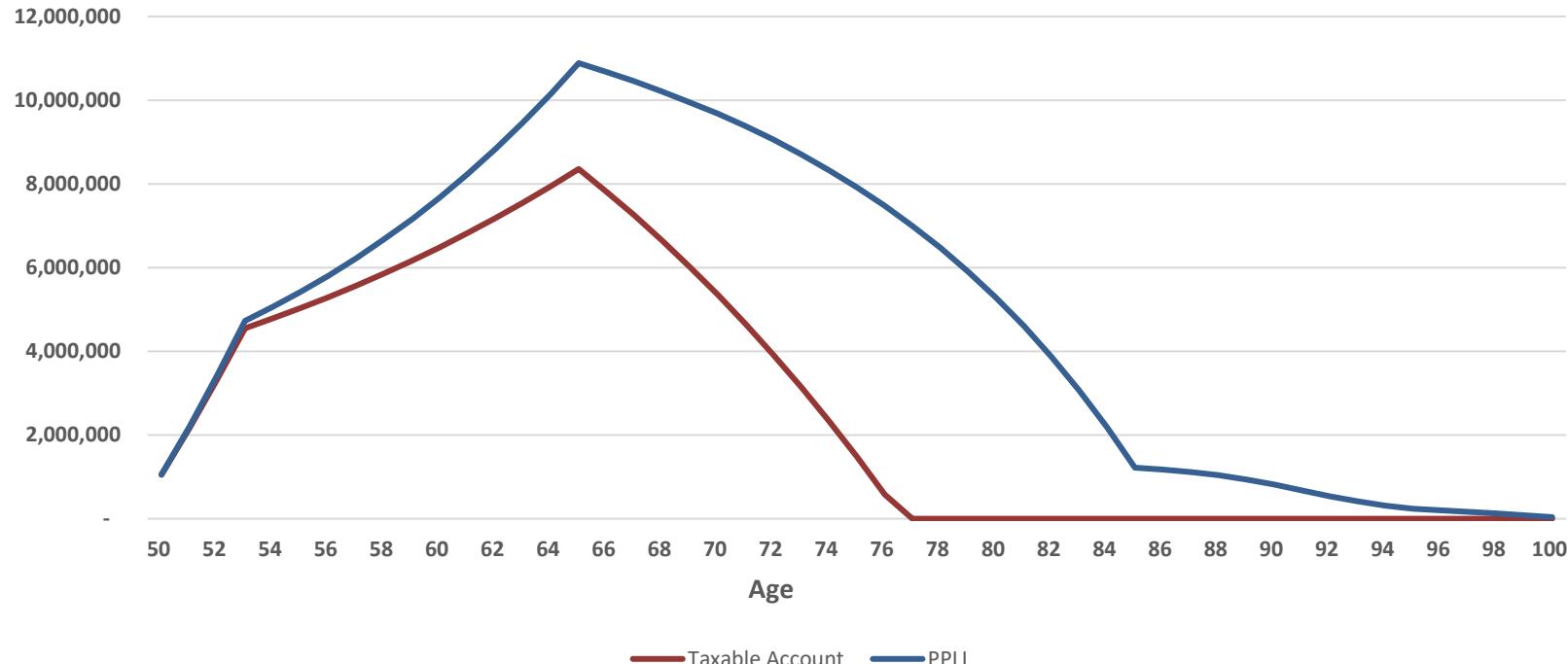
		TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE			
Year / Age	Deposit	Investment Income	Taxes Paid	Ending Value	Investment Income	Insurance Fees	Ending Value	Death Benefit
1	50	1,000,000	80,000	(28,000)	1,052,000	78,604	(23,956)	1,054,649
2	51	1,000,000	164,160	(57,456)	2,158,704	163,409	(22,655)	2,195,403
3	52	1,000,000	252,696	(88,444)	3,322,957	254,271	(32,041)	3,417,633
4	53	1,000,000	345,837	(121,043)	4,547,750	351,618	(42,178)	4,727,073
5	54	-	363,820	(127,337)	4,784,233	376,390	(41,193)	5,062,270
10	59	-	468,776	(164,072)	6,164,403	531,641	(49,829)	7,153,825
16	65	-	635,418	(222,396)	8,355,751	808,947	(75,672)	10,885,389
Years 17-27 (age 66-76)		Annual Distributions of \$928,000 (11.5 years)			Annual Distributions of \$928,000			
Years 28-36 (age 77-85)		Distributions of \$0			Annual Distributions of \$928,000			
37	86	-	You're Out of Money			97,415	(143,181)	1,177,124
42	91	-				65,295	(208,768)	677,331
47	96	-				18,814	(56,019)	198,358
51	100	-				6,698	(51,955)	38,587
Total Distributions from Taxable Investment			\$ 10,786,223		\$ 18,560,000			Total Distributions from PPLI

PPLI Generates:

- \$7.8 Million more
- ≈72% increase
- Tax-free distributions over the life of the insured
- \$3.1 Million in taxes saved

# *The Economics: PPLI (with Distributions)*

## DISTRIBUTION CURVE



# Distribution and Borrowing Mechanism

- **Cost to borrow is typically less than 25 bps (0.25%)**
- **No restriction in use of proceeds**
- **Retain ability to pay back borrowing**
- **Impact on and reduction of death benefit**
- **Maintaining tax-free distributions**

# The Economics:

## PPLI (with Distributions; \$2.5M x 4 years @ 8%)

Four Annual Investments of \$2,500,000 – Non-MEC

Male, Age 50, Preferred Non-Smoker, Net Investment Return: 8%

		TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE			
Year / Age	Deposit	Investment Income	Taxes Paid	Ending Value	Investment Income	Insurance Fees	Ending Value	Death Benefit
1 50	2,500,000	200,000	(70,000)	2,630,000	197,708	(44,963)	2,652,745	30,517,181
2 51	2,500,000	410,400	(143,640)	5,396,760	409,809	(56,727)	5,505,827	33,169,926
3 52	2,500,000	631,741	(221,109)	8,307,392	637,058	(80,200)	8,562,685	36,023,008
4 53	2,500,000	864,591	(302,607)	11,369,376	880,585	(104,131)	11,839,139	39,079,866
5 54	-	909,550	(318,343)	11,960,583	942,777	(100,844)	12,681,071	30,517,181
10 59	-	1,171,940	(410,179)	15,411,009	1,333,761	(117,705)	17,950,732	24,772,010
16 65	-	1,588,546	(555,991)	20,889,378	2,035,940	(173,870)	27,403,938	33,432,805
Years 17-29 (age 66-77)		Annual Distributions of \$2,156,500 (12.9 years)			Annual Distributions of \$2,156,500			
Years 30-41 (age 78-89)		Distributions of \$0			Annual Distributions of \$2,156,500			
42	91	You're			178,429	(579,324)	1,841,519	4,719,788
47	96	Out of			48,971	(146,396)	515,589	515,589
51	100	Money			17,146	(137,755)	93,977	93,977
Total Distributions from Taxable Investment				\$ 27,727,800	\$ 53,912,500	Total Distributions from PPLI		

## PPLI Generates:

- \$26 Million more
- ≈94% increase
- Tax-free distributions over the life of the insured
- \$9.2 Million in taxes saved

# INVESTMENT MANAGEMENT

# Investment Management

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- **Do's**

- **Marketable Securities**
- **Passively Managed Portfolios**
- **Actively Managed Portfolios**
- **Alternative Asset Classes / Private Investment Partnerships**
- **REITs**
- **Some Private Equity**
- **Other Uncorrelated Asset Classes**
- **Create Investment Policy Statement (Mandate) with RIA / Investment Fiduciary**

- **Don'ts**

- **Your Company**
- **Art, Antiques**
- **Other Highly Illiquid Investments**
- **In-Kind Transfers** (*i.e., low basis holdings*)

# Investment Management: Tax Compliance (cont'd.)

- **Investor control**
  - **Although free to choose the investment manager, the policyowner may NOT have control over specific investment selections and there can be no “pre-arranged” plan with the investment manager**
  - **Rev. Rul. 2003-91 and 2003-92**
    - Insurance dedicated funds are safe
    - Managed separate accounts not directly addressed; “facts and circumstances” test should continue to apply
    - Multiple Private Letter Rulings
    - Weber Case
- **Failure to comply**
  - **Failure to comply with these rules results in loss of life insurance tax benefits and any gain is taxable and may be subject to interest and penalties**

# Investment Management: Tax Compliance

## Investment Diversification

- **Diversification; IRC § 817(h)**
  - **In general, each asset account in a variable life policy must contain at least 5 investments (issuers) with:**
    - No more than 55% of the account value represented by any one investment
    - No more than 70% of the account value represented by any two investments
    - No more than 80% of the account value represented by any three investments
    - No more than 90% of the account value represented by any four investments

# Investment Account Security

- **Separate investment “sub-account(s)” are the account(s) in which insurance cash values are held and invested**
- **Sub-accounts are fully protected from the insurance company’s creditors under U.S. state law** (*similar legislation exists in Bermuda, Cayman Islands, Bahamas, and Guernsey, etc.*)
- **Premium payments should be paid directly into carrier’s sub-account(s) when possible** (*not always possible with domestic policies*)
- **Death benefit proceeds from reinsurance companies can be paid into and then out of sub-account(s) in the case of international policies**

# CLIENT IDENTIFICATION AND THE CLIENT EXPERIENCE

# Who Should Use PPLI?

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- **Individuals with some U.S. tax nexus** (*citizen, green card holder, etc.*)
- **Individuals with a net worth of at least \$7-10 Million** (*Accredited Investor and Qualified Purchaser*)
- **Willing to commit a minimum of \$500,000 - \$1,000,000 per year for at least 4 years**
- **U.S. taxpayers and non-U.S. taxpayers in some cases**
- **Individual investors with large investment portfolios**
  - Investments in highly-taxed asset classes such as hedge funds, actively managed portfolios, taxable bonds, commodities, etc.
  - Primary goal - improve portfolio's overall tax efficiency
  - Secondary goals
    - Estate planning with death benefit purchase
    - Protection of policy from claims of future creditors ("asset protection")
- **Pre-Immigration Planning**

# Who Should Use PPLI? *(continued)*

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- **Trustees seeking to optimize tax efficiency of trust assets**
  - **Exempt asset trusts** (*trusts outside investor's estate*)
  - **Trusts established by foreign persons that benefit U.S. taxpayers**
- **Identifying a client with:**
  - **income tax aversion**
  - **interest in active management** (*although passive management works as well*)
  - **wealth and asset protection goals**
  - **at least one insurable family member**
  - **interest in transferring wealth to future generations**
  - **interest in philanthropy / legacy creation**

# Uses of PPLI in Tax and Estate Planning

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- **Income tax protection of portfolio earnings**
  - Individual, grantor trust, or single owner entity purchases policy
- **Asset protection structure**
  - Individual establishes foreign “asset protection” trust then trustee purchases policy as vehicle for trust’s liquid asset investments
- **Transfer Tax Exempt Trust structure**
  - Trustee of dynasty or similar exempt asset trust purchases policy as tax efficient vehicle for trust’s liquid asset investments
- **FLP (or Family LLC) structure**
  - Family limited partnership purchases policy as vehicle for partnership’s liquid asset investments
  - Income tax protection and leverage of discounted or potentially discountable assets’ earnings

# Uses of PPLI in Tax and Estate Planning (cont'd)

- **Irrevocable Life Insurance Trust (ILIT) structure**
  - **Income tax protection of earnings on assets transferred gift-tax free**
  - **Possible use for lifetime exclusion amount and/or annual “Crummey” gifts**
  - **If exclusion amounts are insufficient, senior generation can lend premium to ILIT (grantor trust) for the benefit of junior generation then trustee of ILIT can purchase policy as vehicle for trust's investments (split-dollar loan)**
- **Foreign Non-Grantor Trust**
  - **Income tax protection of trust earnings to prevent future UNI**
  - **Facilitate distributions in excess of current year income without application of throwback tax**
  - **Planning opportunities for distribution of death proceeds**
- **Income tax protection of non-U.S. person's assets when immigrating to or temporarily residing in the U.S.**
  - **Trust created before establishing residence in U.S. purchases variable life insurance or annuity policy as vehicle for liquid investments**

# Private Placement Life Insurance Ownership Options

- **Individual owns policy outright**
- **Revocable Management Trust ("Living Trust") owns policy**
- **Family Limited Partnership owns policy**
- **LLC owns policy**
- **Existing Dynasty Trust owns policy**
- **New Irrevocable Life Insurance Trust ("ILIT") owns policy**
  - **May need to use Split Dollar funding if gift exceeds remaining gift and estate tax exemption**
  - **Can have "Crummey" powers to take advantage of annual exclusion gifting**
- **Co-ownership of policy by any of the above**
- **All of the above can be tailored to accommodate an international policy by interposing a simple foreign company to own the policy**

# PPLI Alternatives

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- **Few low-cost alternatives**
- **Indexed Universal Life**
  - Complex
  - Deceptively expensive
- **Nationwide Advisory VUL**
  - Good alternative to PPLI
  - Only various mutual funds and ETFs (*no investment customization*)
  - Target distribution market is Registered Investment Advisors

# Taxable Investment vs PPLI vs Advisory VUL

**Non-MEC**  
**Male, Age 50, Preferred Non-Smoker, Net Investment Return: 8%**

		TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE			Advisory VUL			
Year / Age	Deposit	Account Value	Internal Rate of Return	Tax Cost	Subaccount Value	Internal Rate of Return	Death Benefit	Subaccount Value	Internal Rate of Return	Death Benefit	
1	50	1m / \$100,000	1,052,000	5.20%	2.80%	1,054,649	5.46%	12,206,872	102,665	2.67%	1,328,315
2	51	1m / \$100,000	2,158,704	5.20%	2.80%	2,195,403	6.38%	13,261,521	213,134	4.32%	1,438,784
3	52	1m / \$100,000	3,322,957	5.20%	2.80%	3,417,633	6.66%	14,402,275	331,771	5.12%	1,557,421
4	53	1m / \$100,000	4,547,750	5.20%	2.80%	4,727,073	6.79%	15,624,505	459,188	5.60%	1,684,838
5	54	-	4,784,233	5.20%	2.80%	5,062,270	6.88%	12,206,872	491,089	5.97%	1,716,739
10	59	-	6,164,403	5.20%	2.80%	7,153,826	7.04%	9,872,279	689,467	6.58%	1,915,117
15	64	-	7,942,729	5.20%	2.80%	10,152,114	7.12%	12,588,621	918,544	6.33%	1,136,457
20	69	-	10,234,072	5.20%	2.80%	14,391,251	7.15%	16,837,764	1,223,440	6.22%	1,445,910
25	74	-	13,186,425	5.20%	2.80%	20,487,898	7.18%	22,331,809	1,748,927	6.47%	1,885,171
30	79	-	16,990,488	5.20%	2.80%	29,296,341	7.22%	30,701,158	2,502,236	6.64%	2,639,064
35	84	-	21,891,955	5.20%	2.80%	41,721,370	7.24%	43,807,439	3,568,246	6.74%	3,760,631
40	89	-	28,207,412	5.20%	2.80%	58,865,712	7.23%	61,808,998	5,041,117	6.80%	5,309,926
45	94	-	36,344,772	5.20%	2.80%	82,774,057	7.21%	84,429,538	7,111,025	6.83%	7,186,175
51	100	-	49,264,762	5.20%	2.80%	129,185,902	7.27%	129,185,902	11,003,970	6.92%	11,003,970

# Philanthropy and Legacy Creation

**Four Annual Investments of \$1,000,000 – Non-MEC**  
**Male, Age 50, Preferred Non-Smoker, Net Investment Return: 8%**

Year / Age	Deposit	TAXABLE INVESTMENT			PRIVATE PLACEMENT LIFE INSURANCE			
		Account Value	Internal Rate of Return	Tax Cost	Subaccount Value	Internal Rate of Return	Death Benefit	
1	50	1,000,000	1,052,000	5.20%	2.80%	1,054,649	5.46%	12,206,872
2	51	1,000,000	2,158,704	5.20%	2.80%	2,195,403	6.38%	13,261,521
3	52	1,000,000	3,322,957	5.20%	2.80%	3,417,633	6.66%	14,402,275
4	53	1,000,000	4,547,750	5.20%	2.80%	4,727,073	6.79%	15,624,505
5	54	-	4,784,233	5.20%	2.80%	5,062,270	6.88%	12,206,872
10	59	-	6,164,403	5.20%	2.80%	7,153,826	7.04%	9,872,279
15	64	-	7,942,729	5.20%	2.80%	10,152,114	7.12%	12,588,621
20	69	-	10,234,072	5.20%	2.80%	14,391,251	7.15%	16,837,764
25	74	-	13,186,428	5.20%	2.80%	20,487,898	7.18%	22,331,809
30	79	-	16,990,488	5.20%	2.80%	29,296,341	7.22%	30,761,158
35	84	-	21,891,955	5.20%	2.80%	41,721,370	7.24%	43,807,439
40	89	-	28,207,412	5.20%	2.80%	58,865,712	7.23%	61,808,998
45	94	-	36,344,772	5.20%	2.80%	82,774,057	7.21%	84,429,538
51	100	-	49,204,762	5.20%	2.80%	129,185,902	7.27%	129,185,902

## Notes

- Assumes a hypothetical combined effective state and federal income tax rate of 35% on taxable earnings.
- The policy is designed as a non-Modified Endowment Contract (Non-MEC) under current tax law.
- Under current tax law, if the policy is fully surrendered, all investment gains in excess of the policy owner's basis are taxable to the policy owner as ordinary income in the year the policy is fully surrendered. Withdrawals or loans can be tax-free to the policy owner.
- These calculations make assumptions as to future investment returns, mortality costs, and administrative expenses that are not guaranteed. Actual results may be higher or lower. The contents of this report are provided strictly for information purposes. It does not constitute an offer by Giordani Baker Grossman & Ripp LLP, or any other party to you or to any other person to acquire a life insurance policy.

**Taxable Investment  
Vs.  
PPLI**

# Summary

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- **Taxes and fees matter; taxes are the greatest drag that reduces your investment return**
- **Work with a fiduciary to achieve LOWEST insurance fees; they must put your interests before their own; an insurance agent/broker is NOT a fiduciary**
- **Private Placement Life Insurance:**
  - **Grow your investments free of income tax**
  - **Access these investments – for retirement or otherwise – free of income tax**
  - **Pass these investments to your beneficiaries and heirs free of all income tax (and potentially estate tax)**

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