

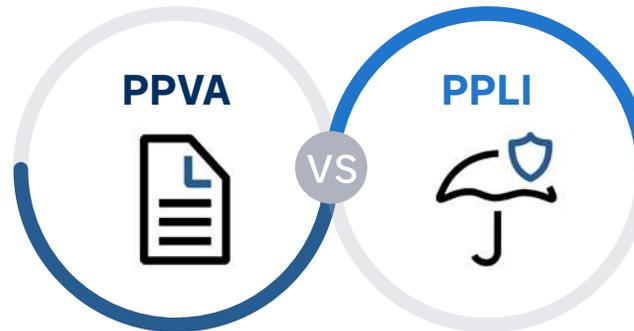
# What are Private Placement Variable Annuities and Private Placement Life Insurance?

Private Placement Variable Annuities (PPVAs) and Private Placement Life Insurance (PPLI) are insurance solutions that offer high net worth investors a way to participate in hedge funds and other alternative investments without incurring current tax liability each year. Just as traditional variable annuities and variable life insurance policies differ, so do PPVAs and PPLIs:

## Contract with a financial institution that provides a future income stream

Income and withdrawals after age 59½ are taxed at ordinary income tax rates; withdrawals before age 59½ are subject to a 10% federal tax penalty on investment gains

You can annuitize your PPVA and receive a guaranteed stream of income; however, PPVA does not offer any incremental principal protection guarantees



## Both PPVAs and PPLIs offer:

- A vehicle for tax-deferred investment growth
- The ability to reallocate among investments tax-free (re-allocations are subject to the underlying investments' lock-up provisions)

## Contract with a financial institution that provides a life insurance death benefit to designated beneficiaries

Withdrawals or loans from a PPLI are generally tax-free, provided your policy is not a modified endowment contract

PPLIs provide an income tax free death benefit, and if the PPLI is owned by an irrevocable life insurance trust, the death benefit may also be estate tax free

Additionally, PPLIs typically have higher fees than PPVAs because of the life insurance benefit.

A Private Placement Variable Annuity (PPVA) and Private Placement Life Insurance (PPLI) are unregistered securities products and are not subject to the same regulatory requirements as registered products. As such, a Private Placement Variable Annuity product and a Private Placement Life Insurance product should only be presented to accredited investors or qualified purchasers as described by the Securities Act of 1933.

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