

Variable Annuity Purchase Program

Introduction – The Market

-Wide-scale losses in the equity and debt markets have created a previously non-existent opportunity: 10-year returns on equity investments are now negative.

-Owners of Variable Annuities are now able to sell their existing contracts that have a death benefit that exceeds the account value and receive a premium greater than its cash surrender value in an exchange or surrender.

-The benefits to Variable Annuity owners are:

- Receiving a cash premium for their annuities
- Immediate recognition of potential tax losses
- Reallocation of capital into other investment alternatives

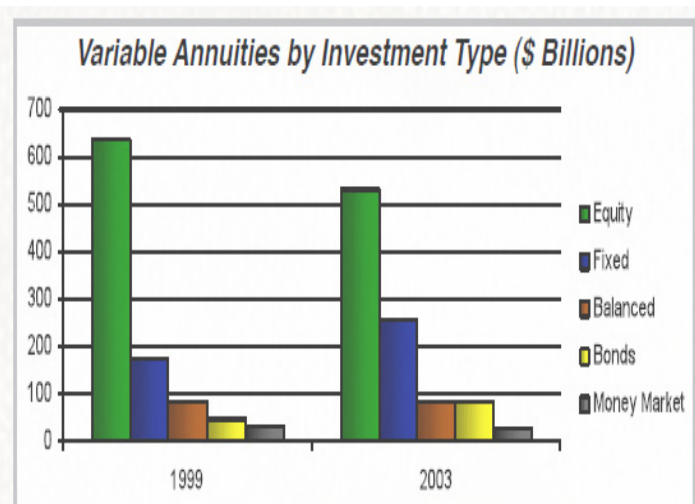
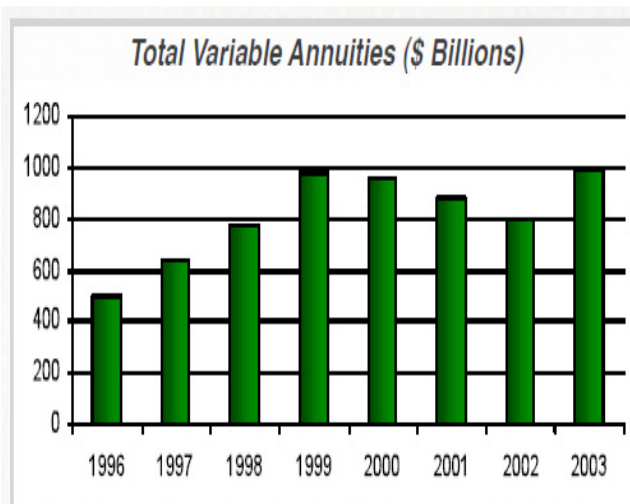
-There are no medical underwriting requirements, no release of medical information, no physical examinations and no future contingencies.

-New products have been introduced which provide additional benefits that old contracts did not have. As a Financial Advisor, you have a duty to review all of your clients' Variable Annuity products to make sure that the product still meets your clients' financial objectives.

The Opportunity

-This is the perfect time for Financial Advisors to review their clients' (or prospective clients') existing Variable Annuity Contracts and review the financial objectives of the client to determine if there are better alternatives to meet the client's current financial objectives.

-It should be clearly noted that contracts issued prior to 2004 have different benefits than those issued subsequently.



Frequently Asked Questions

1. Who is funding this program?

A global financial institution is funding the purchase of these Variable Annuities. We have chosen to share the opportunity with a select group of our top registered representatives and their clients.

2. Will the client need a physical or to consent to the release of medical records?

No. Life Expectancy is actuarially determined and no physical or personal medical records are required.

3. Is this a life settlement, a viatical settlement or a premium finance program?

No, this program is not a life settlement, viatical settlement or premium finance program. This program was designed specifically to purchase Variable Annuities from clients whose policies meet select criteria. Please make sure that this is clear to your clients when presenting the program.

4. Why are Variable Annuities owned in qualified retirement plans not included in the program? Can the Variable Annuity be held in trust?

A qualified plan would mean that the Variable Annuity is held by an IRA, SEP, or any other type of retirement account. In this case, the Variable Annuity would not currently be eligible for our program. Variable Annuities held in qualified plans do not benefit from the ordinary tax deduction because they are already tax deferred. However, a Variable Annuity is eligible for the program even if it is held in trust.

5. What are the qualification criteria?

- Death Benefit payable to at least age 85
- Variable Annuity not owned by a retirement plan
- Death Benefit paid, without any decrease, if ownership is transferred to a non-natural person
- Variable Annuity is in accumulation phase
- No mandatory annuitization prior to age 85
- Death Benefit greater than account value
- Withdrawals must be dollar-for-dollar, not "adjusted for" or "pro rata"
- Minimum Variable Annuity account value must be less than or equal to \$2,500
- Death Benefit, less account value, must be at least \$20,000

6. Are Variable Annuities accepted from any carrier or are certain carriers excluded from the program?

At this time we are not aware of any carriers that would be excluded completely.

7. What if neither my client nor I have a copy of the Variable Annuity policy on hand?

When you submit the RFQ and the latest Variable Annuity statement, please have your client sign an authorization to release information so that you may request a copy of the Variable Annuity from the carrier directly. As soon as you have the Variable Annuity in hand, you should forward it so as not to delay processing of your case.

8. Is a Power of Attorney required to participate in the program?

No, a Power of Attorney is not required.

9. Is notarization required on any of the program documents?

No. A notary is not required to sign off on the documents for participation in the program. However, a medallion signature guarantee is required.

10. How long does it take from the time I submit my Request for Formal Quote (RFQ) until my client receives payment?

The timeline will vary from carrier to carrier. While we cannot give any guarantees, we anticipate most cases being completed in approximately four weeks.

11. Who do I contact if I have a question about the program or about my commission payment?

Steve Collins at stevec2@cox.net.

Cash Value Plus Hypothetical Example

Gender	Male
Age	73
Original Investment Amount	\$200,000
Guaranteed Death Benefit	\$200,000
Current Cash Surrender Value (1), (4)	\$100,000
Income Tax Bracket	30%
Amount Available For Transfer (1035 Exchange)(1)	\$100,000
Amount Paid To Owner from Contract	\$ 98,850 <small>(Surrender less \$1,150 left in Account Value to keep policy in force)</small>
Cash Value Plus Premium Amount (2)	\$ 12,150
Total Cash Proceeds	\$111,000
Tax Loss on Transfer	\$ 89,000
Estimated Tax Benefit (3)	\$ 26,700
Total Value Under Cash Value Plus	\$137,700
Total Value Under 1035 Exchange	\$100,000
Cash Value Plus Benefit Compared to 1035 Exchange	\$ 37,700

(1) This amount may be reduced by applicable surrender charges

(2) Assumes no mandatory annuitization before age 90, \$1,150 residual transferred into fixed account

(3) For general information only and does not represent personal tax advice. You are encouraged to seek professional tax advice for personal income tax questions and assistance.

(4) A surrender is also a taxable event

THIS IS FOR EXAMPLE PURPOSES ONLY-EACH INDIVIDUAL SITUATION MAY VARY

How To Proceed

