



First Liberties Financial

THOMAS

CARSTENS

Private Placement Variable Annuity



Securities offered through First Liberties Financial, Member FINRA/SIPC

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What is a Private Placement Variable Annuity?

- ❖ Private Placement Variable Annuity (“PPVA”) is a contract issued by an insurance carrier to high net worth investors and trusts
- ❖ The investor can allocate and reallocate money invested via the annuity to a wide array of traditional and alternative investment options including hedge funds and fund-of-funds
- ❖ PPVA investments grow tax-deferred, similar to an IRA, and withdrawals are taxed as ordinary income to the extent they represent a gain on investment
- ❖ A PPVA can mitigate an investor’s tax exposure on hedge fund investments and substantially increase net investment returns due to the tax-deferred compounding of wealth

PPVA Features and Benefits

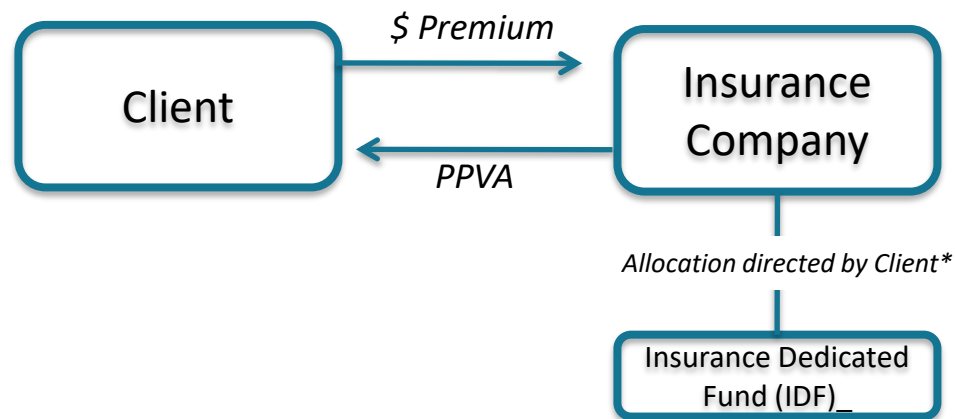
- ❖ Tax-deferred accumulation of investment returns
- ❖ Capital gains-free reallocations among investment options within the contract
- ❖ No K-1 tax reporting documents from alternative investments
- ❖ Income and estate tax-free death benefit potential(1)
- ❖ Access to top-tier investment expertise within a tax-deferred investment vehicle
- ❖ Separate account protection from insurance carrier insolvency risk
- ❖ Low minimum initial investment; subsequent deposits allowed

Why Consider PPVA Now?

- ❖ Alternative investments provide attractive return opportunities in today's low interest rate environment
- ❖ Taxes are a significant drag on investment performance and tax rates are expected to go higher
- ❖ Many alternative investments are extremely tax-inefficient making tax deferred growth even more beneficial
- ❖ Current tax laws offer attractive benefits to investors within an annuity vehicle; tax laws may change

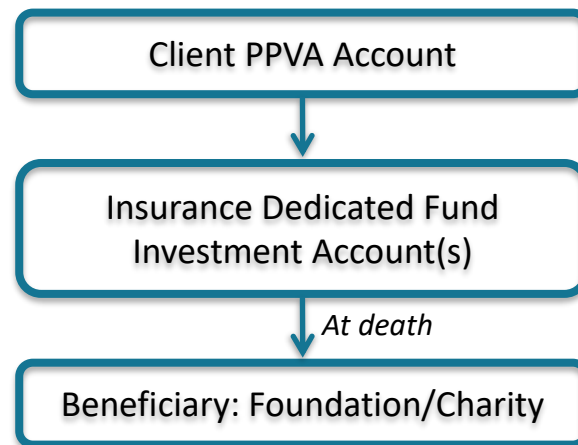
How PPVA Works

- ❖ Client completes PPVA application with First Liberties Financial
- ❖ Client directs asset allocation decision and funds PPVA contract with initial deposit
- ❖ Insurance carrier wires investment proceeds, on behalf of client's separate account, to specified insurance dedicated fund(s)

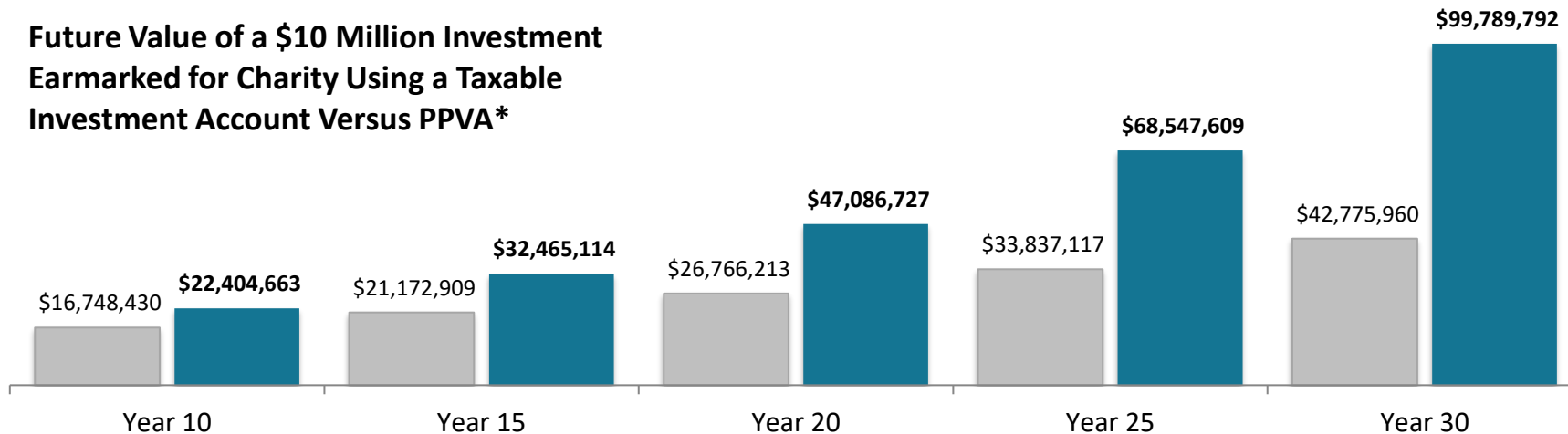


Maximizing Gifts to Private Foundations and Charities

- ❖ PPVA investment compounds income-tax deferred
- ❖ Deferred investment gains may be exempt from income and estate taxes at death if a private foundation or charity has been designated as beneficiary
- ❖ Potential benefits:
 - » maintains access to capital throughout life
 - » more estate tax efficient than a bequest
 - » beneficiary designation is revocable



Future Value of a \$10 Million Investment Earmarked for Charity Using a Taxable Investment Account Versus PPVA*



* The performance information set forth above is hypothetical in nature and based upon certain significant assumptions (such as an 8% annual net return). Annuity Value assumes a one-time premium of \$10.0M and PPVA remains in force. 40% Taxable Investment assumes an investment of \$10.0M earning the assumed 8% annual return, and federal income tax is paid each year at a 40% marginal tax rate.

The above information is provided for illustrative purposes only and does not represent the past or future performance of any specific investment.

Important Notes

Prospective investors should carefully consider the following regarding investment options within a Private Placement Variable Annuity (“PPVA”):

- ❖ **No Tax or Legal Advice.** You should direct questions regarding potential tax or legal consequences of concepts presented in this material your own tax or legal advisor.
- ❖ **Only Qualified Persons May Invest in a PPVA.** An investment in a PPVA is not suitable or desirable for all investors. Only persons who qualify as “accredited investors” and “qualified purchasers”, and who meet certain additional eligibility criteria, may invest in a PPVA.
- ❖ **An Investment in a Fund May Be Illiquid.** An investment in some funds within a PPVA may be illiquid and there may be significant restrictions on transferring interests.
- ❖ **IRS Circular 230 Disclosure.** As required by U.S. Treasury Regulations governing tax practice, you are hereby advised that any written tax advice contained herein or attached was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code
- ❖ **This Summary is Not Complete.** The above summary is not a complete list of the risks and other important disclosures involved in investing in a PPVA or the investment fund options therein and is subject to the more complete disclosures contained in the annuity offering documentation, which should be carefully reviewed.



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