



WINGED KEEL GROUP®

FAMILY ENTERPRISE USA

Understanding the
PPLI Opportunity:
The Basics and Beyond

ABOUT WINGED KEEL GROUP



An independent life insurance brokerage firm that specializes in intergenerational **wealth transfer, risk protection, and wealth accumulation** strategies

Our Expertise

- Traditional Life Insurance
- Business Continuation Insurance
- Private Placement Life Insurance and Annuities
- Corporate-Owned Life Insurance



For more than 35 years, we have structured and administered **customized life insurance and annuity portfolios** that help ultra high net worth families, business owners, private investors, and executives **optimize their estate and income tax planning.**

140+
*person
team*

Supports a
Multi-Generational
Partnership

\$125+
billion

of Life Insurance
Acquired by
Our Clients

\$14+
billion

in Committed Assets
to Separate Account
Life Insurance and
Annuities

17
markets

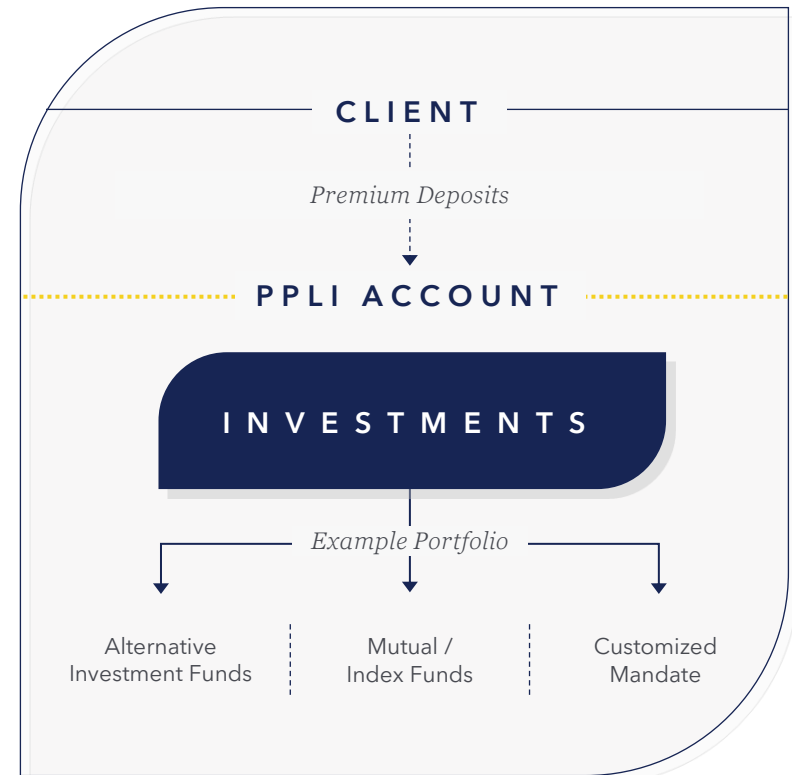
WKG Professionals
Located Across
the Country

Data as of December 2025

PPLI ACCOUNT OVERVIEW

Tax Characteristics

- Investment returns accumulate on an income tax-deferred basis
IRC Section 7702(g)(1)(A)
- Assets within a PPLI Account may be reallocated without income tax
Rev. Rul. 81-225 and Rev. Rul. 82-54
- Withdrawals up to cost basis and properly structured loans may be taken on an income tax-free basis; approximately 80% – 85% of PPLI Account values can be accessed income tax-free during the insured's lifetime
IRC Section 72(e)(3) and 72(e)(5)
- If a PPLI Account is fully surrendered, deferred investment gains are subject to income tax at ordinary rates
IRC Section 72(e)(3)
- Life insurance benefit proceeds received by a beneficiary, including any accumulated investment gains, are fully exempt from income tax
IRC Section 101(a)(1)



Assets held in Separate Accounts are protected from life insurance company credit risk



PPLI Accounts allow flexibility in amount and timing of deposits



Can be syndicated among insurance companies to optimize funding capacity and pricing



Fees and charges are transparent and institutional

Key Fact Patterns

 Subject to U.S. Income Tax

 Allocating to third-party managers

 Has existing trust assets

✓ **Product Attributes**

- Fully transparent pricing
- Simplified tax reporting with the elimination of K1s
- Alignment of broker's service obligation and revenue stream

✓ **Investment Options**

- More options for the investments utilized to fund insurance costs
- Access to alternative funds managed by the top investment firms
- Allows clients to select the investment manager to whom they will give full investment discretion

- ✓ **Intergenerational wealth transfer for investment portfolio appreciation**
- ✓ **Enhancing the after-tax yield on traditional and alternative asset class investments**
- ✓ **Optimizing existing assets in grantor and non-grantor trusts**
- ✓ **Dynasty trust investment management**
- ✓ **Creating a supplemental tax-free income stream**
- ✓ **Establishing a meaningful charitable bucket**
- ✓ **Help in funding estate tax and liquidity liabilities**
- ✓ **Asset protection**

IMPACT OF TAXES ON INVESTMENT INCOME



Ultra high net worth residents who allocate to alternative asset class investments face a heavy tax burden.
 In many jurisdictions, ultra high net worth residents **realize less than half their returns after taxes.**

Assumes:
 75% STCG /
 Ordinary Income

 25% LTCG

	TAX RATES	
	Federal Tax	Connecticut
Return After Investment Management Fees	7.00%	7.00%
Federal Tax Rate at 36.55%	-3.11%	-3.11%
State and Local Tax	0.00%	-0.59%
Deduction for State and Local Tax	0.00%	0.00%
NET AFTER-TAX RETURN	3.89%	3.30%

Assumes 1.50% non-deductible investment management fee; see notes for additional information.

	PPLI
Return After Investment Management Fees	7.00%
Federal, State, and Local Tax	0.00%
Impact of PPLI Fees and Charges at Life Expectancy	-0.52%
NET AFTER-TAX RETURN	6.48%

CASE STUDY #1 - INTERGENERATIONAL WEALTH TRANSFER



The ongoing tax liability for **Grantor Trusts** can become onerous to the grantor and often results in nearly all of their earned income being used to fund income taxes on assets to which they no longer have access. This can create cash flow challenges and frustration.

For **Non-Grantor Trusts**, the trust is responsible for any income tax liabilities that arise. The top tax bracket is in effect once taxable income exceeds \$15,650.

PPLI Accounts are utilized to:

- **Enhance the after-tax yield** on traditional and alternative asset class investments
- **Mitigate a trust's income tax liability**, while not inhibiting the trust's ability to access the money while the insured individuals are still alive

	GRANTOR TRUST	NON-GRANTOR TRUST
Mitigates the income tax burden generated by investment gains	✓	✓
Eliminates ongoing tax liability to Grantor *	✓	--
Ability to make tax-free distributions to trust beneficiaries	✓	✓
Provides de facto step up in basis for trust assets upon death of insured	✓	✓

* Grantor Trusts are taxed at the same rate as the Grantor.

CASE STUDY #1 - INTERGENERATIONAL WEALTH TRANSFER



Hypothetical PPLI Account vs. Hypothetical Taxable Account

Male Age 50: \$10 Million Investment *See Notes

Assumed Rate of Return Net of Investment Management Fees	TAXABLE ACCOUNT			VS. PPLI ACCOUNT			PPLI vs. Taxable
	Account Value at Life Expectancy	IRR at Life Expectancy	Impact of Taxes at Life Expectancy	Insurance Benefit at Life Expectancy	IRR at Life Expectancy	Impact of PPLI Fees and Charges at Life Expectancy	
5.00%	\$23,594,361	2.17%	2.83%	\$54,286,001	4.49%	0.51%	2.3x
7.00%	\$36,620,019	3.30%	3.70%	\$112,536,367	6.48%	0.52%	3.1x
9.00%	\$56,565,764	4.43%	4.57%	\$230,241,169	8.48%	0.52%	4.1x

75% STCG / Ordinary Income; 25% LTCG
Life Expectancy is 40 years.

Assumes 1.50% Non-Deductible Investment Management Fee

HYPOTHETICAL PPLI ACCOUNT: PERFORMANCE SUMMARY



Ages 30, 40, 50, and 60: \$10 Million Investment *See Notes

Year	Annual Premium	AGE 30		AGE 40		AGE 50		AGE 60	
		End of Year Insurance Benefit	IRR Insurance Benefit	End of Year Insurance Benefit	IRR Insurance Benefit	End of Year Insurance Benefit	IRR Insurance Benefit	End of Year Insurance Benefit	IRR Insurance Benefit
1	2,500,000	55,340,636	2113.63%	41,114,508	1544.58%	32,801,079	1212.04%	27,725,026	1009.00%
2	2,500,000	58,089,380	334.62%	43,863,449	271.85%	35,536,605	230.32%	30,438,334	202.50%
3	2,500,000	61,013,513	150.12%	46,783,711	125.05%	38,440,811	107.84%	33,307,674	95.95%
4	2,500,000	64,124,720	90.58%	49,892,600	76.15%	41,527,199	66.09%	36,352,285	59.04%
5	0	52,758,000	55.48%	38,528,000	43.67%	30,227,000	35.01%	25,172,000	28.72%
6	0	52,758,000	42.28%	38,528,000	33.42%	30,227,000	26.87%	25,172,000	22.10%
7	0	52,758,000	34.01%	38,528,000	26.97%	30,227,000	21.74%	25,172,000	17.91%
8	0	36,297,661	21.50%	29,449,987	17.78%	20,429,821	11.49%	16,700,586	8.15%
9	0	38,612,866	19.43%	30,399,769	15.77%	21,120,746	10.39%	17,612,194	7.79%
10	0	41,071,887	17.85%	31,350,521	14.24%	21,816,682	9.54%	18,571,008	7.51%
20	0	58,140,343	9.95%	40,795,360	7.88%	35,026,494	6.99%	31,174,040	6.33%
30	0	77,270,675	7.43%	66,934,411	6.89%	60,125,681	6.49%	58,373,731	6.38%
40	0	126,666,826	6.81%	114,788,348	6.54%	112,536,367	6.48%	104,846,253	6.29%
AT AGE 90									
PPLI Account		\$432,055,709	6.53%	\$228,310,721	6.52%	\$119,588,250	6.48%	\$62,031,613	6.37%
Taxable Account		\$72,388,705	3.30%	\$52,328,847	3.30%	\$37,827,839	3.30%	\$27,345,249	3.30%

75% STCG / Ordinary Income; 25% LTCG
 Assumed Rate of Return Net of 1.50% Investment Management Fees: 7.00%

This is a hypothetical illustration and is not indicative of the performance of any particular investment.
 The performance of your account will vary and you may receive more or less than the amount invested.

HYPOTHETICAL PPLI ACCOUNT: PERFORMANCE SUMMARY



Male Age 50: \$10 Million Investment *See Notes

Year	Age	Annual Premium	End of Year Account Value	IRR Account Value	End of Year Insurance Benefit	IRR Insurance Benefit	Net Amount At Risk
1	50	2,500,000	2,574,079	2.96%	32,801,079	1212.04%	30,227,000
2	51	2,500,000	5,309,605	4.07%	35,536,605	230.32%	30,227,000
3	52	2,500,000	8,213,811	4.62%	38,440,811	107.84%	30,227,000
4	53	2,500,000	11,300,199	4.95%	41,527,199	66.09%	30,227,000
5	54	0	11,997,235	5.29%	30,227,000	35.01%	18,229,765
6	55	0	12,737,076	5.48%	30,227,000	26.87%	17,489,924
7	56	0	13,524,451	5.61%	30,227,000	21.74%	16,702,549
8	57	0	14,387,198	5.72%	20,429,821	11.49%	6,042,623
9	58	0	15,304,888	5.81%	21,120,746	10.39%	5,815,858
10	59	0	16,281,106	5.88%	21,816,682	9.54%	5,535,576
15	64	0	22,179,716	6.06%	27,059,253	7.63%	4,879,537
20	69	0	30,195,253	6.14%	35,026,494	6.99%	4,831,241
25	74	0	41,569,357	6.24%	44,479,212	6.55%	2,909,855
30	79	0	57,262,554	6.31%	60,125,681	6.49%	2,863,127
35	84	0	78,595,667	6.34%	82,525,450	6.49%	3,929,783
40	89 (LE*)	0	107,177,492	6.35%	112,536,367	6.48%	5,358,875
45	94	0	146,071,583	6.35%	147,532,299	6.38%	1,460,716
50	99	0	202,128,872	6.39%	202,128,872	6.39%	0

Assumed Rate of Return Net of Investment Management Fees: 7.00%

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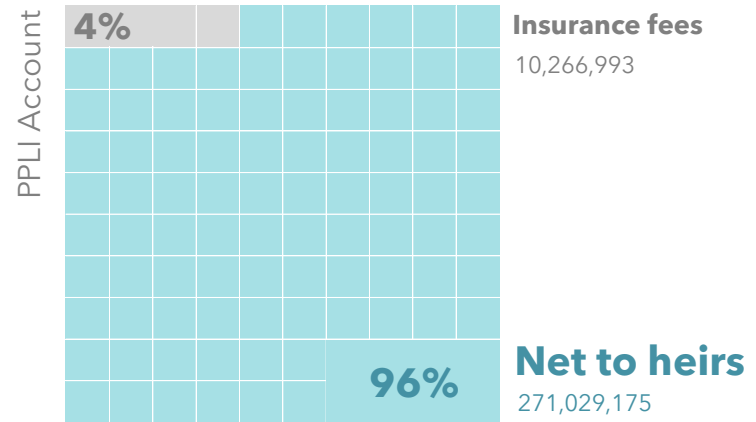
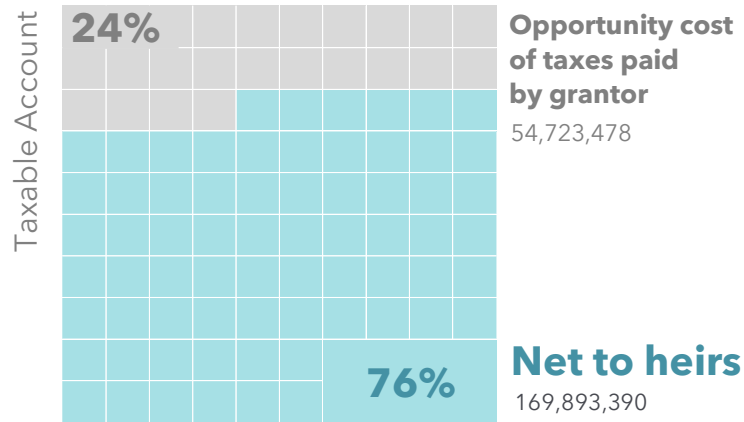
*Median Life Expectancy

MITIGATE TAX LIABILITIES RELATED TO SLAT PLANNING



Hypothetical PPLI Account vs. Hypothetical Taxable Account

Male Age 40: \$15 Million Investment *See Notes



Over the 40-year period, utilizing PPLI reduces the grantor's tax liability by more than \$91M and increases the net to heirs by over \$100M, all with the same \$15M investment (via the full lifetime exemption).

Assumes a 7.00% net rate of return. Taxable Account values assume a 0.75% non-deductible investment management fee and an effective income tax rate of 39.30% in all years.

FACT PATTERN

Roughly 10% of a Dynasty Trust's \$500M portfolio is allocated to tax-inefficient investments, and the Dynasty Trust is responsible for paying income taxes on all investment gains.

There is ample money in the trust and elsewhere to provide for G2, and the family wants to further perpetuate generational wealth.

PPLI SOLUTION

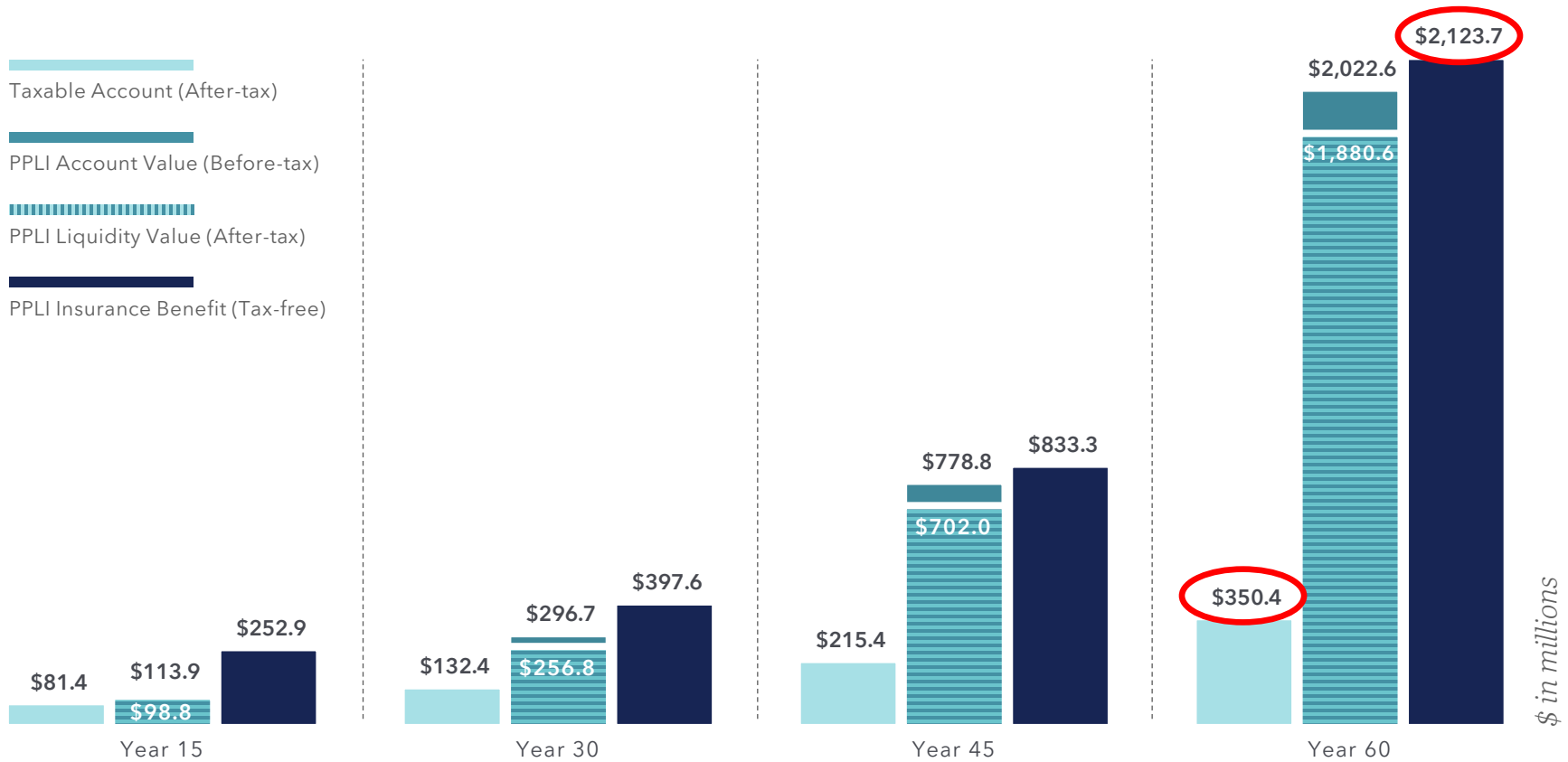
The family implemented PPLI insuring the 30-year-old G2 trust beneficiaries to increase the compounded wealth for future generations.

Assuming a 7.00% net return, the PPLI portfolio illustrates an IRR of 6.61% at life expectancy, compared to an IRR of 3.30% if the \$50M was left in the Dynasty Trust's Taxable Account.

RESULT

The Dynasty Trust receives more than \$1.77B in additional value over 60 years.

CASE STUDY #2 - OPTIMIZING DYNASTY TRUST ASSETS



The Dynasty Trust receives more than \$1.77B in additional value over 60 years.

Assumes a 7.00% net rate of return. Taxable Account values assume a 1.50% non-deductible investment management fee and an effective income tax rate of 43.55% in all years.

FACT PATTERN

A 50-year-old high income earner living in a high income tax state is capped on other tax-advantaged accounts, such as 401(k)s and Roth IRA rollovers.

The client believes income taxes are likely to rise over their lifetime and would prefer to have more capital dedicated to Roth IRAs.

PPLI SOLUTION

The client implemented a personally-owned PPLI policy, insuring himself, which he funded with a portion of his annual savings (\$10M over four years).

Assets grow on a tax-deferred basis within the PPLI policy, and 80-85% of the PPLI account value can be accessed income tax-free during the insured's lifetime through a combination of withdrawals of cost basis and policy loans

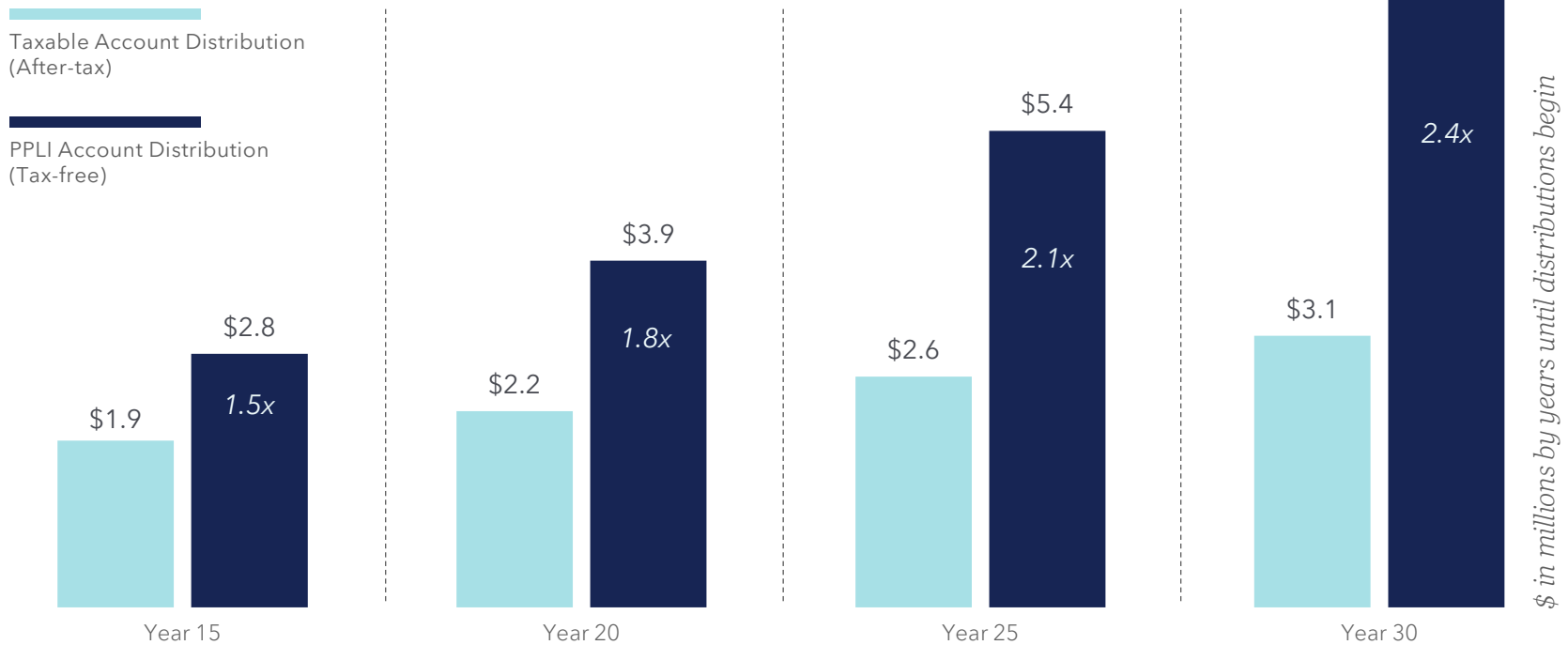
RESULT

Locating tax-inefficient strategies within PPLI provides greater retirement distributions, while also providing a hedge against early death.

CASE STUDY #3 - ENHANCING RETIREMENT INCOME



LEVEL ANNUAL DISTRIBUTION FOR 10 YEARS



Locating tax-inefficient strategies within PPLI provides greater retirement distributions, while also providing a hedge against early death.

Taxable Account values assume a 1.50% non-deductible investment management fee and an effective income tax rate of 43.55% in all years.



Appendix



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HYPOTHETICAL PPLI ACCOUNT: DETAILED PRICING ANALYSIS



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Male Age 50: \$10 Million Investment *See Notes

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Year	Age	Annual Premium	Structuring Fee	DAC Tax	State Premium Tax	Total Premium-Based Charges	% of Premium	Mortality Charge	% of Account Value	M&E Charge	% of Account Value	Total Account Charges	% of Account Value	Net Return	End of Year Account Value	IRR Account Value	End of Year Liquidity Value	IRR Liquidity Value	End of Year Insurance Benefit	IRR Insurance Benefit
1	50	2,500,000	(25,000)	(25,000)	(4,420)	(54,420)	2.18%	(28,660)	1.14%	(12,490)	0.50%	(95,570)	3.81%	169,650	2,574,079	2.96%	2,538,669	1.55%	32,801,079	1212.04%
2	51	2,500,000	(25,000)	(25,000)	(4,420)	(54,420)	2.18%	(33,521)	0.65%	(25,696)	0.50%	(113,637)	2.20%	349,163	5,309,605	4.07%	5,161,614	2.14%	35,536,605	230.32%
3	52	2,500,000	(25,000)	(25,000)	(4,420)	(54,420)	2.18%	(41,479)	0.52%	(39,724)	0.50%	(135,623)	1.70%	539,830	8,213,811	4.62%	7,872,609	2.44%	38,440,811	107.84%
4	53	2,500,000	(25,000)	(25,000)	(4,420)	(54,420)	2.18%	(46,934)	0.43%	(54,624)	0.50%	(155,978)	1.42%	742,366	11,300,199	4.95%	10,678,704	2.64%	41,527,199	66.09%
5	54	0	0	0	0	0	0.00%	(32,645)	0.28%	(57,947)	0.50%	(90,592)	0.78%	787,628	11,997,235	5.29%	11,042,557	2.86%	30,227,000	35.01%
6	55	0	0	0	0	0	0.00%	(34,842)	0.28%	(61,521)	0.50%	(96,363)	0.78%	836,204	12,737,076	5.48%	11,428,754	3.00%	30,227,000	26.87%
7	56	0	0	0	0	0	0.00%	(35,146)	0.27%	(65,319)	0.50%	(100,465)	0.77%	887,840	13,524,451	5.61%	11,839,763	3.11%	30,227,000	21.74%
8	57	0	0	0	0	0	0.00%	(11,538)	0.08%	(69,418)	0.50%	(80,956)	0.58%	943,704	14,387,198	5.72%	12,290,117	3.21%	20,429,821	11.49%
9	58	0	0	0	0	0	0.00%	(12,364)	0.08%	(73,846)	0.50%	(86,210)	0.58%	1,003,901	15,304,888	5.81%	12,769,152	3.30%	21,120,746	10.39%
10	59	0	0	0	0	0	0.00%	(13,160)	0.08%	(78,557)	0.50%	(91,717)	0.58%	1,067,934	16,281,106	5.88%	13,278,737	3.38%	21,816,682	9.54%
15	64	0	0	0	0	0	0.00%	(18,634)	0.09%	(107,020)	0.50%	(125,654)	0.58%	1,454,866	22,179,716	6.06%	19,229,420	4.95%	27,059,253	7.63%
20	69	0	0	0	0	0	0.00%	(30,814)	0.11%	(145,710)	0.50%	(176,524)	0.60%	1,980,809	30,195,253	6.14%	26,364,764	5.37%	35,026,494	6.99%
25	74	0	0	0	0	0	0.00%	(34,681)	0.09%	(108,292)	0.27%	(142,973)	0.35%	2,723,882	41,569,357	6.24%	36,315,381	5.63%	44,479,212	6.55%
30	79	0	0	0	0	0	0.00%	(62,968)	0.11%	(149,196)	0.27%	(212,164)	0.38%	3,752,664	57,262,554	6.31%	50,519,993	5.84%	60,125,681	6.49%
35	84	0	0	0	0	0	0.00%	(152,252)	0.20%	(204,874)	0.27%	(357,126)	0.47%	5,152,738	78,595,667	6.34%	69,932,368	5.97%	82,525,450	6.49%
40	89	0	0	0	0	0	0.00%	(382,993)	0.37%	(279,631)	0.27%	(662,624)	0.64%	7,031,949	107,177,492	6.35%	96,632,602	6.06%	112,536,367	6.48%
45	94	0	0	0	0	0	0.00%	(192,314)	0.14%	(380,631)	0.27%	(572,945)	0.40%	9,573,679	146,071,583	6.35%	135,260,145	6.17%	147,532,299	6.38%
50	99	0	0	0	0	0	0.00%	0	0.00%	(526,319)	0.27%	(526,319)	0.27%	13,239,554	202,128,872	6.39%	188,046,871	6.23%	202,128,872	6.39%

Assumed Rate of Return Net of Investment Management Fees: 7.00%

This is a hypothetical illustration and is not indicative of the performance of any particular investment. The performance of your account will vary and you may receive more or less than the amount invested.

LEGEND FOR DETAILED PRICING ANALYSIS



Assumed Rate of Return Net of Investment

Management Fees This is the level annual rate of return assumed for the PPLI Account, net of investment management fees (but before insurance-related charges).

Annual Premium shows the planned premium to be invested in the PPLI Account.

Structuring Fee Winged Keel's premium-based fee for structuring and implementing the PPLI Account. The fee is 1.00% of each Annual Premium, capped at \$25 million of cumulative premium deposits (per insured).

DAC Tax Deferred Acquisition Cost Tax is a premium-based federal tax imposed on the insurance company. The tax is 0.70% to 1.00% of each Annual Premium.

State Premium Tax is specific to the state where the PPLI Account is issued. It is calculated as a percentage of Annual Premium.

Mortality Charge is the fee payable to the insurance company for the risk of the life insurance coverage, called the Net Amount at Risk (NAR), provided within the PPLI Account. The NAR is equal to the difference between the Insurance Benefit and the Account Value in any given year. The Mortality Charge fee is determined by multiplying the cost of insurance rate (which is determined by the insured's age, gender, and risk classification) by the NAR.

M&E Charge Mortality & Expense Charge is an administrative fee for maintaining and servicing the PPLI Account. A portion of the M&E Charge is payable to the insurance company for maintaining the PPLI Account, and a portion of the M&E Charge is payable to the insurance brokerage firm for client reporting and interface activity.

End of Year Account Value is invested by the policyowner in any number of available Insurance-Dedicated Fund (IDF) or Separately Managed Account (SMA) investment options and it varies based on the Assumed Rate of Return generated by these investment options. This is also the amount, before income tax, that would be received by the policyowner upon a full surrender of the PPLI Account.

End of Year Liquidity Value is the greater of after-tax surrender proceeds or the maximum one-time distribution after which the policy is illustrated to remain in force through maturity. Any distribution from a MEC (including assignments, policy loans, withdrawals, and partial surrenders) is taxable as ordinary income on a Last In First Out (LIFO) basis to the extent of policy gain. In addition, a 10.00% penalty tax is imposed on the gain portion of any distribution made prior to the policyowner's age 59½.

End of Year Insurance Benefit is the amount that is illustrated to be received upon the death of the insured in a given year.

IRR on Account Value, Liquidity Value, and Insurance Benefit Internal Rate of Return measures the return on the premiums paid versus the End of Year Account Value, Liquidity Value, and Insurance Benefit payable in any given year. This measure is helpful in understanding the impact of fees and taxes on cumulative investment returns.

Wyden Investigation

- Sen. Ron Wyden (D-OR), former Chairman and Current Ranking Member of the Senate Finance Committee, has proposed a tax on billionaires and reforms to PPLI and PPVA.
- We believe the proposals are too broad to gain any meaningful momentum in Congress. However, while we don't support this or any other legislation that imposes **taxes on life insurance and PPLI**, we do support the enforcement of the established guidelines that govern PPLI and eliminate investor control violations.
- The **tax attributes of PPLI are identical to the tax attributes of all life insurance policies.**
- There is **currently no path to pass this type of legislation**, and they have consistently failed when attempting to implement a "billionaire's tax."
 - The life insurance industry is 100% aligned behind the concept that **a tax on one is a tax on all.**
 - The industry pays **\$2.2 Billion a day in benefits to Americans, second only to social security.**
 - The variable life and variable annuity market is a **\$5 Trillion market in the U.S.**
 - Life insurers also own over **20% of U.S. corporate bond issues.**
- Ken Kies, who was **Finseca's tax policy director for 25 years**, was appointed by President Trump as Assistant Secretary (Tax Policy) at the U.S. Department of the Treasury. **Ken was the Administration's lead strategist and key negotiator in shaping and advancing the 2025 Tax Act.**
- While we see no path for any of Wyden's PPLI-related proposals, no one can guarantee tax policy for the next 10, 20, or 30 years. However, based on strong precedent, most tax advisors, lawyers, and lobbyists feel strongly that if there was a change to PPLI taxation, there would be **grandfathering of existing policies / investments.**

On December 16, 2024, Sen. Wyden **released a discussion draft** containing proposed reforms to PPLI/PPVA that **focused on investor control violations, potential abuses in SMAs, and offshore PPLI.** On April 13, 2026, the Senator introduced proposed legislation that is substantively the same as the discussion draft. A substantial majority of the PPLI market would be unaffected by both (if enacted). Neither have a path to enactment.

Discussion drafts are written by staff using legislative language shared with other Congressional offices and stakeholders to foster dialogue and encourage collaboration to improve legislation. Sen. Wyden's discussion draft and proposed legislation do not contain an official bill number and cannot be considered by Congress until formally introduced.

1. Assumes a net level annual rate of return of 7.00%, unless otherwise noted, after a 1.50% investment management fee in a Taxable Account.
2. Assumes that 75% of realized gains are taxed at the Short Term Capital Gains (STCG) / Ordinary Income rate and 25% of realized gains are taxed at the Long Term Capital Gains (LTCG) rate.
3. Assumes that investment management fees are not tax-deductible in the Taxable Account.
4. Assumes a STCG / Ordinary Income tax rate of 47.80% and LTCG tax rate of 30.80%, unless otherwise noted. Assumes the tax rates shown will be applicable for all years.
5. Assumes a net level annual rate of return of 7.00%, unless otherwise noted, before insurance-related charges in a PPLI Account.
6. Assumes Male Age 50 will be classified as a Standard non-smoker life insurance risk.
7. The life expectancy of a male age 50 classified as a Standard non-smoker life insurance risk is 40 years. Life expectancy is defined herein as the year in which the probability of the insured still being alive is 50%, based on Society of Actuaries' 2008 VBT Select mortality table.
8. The PPLI policy is designed to qualify as a non-Modified Endowment Contract (non-MEC) under current tax law.
9. Assumes the PPLI policy is issued in the state of South Dakota and will be owned by a Single Member LLC (or Trust) established in South Dakota with a Directed Administrative Member (or Trustee). The incremental expense, estimated to be \$4,000 upfront and up to \$10,000 annually, depending on the number of policies acquired, is not included in the analysis herein.
10. The illustrated PPLI Liquidity Value is the greater of after-tax surrender proceeds or the maximum one-time distribution after which the policy is illustrated to remain in force through maturity.

11. Under current tax law, if the PPLI policy lapses or is surrendered, all investment gains in excess of the policyowner's cost basis are taxed to the policyowner as Ordinary Income in the year the policy lapses or is surrendered.
12. The analysis herein does not include any fees charged by professional advisors engaged by the client for tax and/or legal advice.

Impact of Taxes on Investment Income

1. Assumes a Federal Short Term Capital Gains (STCG) / Ordinary Income tax rate of 40.80% and Long Term Capital Gains (LTCG) tax rate of 23.80%.
2. Assumes the following combined State and Local tax rates: 0.00% for federal tax; 6.99% for Connecticut.
3. Assumes State and Local taxes are effectively non-deductible due to the \$10,000 limitation.

How Does PPLI Compare to a Taxable Investment?

1. Assumes the net level annual rates of return shown herein after a 1.50% investment management fee and before insurance-related charges in a PPLI Account and a Taxable Account.

Hypothetical PPLI Account: Performance Summary

1. Assumes Male Age 30, Male Age 40, Male Age 50, and Male Age 60 will be classified as Standard non-smoker life insurance risks.

Mitigate Tax Liabilities Related to SLAT Planning

1. Assumes the net level annual rates of return shown above after a 0.75% investment management fee and before insurance-related charges on a \$15 million investment in a PPLI Account and a Taxable Account, 50% of realized gains are taxed at the Short Term Capital Gains (STCG)/Ordinary Income rate, and 50% of realized gains are taxed at the Long Term Capital Gains (LTCG) rate.
2. Assumes Insured, a male age 40, will be classified as a Preferred non-smoker life insurance risk. The life expectancy of a male age 40 classified as a Preferred non-smoker life insurance risk is 50 years, based on Society of Actuaries' 2008 VBT Select mortality table.

Case Study #2

1. Assumes insured, a male age 30, will be classified as a Standard non-smoker life insurance risk.

Case Study #3

1. If a life insurance policy is surrendered or lapses with an outstanding policy loan, the policy cash surrender value (if any) and loan balance in excess of the policyowner's cost basis will be subject to ordinary income tax rates. A tax advisor should be consulted before surrendering a policy with an outstanding loan balance or allowing it to lapse.

DISCLOSURES



Private Placement Life Insurance (PPLI) is an unregistered securities product and is not subject to the same regulatory requirements as registered products. As such, PPLI should only be presented to accredited investors or qualified purchasers as described by the Securities Act of 1933. This material may be delivered only by an individual licensed to present PPLI. The tax and legal references attached herein are designed to provide accurate and authoritative information with regard to the subject matter covered and are provided with the understanding that Winged Keel Group is not engaged in rendering tax, legal, or actuarial services. If tax, legal, or actuarial advice is required, you should consult your accountant, attorney, or actuary. Winged Keel Group does not replace those advisors.

PPLI combines the protection and tax advantages of life insurance with the investment potential of a comprehensive selection of variable investment options. The insurance component provides death benefit coverage and the variable investment component provides you the flexibility to potentially increase the PPLI policy's surrender and loan value. The "Account Value" is equivalent to the PPLI cash value. The "Liquidity Value" is the greater of after-tax surrender proceeds or the maximum one-time distribution after which the PPLI policy is illustrated to remain in force through maturity. The "Insurance Benefit" is the benefit that would be payable at the death of the insured. The IRR on the Account Value, Liquidity Value, or Insurance Benefit is equivalent to an interest rate (after taxes) at which an amount equal to the illustrated premium payments could have been invested outside the policy to arrive at the Account Value, Liquidity Value, or Insurance Benefit of the policy.

These calculations make assumptions as to future investment returns, mortality costs, and administrative expenses and are not guaranteed. Actual results may be higher or lower than illustrated. Loans and partial withdrawals will decrease the death benefit and cash value and may be subject to PPLI limitations and income tax. The tax rates and tax treatment of earnings may impact comparative results. Lower maximum tax rates on capital gains and dividends would make the investment return for the Taxable Account more favorable, thereby reducing the difference in performance between the accounts shown. Investments in securities involve risks, including the possible loss of principal. When redeemed, units may be worth more or less than their original value.

The information, financial data, and 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 subaccount investments selected, actual charges over the life of the plan, and the timing of premium payments. Any illustration is intended solely for discussion purposes and is not representative of any actual investment results or performance. Actual investment results and performance will vary and are not guaranteed. This information is not intended to constitute any future performance figures and no specific securities are identified. The financial illustrations and other statements within this report, as well as comments made by any individuals, are not guaranteed and do not constitute a contract. Any contract entered into is between the PPLI owner and the insurance company, through its PPLI policy. You should read the PPLI contract and offering documents thoroughly. Investors should consider the investment objectives and horizons, income tax brackets, risks, charges, and expenses of any variable product carefully before investing. This and other important

information about the investment company is contained in each fund's offering memorandum, which can be obtained by calling 212.527.8000. Please read it carefully before you invest.

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