ABOUT PPVUL AND EVERGREEN LIFE

1. WHAT IS PRIVATE PLACEMENT VARIABLE UNIVERSAL LIFE INSURANCE?

PPVUL is a specialized type of variable universal life insurance designed to maximize the cash value (investment portion) for the owners and/or beneficiaries of the policy. PPVUL allows policyholders to invest the cash account of their life insurance policy in their choice of one or more investment alternatives.

2. WHAT ARE THE TAX ADVANTAGES OF PPVUL?

All PPVUL policies enjoy tax-free accumulation of investment income. The cash value of PPVUL policies may be placed in a wide variety of investments including hedge funds and other alternative assets. These types of investments often employ strategies that would normally result in adverse tax consequences to an investor. Investments within the policy will not be subject to such adverse tax consequences as long as they remain in the policy. There is also no taxation upon the receipt of the death benefit.

3. WHY PURCHASE AN OFFSHORE LIFE INSURANCE POLICY?

Life insurance products sold in the U.S. are subject to the requirements of state insurance regulations which may be generally restrictive with regard to the type of underlying investments (such as hedge funds) that may be available to policyholders.

These restrictions do not apply to offshore life insurance policies. Consequently, they will usually offer a greater diversity of underlying investments than a comparable onshore product.

Furthermore, offshore life insurance policies can be more cost-effective, as they are subject to lower fees and charges. For example, U.S. state premium taxes and federal excise taxes are not applicable to policies written offshore.

4. WHAT ARE THE ADVANTAGES OF AN EVERGREEN LIFE LIMITED ("EVERGREEN") PPVUL POLICY?

Evergreen PPVUL provides policyholders with the following advantages:

1) Tax free investment growth throughout the life of the policy (this applies to all PPVUL policies);
2) Significant investment flexibility;
3) Capacity to access the cash value of the policy (this applies to all PPVUL policies);
4) A low policy cost structure;
5) Asset protection provided by the general legislation in Bermuda together with a special private law passed for Evergreen in order to further protect the death benefit of the policy;
6) A user-friendly and efficient policy origination process (for example, Evergreen provides all documentation, including a draft Trust).

In summary, an Evergreen PPVUL policy combines the most efficient combination of the tax advantages available through life insurance with maximum flexibility of investments.

5. WHY IS EVERGREEN BASED IN BERMUDA?

- Being based in Bermuda allows Evergreen to provide great flexibility regarding underlying investment options.

- Bermuda is internationally recognized as a stable and well developed insurance jurisdiction. Bermuda has a highly developed body of insurance law and proven segregated account legislation that protects policyholders' segregated accounts from any claims which may be made against the insurance company. Each segregated account is totally protected from any potential creditor of the company.

- Moreover, at Evergreen's request, the Bermuda authorities have passed a special law titled "The Evergreen Life Limited Act 2008". This law provides additional legal protection for policyholders in that all proceeds from an Evergreen insurance policy are paid by a highly rated reinsurer directly into a segregated account for the absolute benefit of policyholders.

- Lower cost policy structure.

6. ARE THERE ANY U.S. TAX ISSUES WITH EVERGREEN BEING AN OFFSHORE INSURANCE COMPANY?

Evergreen PPVUL policies have been designed to be and are 100% compliant with the U.S. Internal Revenue Code. Evergreen has made an IRC 953(d) election, which means that it is treated as if it were a U.S. Company for tax purposes. Evergreen is therefore also fully entitled to the same preferential tax treatment enjoyed by domestic U.S. life insurance companies.

7. HOW EASY IS IT TO OBTAIN AN EVERGREEN POLICY?

Evergreen has attempted to make the process of obtaining an Evergreen policy as simple as possible. Evergreen will provide all documents required, including a draft Trust. Obtaining an Evergreen policy is largely a web-based transaction (although this can be completed in hard copy if so desired). Evergreen's user friendly website makes the process easy to complete.

8. WHAT IS THE DIFFERENCE BETWEEN A LIFE POLICY AND AN ANNUITY?

Life insurance is a contract whereby a premium is paid to an insurance company, which in turn, will pay out a sum of money (death benefit) upon the death of the insured. A portion of the benefit of a life policy is the net amount at risk (life component).
An annuity is a contract which provides an income stream to the annuitant in return for a premium.

To summarize: the benefit in a life policy is typically paid upon death of the insured whereas the benefits of an annuity are typically paid during the annuitant's lifetime.

A major distinction between the two is the taxation of the benefits. The receipt of benefits from a life insurance policy is not taxable whereas some or all of the distributions from an annuity are often subject to ordinary income taxes.

Evergreen offers both PPVUL life insurance and annuities.

ABOUT THE ILIT

9. WHAT ARE THE BENEFITS OF AN ILIT OWNING THE POLICY?

A life insurance policy owned directly by an insured individual is an asset which, in many cases, becomes subject to Estate Taxes on the death of the insured person.

Ownership of an insurance policy by an Irrevocable Life Insurance Trust ("ILIT") is the estate planning strategy most frequently used in order to keep the net proceeds of a life insurance policy from being subject to estate taxes.

Clients must consult with their own legal advisors to ensure that the ILIT is structured correctly within each client's own estate planning structure so as to provide the greatest advantage.

Benefits of using an ILIT may include:

1) Avoiding estate taxes on the net proceeds upon distribution;
2) Increasing assets available to beneficiaries;
3) Protecting assets from bankruptcy, insolvency or other creditors (including divorce proceedings);
4) Succession planning and family protection.

10. WHY DOES IT NEED TO BE AN OFFSHORE ILIT?

Evergreen requires its policies to be issued in Bermuda – i.e. outside of the U.S. This is accomplished by having the owner of the policy (an offshore ILIT) located in the Cayman Islands.

11. WHY WAS THE CAYMAN ISLANDS SELECTED AS THE PREFERRED JURISDICTION FOR THE OFFSHORE ILIT?

The Cayman Islands is a well-established and cost effective jurisdiction for the administration of Trusts. The Cayman Islands is internationally recognized for its modern trust laws and highly developed regulatory framework. U.S. parties routinely use the Cayman Islands as a preferred location for funds, trusts and other similar structures.

12. WHAT IS THE ILIT'S POSITION WITH REGARD TO U.S. TAX?

The Cayman Trust has been drafted in order to be fully U.S. tax compliant. Although it is sited in the Cayman Islands, the trust has been designed by Evergreen so that it is structured as if it were in the US. As a result, part of the process which will be required to be completed, is the submission of the U.S. tax filings of documents such as

- the application for a tax identity number (TIN)
- the Gift tax return
- foreign bank account disclosures.

These tax filings will be carried out by the trustee on behalf of the trust.

13. HOW IS TAX REPORTING ACCOMPLISHED?

Evergreen will ensure that all tax forms and other required documentation are prepared and sent to the appropriate parties to file with their tax returns.

14. WHO IS THE TRUSTEE?

The Evergreen PPVUL structure requires an offshore Trustee. In selecting an offshore corporate trustee, Evergreen required that it be independent, familiar with U.S. laws and have a first-class reputation. Appleby Trust (Cayman) Ltd. (part of Appleby, the world's largest provider of offshore legal, fiduciary and administration services) has been the Trustee from the inception of Evergreen Life Limited, until April 2016 when Appleby Fiduciary Business ("AFB") rebranded as Estera Trust Cayman (Limited)("Estera"). With an unparalleled presence in key offshore jurisdictions, AFB and now Estera, continues to deliver sophisticated services in the areas of Private Client and Trust Administration.

15. WHAT IS A GRANTOR?

A Grantor is the individual who establishes the Trust and is usually the insured.
Often the trust will contain provisions that will result in it being treated as a grantor trust for US tax purposes. The effect of this situation is that the tax situation of the trust is included in the U.S. grantor's tax return.

16. WHAT IS THE ROLE OF THE PROTECTOR?

A protector is a person appointed under the trust to represent the interests of the family of the insured and to be the direct contact person for the trustees in relation to their administration of the trust.

ABOUT THE POLICY

17. IS TRAVEL OUTSIDE OF THE UNITED STATES REQUIRED TO PURCHASE AN EVERGREEN POLICY?

Evergreen will make the underwriting decisions in Bermuda. The closing will take place in Bermuda and the parties to this closing will be the Trustee and Evergreen Life Limited. No person is required to travel outside of the United States.

18. WHAT ARE THE ACCEPTABLE AGES FOR AN INSURED OF AN EVERGREEN POLICY?

All ages up to 80 are acceptable.

19. CAN THERE BE MORE THAN ONE INSURED ON A POLICY?

Yes. Survivorship policies are available, where two insureds are covered on one policy. The cash value will continue to grow until the death of the last surviving insured.

20. WHAT ARE THE DIFFERENT OPTIONS FOR PAYING PREMIUMS?

There are two options for paying premiums with an Evergreen PPVUL. Beginning at the inception of the policy, premiums can be paid either in one lump sum (resulting in a Modified Endowment Contract – "MEC") or in 5 equal annual payments (which will produce a Non-MEC). Note that any loan from a non-MEC is tax-free while a loan from a MEC may be subject to tax. Policyholders who may need access to the cash value which has accumulated in the policy will typically pay the premium in 5 equal annual payments in order to make their policy a non-MEC.

21. AT WHAT POINT IS AN APPLICANT COMMITED TO PURCHASING A POLICY?

The transaction may be cancelled at any time before the policy is issued.

22. CAN A POLICY BE CANCELLED/SURRENDERED?

A policyholder may surrender the policy at any time, at which point Evergreen will pay out the cash surrender value. Note that such action may result in adverse tax consequences and it is recommended that you obtain independent advice on this matter.

23. WHAT IS CASH SURRENDER VALUE?

This is the cash amount available which a policyholder receives upon the surrender or partial surrender of the policy and is only applicable where the policy is surrendered prior to the time when it would normally become payable i.e. upon death of the insured. The amount payable is the realizable cash value (or part thereof) net of any surrender charges, outstanding policy loans and interest thereon.

24. WHAT IS A SURRENDER CHARGE?

This is a fee imposed upon the total or partial surrender of a policy before it becomes payable (upon death) and which is used to cover administrative costs. The charge in respect of surrendering an Evergreen PPVUL is $500 which is well below typical life policy surrender charges.

ABOUT FINANCIAL ASPECTS OF THE POLICY

25. HOW DOES A POTENTIAL POLICYHOLDER OBTAIN INFORMATION ABOUT THE INVESTMENT OPTIONS?

Once an Evergreen Initial Information Form has been submitted and a username and password have been received, information regarding available investments may be obtained by going to the “Investments” tab under “My Folder.” This section will allow potential policyholders to view and learn about all of the investment options available to them. The investments options are organized by segregated account. By clicking on the blue arrow on each segregated account the client will be able to view the investment objective of the account as well as the type of funds associated with that account. Fact sheets and additional information may be accessed by clicking on the blue arrows opposite the fund in question.

26. WHAT IS THE ROLE OF THE INVESTMENT DIRECTION ADVISOR?

The Investment Direction Advisor (“IDA”), who is selected by the Grantor at policy inception, will provide the Trustees with advice relating to any investments by the Trust, including initial selection, balancing, or reallocation of the Segregated Accounts (investment options). The IDA will often be the insured’s traditional wealth manager.

27. WHAT PROTECTIONS ARE IN PLACE FOR THE CASH VALUE (INVESTED ASSETS) OF A POLICY?

Evergreen does not at any stage ever have access to the segregated accounts. Each segregated account is always held separately, is fully protected and is never comingled with the Evergreen General Account. This level of asset protection is achievable because of Bermuda's sophisticated general segregated account legislation and the special private law passed for Evergreen by the Bermuda legislature.

In addition, the insurance operations and administrative functions are provided by Marsh Management Services, Bermuda, part of Marsh, the world's leading insurance broker and risk advisor. Their Bermuda office will supervise and execute the actual set up, all ongoing administration and deal with the death benefit pay out of the policy.

28. WHAT IS THE RELEVENT RATING OF THE INSURANCE COMPANY?

Evergreen is not rated. Its unique structure obviates the need for a rating. The reason for this is because 100% of the net amount at risk (insurance component) in an Evergreen policy is reinsured by a leading highly rated reinsurance company. The entire risk is retained by the reinsurer for the duration of the policy. Consequently, the effective rating which is relevant for policyholders to consider in relation to evaluating Evergreen is the rating of the reinsurer.