TRUSTMARK
FINANCIAL GROUP

PREMIUM Financing

Premium Financing is a leveraging technique primarily used by high net worth individuals who have a need for large amounts of life insurance, but would otherwise desire to keep assets invested in their business or portfolio. As loan interest rates can be less than the ROI on an individual's other assets, this technique can create significant positive arbitrage while allowing for the acquisition of needed life insurance liquidity for business or personal needs.

How it Works?

- A trust or LLC applies for the life insurance as owner and beneficiary of the policy. The lender loans the annual premium for the life insurance policy to the trust or LLC.
- The life insurance policy is pledged as collateral for the loan. Additionally, the grantor or LLC member pledges other collateral to cover the full amount of the loan as necessary.
- The grantor/LLC member remains only as a contingent obligor on the note and therefore does not possess any incidents of ownership or ownership rights to the life insurance.
- The grantor/LLC member then gifts the annual interest cost, or a portion thereof, to the trust/LLC each year and the trust/LLC in turn pays the loan interest to the lender.
- At younger ages, the policy may be able to accumulate enough excess cash value to pay off the loan principal during the insured's lifetime.
- Once the premium loan is paid off, the trust or LLC can access nontaxable distributions from the policy cash value as long as the policy remains in force.
- At the death of the insured, the policy death benefit repays any outstanding loan balance, with the net remaining proceeds passing to the heirs or LLC.
- Since the loan continues to accumulate, the life insurance must be specially designed to accommodate this growing debt so that the desired amount of life insurance protection remains for the heirs/LLC after the loan principal is repaid.

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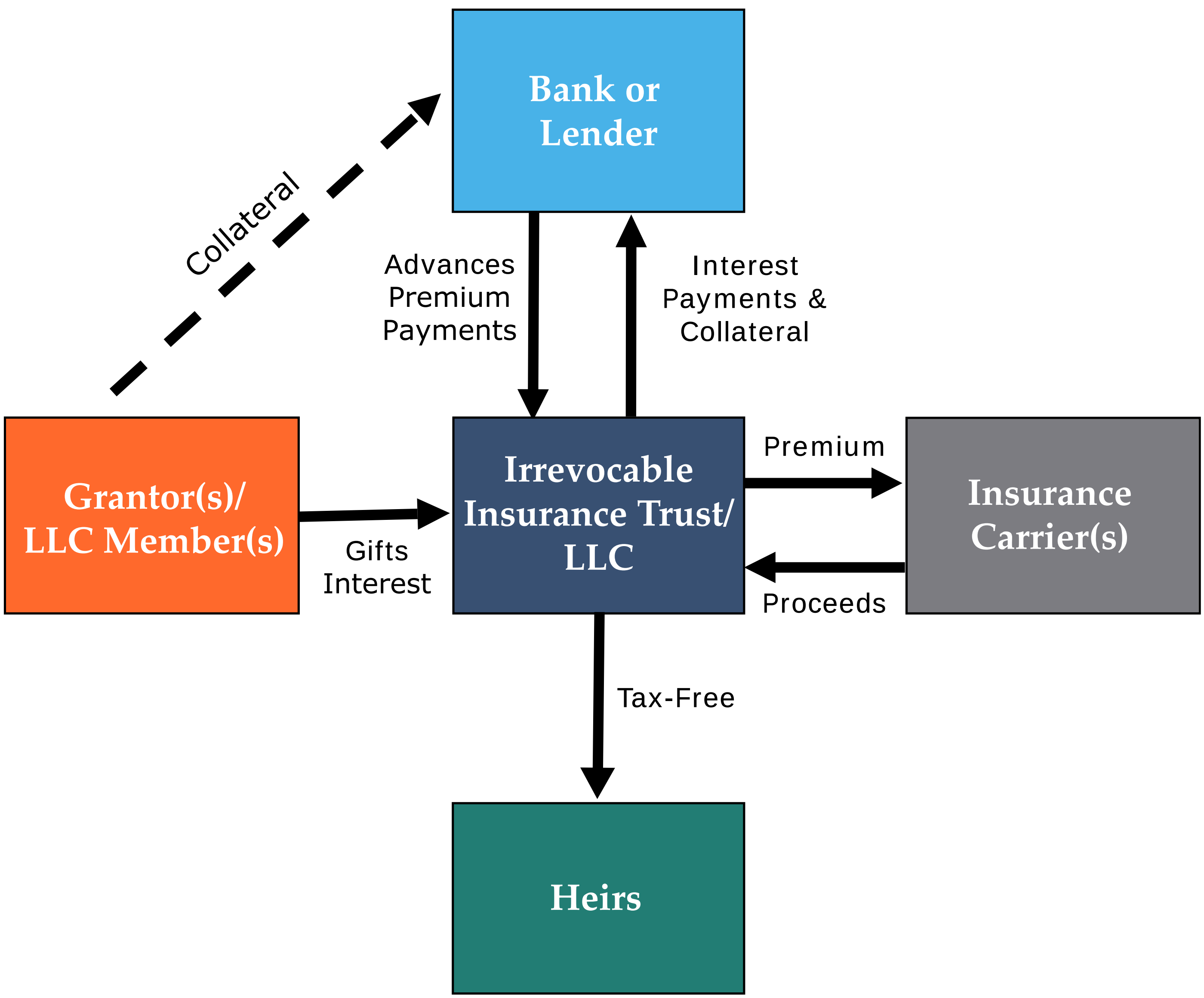

Disclosures

Preliminary analysis will indicate an initial sampling of available carriers, products and design alternatives. The optimal carrier, product and design option will be determined once coverage goals and objectives are known and tentative underwriting offers are received. Actual pricing is subject to final underwriting approval and product availability at the time of acquisition.

Trustmark Financial Group does not represent any lender involved with any Premium Financing arrangement, and we are not responsible for any decision made by any lender. The lender is solely responsible for setting the loan terms including, but not limited to, the loan interest rate, term, collateral requirements and any and all loan requirements and restrictions. The lender may or may not renew the loan. Actual loan interest rates will differ, and may be higher or lower than conceptually illustrated. It is the sole responsibility of the borrower to satisfy the lender's terms and conditions.

The lender will likely require a security interest in the Policy, such as an assignment of the Policy as collateral for the benefit of the lender. Any policy assignment is strictly between the policy owner and lender and does not involve Trustmark Financial Group. If the Policy is assigned, the lender will gain certain rights over the Policy's benefits until the loan is repaid.

Policy illustrations reflect guaranteed and non-guaranteed values, such as interest rates and policy charges. Non-guaranteed values are hypothetical and subject to change. Actual results will likely differ from illustrated non-guaranteed values, which may impact a Premium Financing arrangement.

Trustmark Financial Group is not responsible for the performance of the Policy or terms of the loan. You agree not to hold Trustmark Financial Group liable for any changes in the Policy or loan arrangement that may negatively impact this Premium Financing arrangement.

We recommend that you consult with your accounting, legal and tax advisors in connection with any Premium Financing arrangement. We do not provide accounting, legal or tax advice.