

Financial Guidelines

At Global Atlantic we recognize that each sale is unique. Our Financial Guidelines are designed to assist you with your client discussions when determining the right amount of coverage to meet their needs. A cover letter detailing the need and purpose for the coverage is encouraged, especially when additional circumstances need to be taken into account.

Premium Limits

All policies must meet premium limitations that may currently apply to certain products, riders or single premiums.

Personal Insurance

To help ensure affordability, annual planned premium should be within the follow percentages compared to income with review of source of income.

- Less than \$75,000 Up to 15%
- Amount between \$75,000 -\$200,000 Up to 25%
- Greater than \$200,000 Up To 30%

Individuals age 70+, maximum income to premium should not exceed 15% for net worth < \$1,000,000

Important: Note that the percentage tests represent maximum limits on planned premiums we will consider for a given case. The determination of an appropriate planned premium for a given policy and the applicant-policy owner involves a variety of factors: the stated needs and objectives of the applicant, the applicant's current income and net worth, the source of funds used to pay premiums, current expenditures for other life insurance policies already in force, etc. See the Life Insurance Suitability & Best Practices Guide for more details.

Financial Guidelines (cont.)

Maximum Face Amount Calculations														
Income Replacement	<table border="1"> <thead> <tr> <th>Age</th> <th>Income Factor</th> </tr> </thead> <tbody> <tr> <td>Under 40</td> <td>30</td> </tr> <tr> <td>40-49</td> <td>25</td> </tr> <tr> <td>50-59</td> <td>15</td> </tr> <tr> <td>60-65</td> <td>10</td> </tr> <tr> <td>66 - Up</td> <td>7</td> </tr> </tbody> </table>	Age	Income Factor	Under 40	30	40-49	25	50-59	15	60-65	10	66 - Up	7	<ul style="list-style-type: none"> Up to 50% of unearned income can be considered, in addition to earned income, if investment portfolio management is dependent upon the proposed insured
	Age	Income Factor												
	Under 40	30												
	40-49	25												
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66 - Up	7													
Estate Liquidity	<p>Based on 55% of Projected New Worth using 6% growth rate. Up to 75 % of life expectancy to a maximum of 25 years. Estate growth projections may not be justified in all situations.</p>													
Personal Creditor/Debt Protection	<p>Up to 75% of outstanding loan balance</p> <ul style="list-style-type: none"> Subject to review of amount, purpose and duration of loan Must be 5+ year contractual agreement 													
Juvenile Coverage	<p>Coverage consideration will be up to 50% of the largest amount of coverage on either parent or guardian's life up to a maximum of \$500,000</p> <ul style="list-style-type: none"> Amounts over \$500,000 will be given individual consideration and would include evaluating the financial circumstances for the family such as life insurance coverage on the parents and siblings and family income and net worth 													
Dependent Spouse	<p>Coverage consideration will be up to 100% of insurance in force on the employed spouse, to a maximum of \$5,000,000, subject to overall family financial circumstances, family income and net worth, and amount of coverage in force on the employed spouse.</p>													
Charitable Giving	<p>Average of most recent 3 years of gifts to the charity X lesser of 10 years or remaining life expectancy</p> <ul style="list-style-type: none"> Asset replacement sales and charitable trust scenarios may be evaluated on a case by case basis 													

Financial Guidelines (cont.)

Business Coverage

Financial Questionnaire will be required on all business-related cases greater than \$1 million in coverage.

Key Person	Up to 10X annual compensation	<ul style="list-style-type: none"> Non-recurring compensation may be excluded and/or an ongoing average compensation may be used
Buy/Sell & Stock Redemption	% of ownership X value of the company	<ul style="list-style-type: none"> Valuation of the company should generally be between 5 – 15X net earnings depending on the industry For Buy-Sell coverage, all partners must be insured for their share of ownership
Deferred Compensation	Reasonable formula tied to overall compensation plan and promised benefits	
Business Creditor/Debt Protection	Up to 75% of outstanding loan balance	<ul style="list-style-type: none"> Business should be the owner of the policy Subject to review of amount, purpose and duration of loan Line of credit or short term loans are generally not considered

- Premium Finance cases will be subject to standard financial underwriting review as well as review and approval by Advanced Markets based on separate Premium Financing Guidelines.
- No STOLI, Non-Recourse or Hybrid premium financing plans.

Trust Review

Copy of a Trust Agreement will be required on cases with face amounts greater than \$10 million for ages up to age 70 and for amounts greater than \$5 million for ages 71+.

Financials

We will attempt to verify income and net worth through the use of the insurance application financial questionnaire, inspection report and/or online sources. If unable to obtain verification, we may request third-party financials such as audited financial statements, two years of tax returns, compiled financial statements or summary net worth statement signed by CPA or estate planning attorney with knowledge of insured's finances, and supporting explanation of estate planning.