



## ***CAPITAL GROWTH PLANNING, INC.***

A Diversified Financial Services Corporation

Established 1969



### **LIFE INSURANCE “CONTRACT-BACKED” SECURITIES**

*Product Structures Offered Through an Investment Contract “Partnership” Program*

**CONFIDENTIAL & PRIVATE INFORMATION**

(March 2010)

#### **Structural & Product Detail**

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## ***CAPITAL GROWTH PLANNING, INC.***

Through Its Wholly-owned Subsidiaries, Formally Introduces To Qualified Investment Companies & Banks

### **LIFE INSURANCE “CONTRACT-BACKED” SECURITIES**

Today’s new financial marketplace requires financial institutions (Investment Companies & Banks) - as investors, advisors, and/or lenders to select carefully their choices in deploying funds and building products, while maintaining income and profits. From a risk profile, many of yesterdays financial products (including certain lending products) are gone and new product choices are few and far between. Many financial institutions are frozen in time, doing little new product design or business, which may be risky in its own way. **Life Insurance “Contract-Backed” Securities (“LICBS”)** is a new life insurance based product (asset) that delivers a fully funded “**Paid**” current yield, well above current market rates on financial products of similarly “rated” risk profiles. The **Yield** (income) created from this asset is “**Backed**” by contracts issued by U.S. Life Insurance Carriers having at least a Standard & Poor’s rating (at issuance) of “**A**” or better, depending on the product’s rating criteria. Capital Growth Planning, Inc., a 40 year old financial services company, is exclusively offering to qualified financial institutions this new yield product in an investment partnership program that may provide financial institutions increased yield leverage to attract or retain customers by providing a higher yielding “Insured” Cash Management, Money Market, and/or Certificates of Deposit products. Other investment and product benefits of **Life Insurance “Contract-Backed” Securities** are as follows:

- **LICBS Assets** provide a current annual Yield (income) of no less than **6.00%**, paid on a quarterly basis. . .
- Taxable equivalent Yields of **8.50% to 9.00%** for 10 years or more (based on composite age/gender of the Insured’s). . .
- Targeted Yields are based on, and backed by Contracts, issued by U.S. Life Ins. Companies, S&P “A” Rated or better. . .
- Above average market Yields, when compared to other similar S&P Rated investment structures, paid quarterly. . .
- Yields may be used to leverage and/or attract new accounts and customers, increasing deposits and potential revenue. . .
- Preliminary review strongly suggests that **LICBS Assets** will qualify as a Tier One Bank Asset. . .
- Average maturities of **LICBS Assets** are 15 years (replacement assets may be structured for early maturities). . .

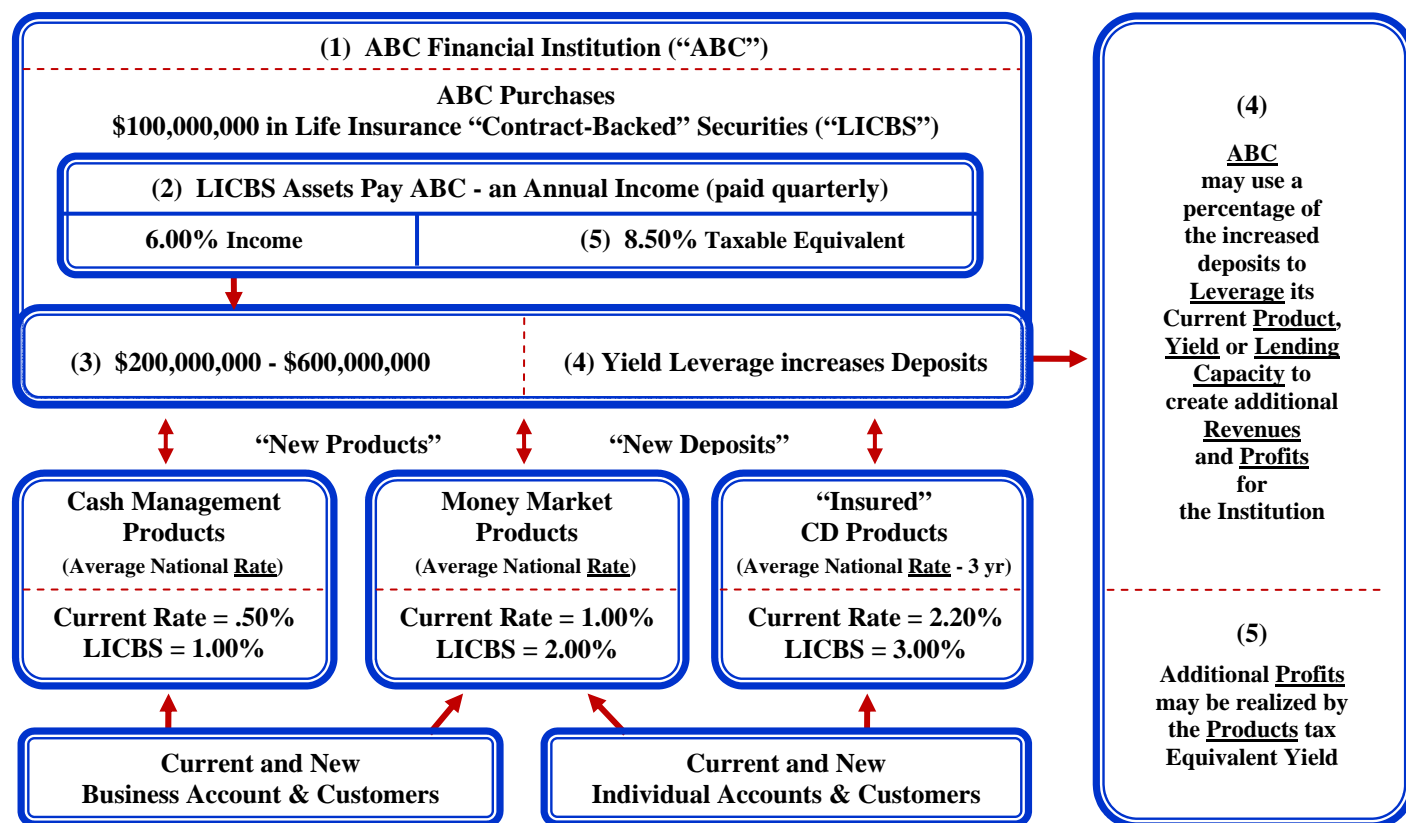
#### **PROFESSIONAL SERVICE PROVIDERS (approved and available - if applicable):**

Product Counsel:	Locke Lord Bissell & Liddell, LLP
Non-Equity Manager:	Insured Capital Management, Inc. (“ICM”)
Securities Escrow:	U.S. Bank N.A, Wells Fargo N.A., Christiana Bank & Trust Services
Life Settlement Escrow:	Wells Fargo Bank N.A. or Christiana Bank & Trust Services
Trustee / Administrator:	Wells Fargo Bank N.A. or Christiana Bank & Trust Services
Paying Agent:	Wells Fargo Corporate Trust Services or Christiana Bank & Trust Services
Policy Servicer:	Maple Life Financial LEXSERV <sup>SM</sup> or Life Settlement Solutions, Inc.
Placement Agent:	Capital Growth Resources (“CGR”)

**What are Life Insurance “Contracted-Backed” Securities and how are the purchased?** **LICBS** is a structured life settlement product built through multiple special purpose trusts (each a “Trust”), with each Trust owning two distinct life insurance contracts (each a “Contract”), issued by separate U.S. life insurance companies, measured on the same life. One contract is a life insurance policy that provides a return of principal to each Trust at the death of the insured and the second contract is a guarantee of income contract designed to provide a steady uninterrupted stream of income to each Trust for as long as the “same” insured lives. The income to each Trust (paid quarterly) is first used to pay life insurance policy premiums, trust and administration costs, and the balance of income creates an investment yield of no less than 6.00% that passes through to its sole beneficiary, a Limited Liability Company (the “LLC”). As a result, the Investor (financial institutional), as the sole member of the LLC, receives the pass through income and other tax benefits making up the product. **LICBS** may be acquired through an investment contract under a licensing agreement with CGP. On request, a complete due diligence document regarding **LICBS** is available, after a Non-disclosure Agreement is executed and approved by Locke Lord Bissell & Liddell.

**Disclaimer:** This is not an offer to sell, or the solicitation of an offer to purchase, securities. Any such offer may only be made through a direct purchase, Investment Contract, or Offering Memorandum. Capital Life Assets, Inc. (“CLA”), Capital Growth Insurance Services, Inc. (“CGIS”), Insured Capital Management, Inc. (“ICM”), and Capital Growth Resources (“CGR”) are wholly-owned subsidiaries of Capital Growth Planning, Inc.

## OVERVIEW OF LICBS PRODUCT LEVERAGE YIELD UTILIZATION



- 1) Through a CGP licensing agreement, an interested Financial Institution (Investment Company or Bank) would contract with CGP and its subsidiaries to purchase \$100,000,000 (Example) in Life Insurance “Contract-Backed” Securities (“LICBS”). Once purchased, the Financial Institution will own the LICBS Assets and the resulting income (yield), most of which is non-taxable for 10 or more years.
- 2) LICBS Assets (\$100,000,000) are created to generate annual income (paid quarterly - after Trust costs) of **6.00%** (or \$6,000,000) of which 80% (in our example) is free from taxation, providing a taxable equivalent yield of approximately **8.50%** (or \$8,500,000).
- 3) This enhanced yield allows the Financial Institution to either provide a significantly higher paid yielding product or it may leverage the yield to service payments made to current or new customer accounts or deposits of between \$200,000,000 to \$600,000,000 (gross deposits), depending on the products serviced in our example; i.e. Cash Management, Money Market, or Certificate of Deposits. (Rates posted in the flow chart were based on the average national rate on March 1, 2010.)
- 4) This new yield leverage allows the Financial Institution to increase its lateral Deposit Leverage by 100% to 600% or more, increasing its account and deposit capacity and revenue, allowing the Financial Institution to attract new customers, increase account deposits, or simply retain customers it was losing to other competitors.
- 5) During approximately the first 10 to 15 years of the LICBS Assets (depending upon the age/gender of the insured), between 75% and 85% of the income (revenue) provided by the Product represents a non-taxable reduction of tax basis, which generates a taxable equivalent yield of between **8.50%** and **9.00%** (or more). The minimum LICBS investment through CGP’s Partnership program is \$100,000,000.

### OTHER CAPITAL GROWTH PLANNING PRODUCTS:

**Life Insurance Backed Collateral (LIBAC<sup>SM</sup>):** LIBAC<sup>SM</sup> is a new proprietary investment collateral overlay product providing investors with a “fully funded” guarantee of principle or secondary source of repayment on their investment. This product is designed for “FUND” transactions, Insured “PIPE” transactions, and Self-liquidating Notes, Bonds, Debt Transactions and/or Commercial Lending Structures; changing the way investors invest.

**Traditional Premium Financed Life Insurance Products:** Capital Growth Insurance Services, Inc., a wholly-owned subsidiary of CGP, has a suite of exclusive “carrier approved” products and a significant base of trained and licensed agents selling these products throughout the U.S. These fully secured premium finance (loan) transactions are well suited for financial institutions that have or would like to develop a Wealth Management division.

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### **Subsidiaries**

*CAPITAL GROWTH RESOURCES*

*CAPITAL GROWTH PLANNING ADVISORS, INC.*

*CAPITAL GROWTH INSURANCE SERVICES, INC.*

*CAPITAL GROWTH REALTY, INC.*

*CAPITAL ADMINISTRATIVE SERVICES, INC.*

*CAPITAL LIFE ASSETS, INC.*

*INSURED CAPITAL MANAGEMENT, INC.*

*LIFE FUNDING PARTNERS, INC.*

### **Affiliated Companies**

*CAPITAL PROTECTION, INC.*

*CGP FOUNDERS GROUP, LLC*

***CAPITAL GROWTH PLANNING, INC.***

A Diversified Financial Services Corporation

Est. 1969

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