

State Pension Plan Liability Considerations

Prepared For

State of Michigan

**MSERS
MPSERS**

Prepared By



www.ebscomp.com

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Pension Plan Funding Strategy

Plan Information



Pension Plan Funding Strategy

Executive Summary

- The Dollars and Sense Report from Governor Snyder reports that as of year-end 2009, unfunded liabilities for the State of Michigan's three public sector pension plans were approximately \$18.2 billion; \$3.1 billion MSERS, \$12 billion MPSERS, and \$3.1 billion MERS, respectively.
- In February, 2011 Mark Gurley of EBS met with Senator Mark C. Jansen to discuss alternative funding options for the Public School Employees Retirement System (MPSERS) and the State Employees Retirement System (MSERS).
- Business and financial institutions in the private sector have long employed strategies to offset the liabilities of pension and non-qualified plans.
- Senator Jansen and Mr. Gurley discussed the idea of utilizing insurance products similar to private sector COLI (Corporate-Owned Life Insurance) to create additional funds that can be used to offset some of the liabilities in the current state pension plans.
- Senator Jansen and Mr. Gurley discussed some initial hurdles to implementing a non-qualified benefit plan using life insurance funding. Issues to address would include possible restrictions under state insurable interest laws and permissible investment regulations.



Pension Plan Funding Strategy

Executive Summary (Continued)

- In April 2011, Mr. Gurley contacted the Michigan Office of Financial and Insurance Regulation (“OFIR”) to inquire about the insurable interest and permissible investment questions. In May 2011, OFIR responded favorably to the inquiry concerning whether the state pension plans have an insurable interest in the lives of state employees under Michigan law.

- On June 28, 2011, Mr. Gurley met with Jan Winters, Director of the Office of State Employer and Phil Stoddard, Senior Deputy Director of the Office of Retirement Services in Sen. Jansen’s office in Lansing. This meeting focused on the classifications of employees included in the MSERS plan and which groups might be eligible to participate in a non-qualified plan in addition to or in lieu of the traditional pension plan. There was a secondary discussion about the State of Michigan’s procurement process and requirements for working with private sector vendors/consultants.

- In September 2011, EBS representatives Mark Gurley and Phil Pickett will meet with the Senate Reforms, Restructuring and Reinventing Committee to present an informal funding solution that may be used to offset a portion of the current unfunded pension plan liabilities.



Pension Plan Funding Strategy

Why We are Here: State Pension Plan Challenges

- *Promises with a Price: Public Sector Retirement Benefits*, found that only about a third of the states had consistently contributed at least 90 percent of what their actuaries said was necessary during the previous decade. Since that time, pension liabilities have grown by \$323 billion, outpacing asset growth by more than \$87 billion.
- Investment losses from the bursting of the dot-com bubble from 2000-2002 along with the recession from 2008-2009 widened the liability gap.
- The number of retirees may soon outpace the number of those currently employed. Over the past 20 years, the ratio of workers to retirees was 3 to 1, and today that number is close to 1 to 1. *
- The Dollars and Sense Report from Governor Snyder reports that as of year-end 2009, unfunded liabilities for the State of Michigan's three public sector pension plans were approximately \$18.2 billion.

* MPSERS Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2010.





Pension Plan Funding Strategy

How We Can Help: Plan Design and Funding Solutions

States are exploring options to manage unfunded pension plan liabilities. Possible solutions include the following:

- Sharing investment risk with participants
 - Adopting new retirement plan strategies
 - Restructuring benefit plan laws
 - Reducing plan benefits
 - Reducing plan investment return assumptions
 - Increasing employees contributions
-
- Most plans are looking for ways to achieve greater funding results for both short-term and long-term strategies.
 - Private sector corporations and tax-exempt organizations have used non-qualified benefits and flexible COLI products that offer high early-year cash values to offset plan liabilities and to provide cash flow from death benefits for cost recovery.
 - Most life insurance carriers have been unwilling to issue permanent life insurance policies to municipalities and tax-exempt entities because of disintermediation concerns.



Pension Plan Funding Strategy

Our Proposed Solution:

- MSERS and/or MPSERS pension plans would purchase permanent employer-owned life insurance on select managerial and highly-compensated employees of the State of Michigan. *
- Insured employees would participate in a non-qualified Death Benefit Only (DBO) plan.
- The benefit would be supported by permanent life insurance policies on the lives of the employees.
- Cash values of the life insurance policies would partially offset the unfunded pension liabilities of the State, and excess death benefits would provide cash flows to help recover a portion of the cost of the pension plan benefits.
- Corporate-Owned Life Insurance (COLI) is not the total funding option used in plans, but simply another asset class that offers additional flexibility to plan values and timing. In addition to having high, early cash value performance, COLI funding also offers cost recovery from death benefit amounts during good or poor performing investment years.
- EBS has identified two carriers that are willing to participate in this pension funding opportunity provided that the State of Michigan has an insurance need such as cost recovery for a DBO plan.

* Highly-compensated employees who consent to being insured are typically the only employees included in employer-owned life insurance programs due to the requirements of "COLI Best Practices" legislation.



Pension Plan Funding Strategy

What is COLI? How Can It Be Utilized by the State of Michigan?

- Corporate Owned Life Insurance (COLI) consists of policies insuring the company's officers and key employees.
 - Insured Employees likely would include highly-compensated, managerial employees who provide consent to the insurance.
- COLI is an alternative asset that may enable the employer to record attractive yields through cash value accumulation and death proceeds.
 - The cash value of the insurance would offset a portion of the currently unfunded pension obligation, and insurance death benefits would provide cash flow to help recover a portion of the cost of the pension plan.
- Typical COLI purchases increase earnings in future years due to the effect of compounding interest. Some policy structures are immediately accretive to earnings.
 - See the following Guardian Funding Cost Analysis.
- The financing of employee benefits is the business purpose for COLI.
 - Pension liability offset and cost recovery is the purpose of the proposed COLI program for the State of Michigan.
- The company is the sole beneficiary and owner of the policies.



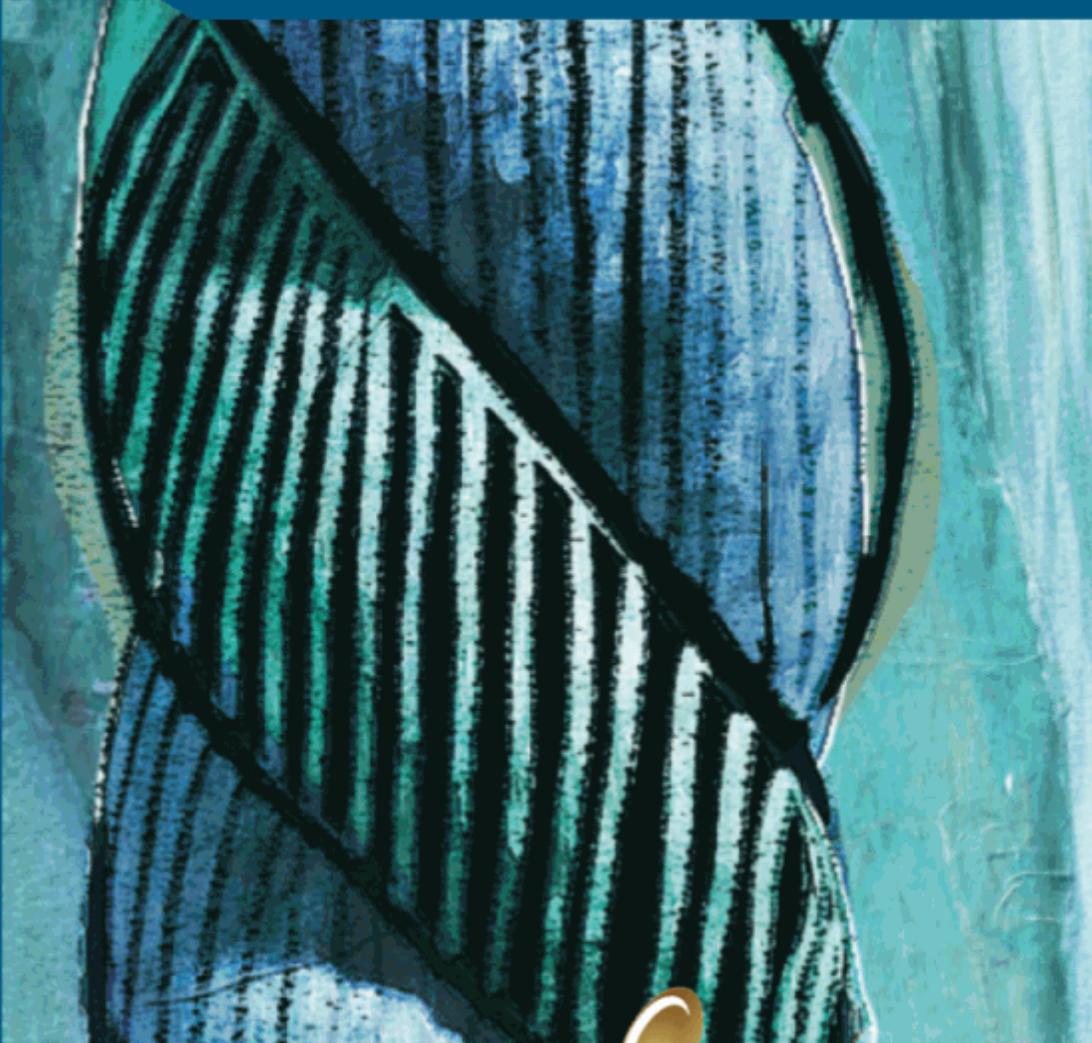
Pension Plan Funding Strategy

What is a Death Benefit Only (DBO) Nonqualified Plan?

- Under a DBO plan, an employer agrees to provide a taxable payment to the named beneficiary of an employee.
- DBO plans may terminate upon the employee's separation from service, or they may include a post-retirement benefit.
- Life insurance is often purchased by the employer on the lives of participants in the plan to indemnify the employer against the cost of the plan.
- DBO plans are relatively inexpensive and easy to administer.
- DBO plans may be used as a tool to attract or retain employees.
- Employers have considerable flexibility in designing non-qualified DBO plans. Plan considerations include the following:
 - Who is eligible for the plan?
 - Is the plan available for in-service years only, or is there a post-retirement benefit?
 - What is the amount of the benefit? Are there different amounts for different classes of employees? If there is a post-retirement benefit, is it the same as the in-service benefit?

Guardian's Executive Benefits Program:

The Complete Package



Date: August 1, 2011

Plan Proposal Prepared for:
State of Michigan

Presented By:

Mark Gurley, CLU, ChFC
a Registered Representative of
Northwestern Mutual Inv. Services
an unaffiliated broker dealer.



GUARDIAN®

Confidentiality Disclaimer: About Your Executive Benefits Plan Proposal

This confidential proposal has been prepared for you by American Financial Systems, Inc., at the request of your Financial Representative. It is designed to illustrate the features, benefits, costs and options of a nonqualified executive benefits plan customized to the needs of your company. In addition, it demonstrates the concept of tax deferred growth as a result of investing in the variable life product.

This illustration must be preceded or accompanied by the current prospectuses for Executive Benefits VUL and its underlying variable investment options. The illustration is hypothetical and may not be used to project or predict investment results and is not valid without an attached Executive Benefits Variable Universal Life Insurance Illustration based on the same assumptions. The purpose is to show how the performance of the underlying investment accounts could affect the policy cash value and death benefit.

This proposal incorporates the extensive knowledge and expertise Guardian has developed in providing solutions to meet the significant planning needs of business owners and their key employees. To thoroughly evaluate this plan, you should obtain proper legal, tax and/or accounting advice. Guardian is not providing such advice in developing or presenting this proposal.

An executive benefits plan is designed to last for decades. So, it's important to choose a company with the values, strength and stability to meet contractual obligations and provide outstanding service - now and over the long term. Founded in 1860, The Guardian Life Insurance Company of America is one of the largest remaining mutual life insurance companies in the nation. The company's strong capital position, prudent investment strategies, and long-term perspective are helping our policyholders pursue important financial goals, including protection, investment accumulation and retirement income.

IMPORTANT NOTES

Guardian's Executive Benefits VUL is issued by The Guardian Insurance & Annuity Company, Inc. (GIAC), a Delaware corporation, and distributed by Guardian Investor Services LLC (GIS). GIAC and GIS are located at 7 Hanover Square, New York, NY 10004-4025. 1-800-441-6455. GIAC and GIS are wholly owned subsidiaries of The Guardian Life Insurance Company of America. Guardian's Executive Benefits VUL combines life insurance protection with investment opportunities, options, and flexibility. The policy provides the policyowner with the flexibility to adjust the premium payment schedule and policy options. It is important to bear in mind that the policy's performance depends largely on decisions made by the policyowner. Due to market fluctuations, there is no assurance that the investment performance will be favorable. Therefore, upon surrender, policy values may be worth more or less than the original investment. These policies and their underlying variable investment options are not deposits or obligations of, or guaranteed or endorsed by, any bank or depository institution, nor are they federally insured by the Federal Deposit Insurance Corporation, The Federal Reserve Board or any other agency. They involve investment risk, including possible loss of principal invested.

It is important to keep in mind that variable life insurance policies are subject to insurance-related charges, including mortality and expense risk charges, administrative fees, as well as management and operation expenses associated with each variable investment option offered in this policy. This material must be preceded or accompanied by a hypothetical illustration demonstrating the variable life policy.

GIS is a member of FINRA, SIPC.

Any individual soliciting these variable universal life insurance products must be a licensed life insurance agent appointed with GIAC and a registered representative of a broker/dealer with whom GIAC has a selling agreement. *Guardian's Executive Benefits VUL and its underlying options are offered by prospectus only. Prospectuses contain important information including charges and expenses. Please read it carefully before investing or sending money. You should consider the investment company's investment objectives, risks, fees and charges carefully before investing. Prospectuses contain this and other important information and can be obtained by calling 1-800-441-6455.*

American Financial Systems, Inc., is a wholly owned subsidiary of The Guardian Life Insurance Company of America.

Funding Cost Analysis

Assumptions

Corporate Owned Life Insurance

Life Insurance Separate Account Earnings Rate	7.00%
Separate Account Investment Management Fees	0.28%
Annual Premium	\$ 10,000,000
Mortality Assumptions	Partial Mortality
Mortality Table	GAR94
Underwriting Method	Guaranteed Issue

Guardian Executive Benefits VUL
Cash Flow Analysis

State of Michigan

CASH FLOW					INCOME STATEMENT					
Year	Premiums Paid	Life Insurance Proceeds	Cumulative Insurance Proceeds	Annual Insurance Cash Flow	Net Death Benefit	Net Cash Surrender Value	Annual Increase/(Decrease) in Cash Value	Annual Earnings	Annual Rate of Return	Cumulative Rate of Return
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	10,000,000	-	-	(10,000,000)	32,001,975	10,724,853	10,724,853	724,853	7.25%	7.25%
2	10,000,000	-	-	(10,000,000)	63,968,386	21,953,647	11,228,795	1,228,794	6.14%	6.38%
3	10,000,000	-	-	(10,000,000)	95,936,914	33,801,129	11,847,480	1,847,482	6.16%	6.08%
4	10,000,000	-	-	(10,000,000)	127,949,582	46,280,903	12,479,776	2,479,774	6.20%	5.92%
5	10,000,000	-	-	(10,000,000)	160,048,859	59,043,330	12,762,424	2,762,427	5.52%	5.59%
6	10,000,000	-	-	(10,000,000)	192,278,036	72,365,954	13,322,624	3,322,624	5.54%	5.38%
7	10,000,000	-	-	(10,000,000)	224,681,828	85,928,723	13,562,768	3,562,769	5.09%	5.13%
8	10,000,000	-	-	(10,000,000)	257,306,674	101,498,432	15,569,712	5,569,709	6.96%	5.27%
9	10,000,000	-	-	(10,000,000)	290,198,546	118,029,115	16,530,680	6,530,683	7.26%	5.38%
10	10,000,000	-	-	(10,000,000)	323,403,919	135,571,394	17,542,280	7,542,279	7.54%	5.47%
11	-	2,222,280	2,222,280	-	331,454,808	143,034,480	7,463,088	7,463,086	7.46%	5.47%
12	-	2,542,505	4,764,785	2,222,280	339,466,699	150,735,843	7,701,360	9,923,643	7.70%	5.67%
13	-	2,900,395	7,665,180	2,542,505	347,408,283	158,657,820	7,921,984	10,464,482	7.92%	5.82%
14	-	3,298,765	10,963,945	2,900,395	355,242,878	166,778,382	8,120,560	11,020,957	8.12%	5.94%
15	-	3,741,350	14,705,295	3,298,765	362,929,561	175,070,400	8,292,016	11,590,783	8.29%	6.04%
16	-	4,232,690	18,937,985	3,741,350	370,421,169	183,500,751	8,430,352	12,171,701	8.43%	6.12%
17	-	4,776,285	23,714,270	4,232,690	377,666,147	192,030,415	8,529,664	12,762,354	8.53%	6.19%
18	-	5,374,830	29,089,100	4,776,285	384,606,988	200,614,623	8,584,208	13,360,493	8.58%	6.25%
19	-	6,032,355	35,121,455	5,374,830	391,176,183	209,201,250	8,586,624	13,961,457	8.59%	6.30%
20	-	6,753,855	41,875,310	6,032,355	397,297,137	217,729,576	8,528,320	14,560,681	8.53%	6.35%
21	-	7,545,130	49,420,440	6,753,855	402,884,987	226,128,740	8,399,168	15,153,019	8.40%	6.39%
22	-	8,412,280	57,832,720	7,545,130	407,847,859	234,317,267	8,188,528	15,733,657	8.19%	6.43%
23	-	9,359,135	67,191,855	8,412,280	412,096,264	242,204,283	7,887,024	16,299,296	7.89%	6.46%
24	-	10,386,065	77,577,920	9,359,135	415,538,372	249,691,575	7,487,280	16,846,427	7.49%	6.49%
25	-	11,489,435	89,067,355	10,386,065	418,080,626	256,676,347	6,984,784	17,370,837	6.98%	6.52%
26	-	12,661,655	101,729,010	11,489,435	419,630,574	263,054,069	6,377,712	17,867,157	6.38%	6.55%
27	-	13,889,465	115,618,475	12,661,655	420,098,999	268,722,858	5,668,784	18,330,444	5.67%	6.57%
28	-	15,159,270	130,777,745	13,889,465	419,404,346	273,584,518	4,861,664	18,751,125	4.86%	6.59%
29	-	16,460,765	147,238,510	15,159,270	417,473,312	277,542,929	3,958,432	19,117,681	3.96%	6.61%
30	-	17,786,124	165,024,634	16,460,765	414,239,294	280,503,066	2,960,128	19,420,902	2.96%	6.63%
31	-	19,128,904	184,153,538	17,786,124	409,643,341	282,370,694	1,867,616	19,653,752	1.87%	6.65%
32	-	20,482,192	204,635,730	19,128,904	403,634,858	283,053,909	683,232	19,812,119	0.68%	6.67%
33	-	21,832,772	226,468,502	20,482,192	396,174,261	282,469,091	(584,832)	19,897,374	-0.58%	6.69%
34	-	23,160,620	249,629,122	21,832,772	387,243,048	280,547,008	(1,922,080)	19,910,689	-1.92%	6.70%
35	-	24,439,444	274,068,566	23,160,620	376,842,709	277,238,409	(3,308,608)	19,852,021	-3.31%	6.72%
36	-	25,638,064	299,706,630	24,439,444	365,001,485	272,518,927	(4,719,488)	19,719,962	-4.72%	6.73%
37	-	26,732,624	326,439,254	25,638,064	351,759,196	266,386,107	(6,132,800)	19,505,244	-6.13%	6.75%
38	-	27,703,576	354,142,830	26,732,624	337,179,152	258,858,052	(7,528,064)	19,204,569	-7.53%	6.76%
39	-	28,524,844	382,667,674	27,703,576	321,355,745	249,979,635	(8,878,416)	18,825,159	-8.88%	6.78%
40	-	29,166,604	411,834,278	28,524,844	304,415,812	239,826,516	(10,153,120)	18,371,725	-10.15%	6.79%

Cash Flow Analysis

CASH FLOW					INCOME STATEMENT					
Year	Premiums Paid	Life Insurance Proceeds	Cumulative Insurance Proceeds	Annual Insurance Cash Flow	Net Death Benefit	Net Cash Surrender Value	Annual Increase/(Decrease) in Cash Value	Annual Earnings	Annual Rate of Return	Cumulative Rate of Return
41	-	29,597,400	441,431,678	29,166,604	286,522,433	228,507,921	(11,318,592)	17,848,009	-11.32%	6.80%
42	-	30,791,076	472,222,754	29,597,400	266,866,628	215,208,759	(13,299,168)	16,298,238	-13.30%	6.81%
43	-	30,464,836	502,687,590	30,791,076	246,886,218	201,248,911	(13,959,840)	16,831,228	-13.96%	6.82%
44	-	29,948,120	532,635,710	30,464,836	226,742,998	186,760,608	(14,488,304)	15,976,533	-14.49%	6.84%
45	-	29,236,140	561,871,850	29,948,120	206,609,371	171,891,701	(14,868,912)	15,079,213	-14.87%	6.85%
46	-	28,332,068	590,203,918	29,236,140	186,656,785	156,799,325	(15,092,368)	14,143,764	-15.09%	6.86%
47	-	27,253,376	617,457,294	28,332,068	167,049,680	141,638,509	(15,160,816)	13,171,252	-15.16%	6.87%
48	-	26,019,048	643,476,342	27,253,376	147,942,534	126,561,008	(15,077,504)	12,175,875	-15.08%	6.88%
49	-	24,638,896	668,115,238	26,019,048	129,486,249	111,721,234	(14,839,776)	11,179,274	-14.84%	6.89%
50	-	23,116,324	691,231,562	24,638,896	111,833,283	97,280,736	(14,440,496)	10,198,398	-14.44%	6.90%
51	-	21,451,850	712,683,412	23,116,324	95,141,695	83,410,278	(13,870,456)	9,245,866	-13.87%	6.90%
52	-	19,654,744	732,338,156	21,451,850	79,567,965	70,282,390	(13,127,888)	8,323,962	-13.13%	6.91%
53	-	17,752,380	750,090,536	19,654,744	65,249,601	58,054,824	(12,227,568)	7,427,178	-12.23%	6.92%
54	-	15,784,205	765,874,741	17,752,380	52,292,800	46,858,040	(11,196,784)	6,555,596	-11.20%	6.92%
55	-	13,798,205	779,672,946	15,784,205	40,763,246	36,785,454	(10,072,588)	5,711,619	-10.07%	6.93%
56	-	11,847,085	791,520,031	13,798,205	30,683,677	27,886,614	(8,898,838)	4,899,365	-8.90%	6.93%
57	-	9,975,190	801,495,221	11,847,085	22,035,348	20,171,635	(7,714,980)	4,132,106	-7.71%	6.93%
58	-	8,222,935	809,718,156	9,975,190	14,759,819	13,612,227	(6,559,407)	3,415,782	-6.56%	6.94%
59	-	6,631,190	816,349,346	8,222,935	8,756,795	8,138,964	(5,473,262)	2,749,672	-5.47%	6.94%
60	-	5,233,120	821,582,466	6,631,190	3,890,026	3,645,829	(4,493,136)	2,138,055	-4.49%	6.94%
61	-	4,049,070	825,631,536	5,233,120	-	-	(3,645,829)	-	-3.65%	6.94%
62	-	-	825,631,536	4,049,070	-	-	-	-	0.00%	6.94%
63	-	-	-	-	-	-	-	-	-	-
64	-	-	-	-	-	-	-	-	-	-
65	-	-	-	-	-	-	-	-	-	-
Total	100,000,000	825,631,536		725,631,536						
NPV @ 4.20%	80,307,402	178,287,167		90,793,526						
IRR				6.94%						

* The life insurance values illustrated in columns are hypothetical, will fluctuate daily and may be worth more or less than the amount invested. The illustrated Life Insurance Cash Value reflects current charges, which are those currently being deducted under the policy and not guaranteed charges which are the maximum charges deducted under the policy.



Pension Plan Funding Strategy

Next Steps

- Work with the committee to determine what the benefit provisions should be in the DBO.
- Design an RFP around those provisions.
- Implementation of the plan.

Pension Plan Funding Strategy

EBS Overview



Vendor Information

EBS Organization & Background

EBS is a marketing, consulting and service firm that specializes in the placement of Corporate Owned Life Insurance (COLI) programs. These programs utilize COLI to finance existing employee benefits, as well as to informally fund new or existing nonqualified executive benefit plans. The members of EBS, who are financial representatives, provide clients with access to the leading carriers in the COLI arena. EBS also delivers comprehensive implementation services and the ongoing administration required to support a COLI program. These services include assistance with regulatory due diligence, analysis of census data, product selection, monthly reporting, periodic credit reviews of the insurance carriers, updates on COLI legislative issues, and more.

EBS provides its comprehensive services through a team of qualified professionals with vast experience in insurance and public accounting. Each client has a specific service team that is supported by extensive back office support. Professional designations held include CPA, JD, CLU, MSFS, MBA, CFP, ChFC and others. There are five offices located throughout the country, including the EBS headquarters in Birmingham, Alabama, to ensure coordinated service delivery. As financial representatives, EBS members are supported by insurance attorneys, actuaries, and advanced underwriters.

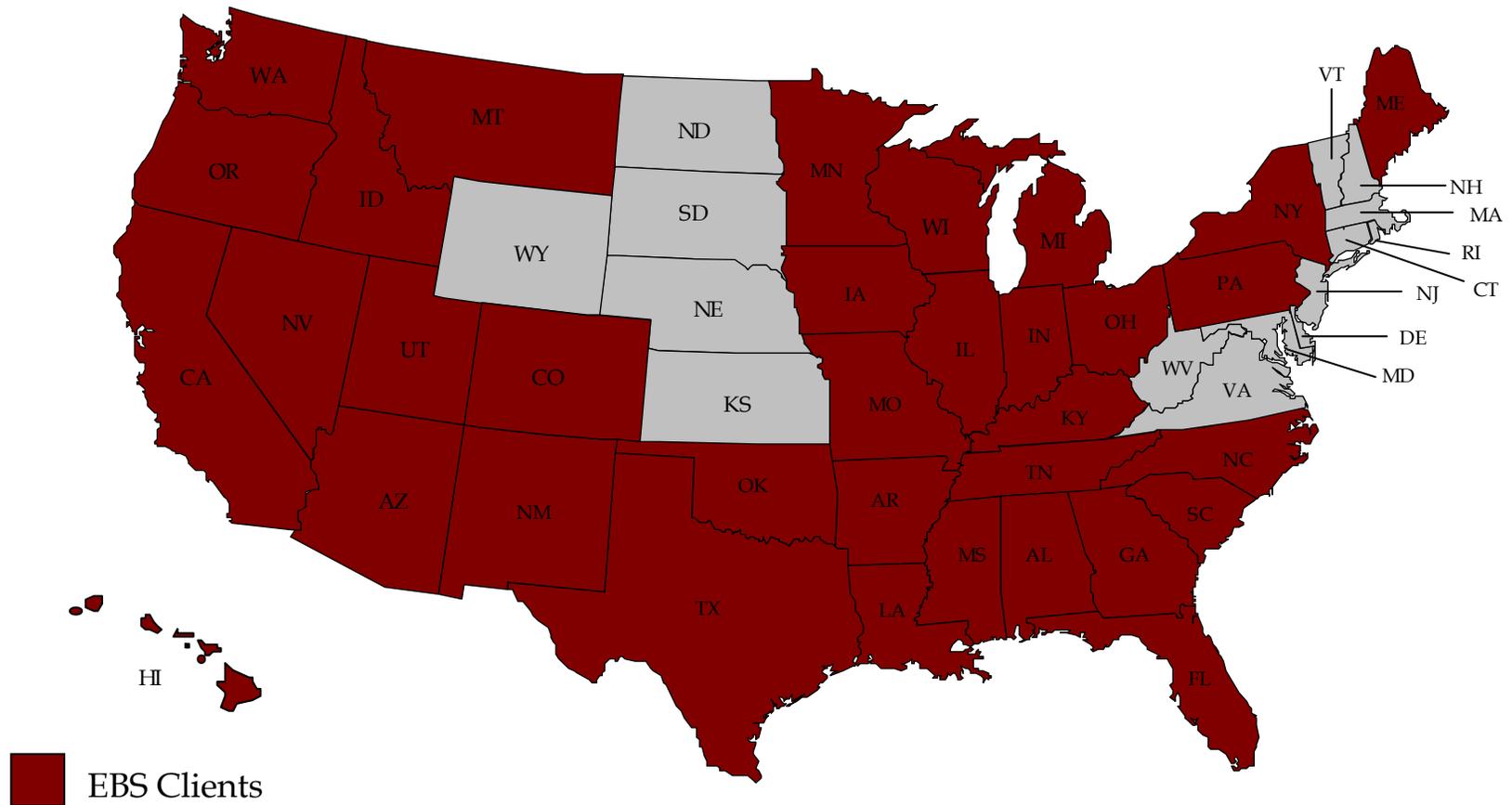
Over the past thirteen years, EBS has implemented well over 200 COLI transactions in thirty-four different states. These transactions have resulted in purchases of billions of dollars of COLI face value placed with highly rated carriers offering institutional pricing. Our informal funding recommendations are built on sound economic foundations and are conservatively structured from a tax perspective. **EBS has 100 percent client retention.** We welcome interested parties to contact our references regarding our services and regulatory compliance.





Vendor Information

State List of EBS Clients





Vendor Information

EBS Financial Representatives



Mark L. Gurley, CLU, ChFC

COLI Consultant

Grand Rapids, Michigan

Mark is a financial representative who has worked in the insurance and investment business since 1988. He has been a Corporate Owned life insurance (COLI) consultant with EBS since 2006.

Mark obtained his Chartered Life Underwriter (CLU) and Chartered Financial Consultant (ChFC) from the American College in Bryn Mawr, PA and his degree in Business Administration from Calvin College in Grand Rapids, MI.

Mark serves on the board of Transformation Michigan and the Michigan Capitol House of Prayer (MICHOP). Both organizations are uniting churches and houses of prayer in all 83 counties to bring a positive impact in the State of Michigan. He also co-founded and directed the Healing Rooms of Grand Rapids from 2002-2009. Mark was ordained in 2002. His family lives in Rockford, MI..



Phillip A. Pickett, CPA

Managing Partner

Birmingham, Alabama

Phil works closely with companies across the country on the design, implementation and administration of Corporate Owned Life Insurance (COLI) programs. Phil also assists companies with nonqualified executive benefit s and deferred compensation plans.

Phil is a CPA and a member of the American Institute of Certified Public Accountants (AICPA). He is a Legislative Circle Member of the Association for Advanced Life Underwriting (AALU) and a member of AALU's Nonqualified Plans committee.

Phil was a tax manager for an international accounting firm prior to joining EBS in 2003. During his 10 years in public accounting, Phil specialized in tax consulting and implementation services for a variety of corporate clients, executives and high-wealth individuals. Phil received his M.B.A. from the University of Alabama and his B.S. in Accounting from Florida State University.



James E. Whistler, JD, MSFS, ChFC, CFP

Managing Partner

San Diego, California

Jim is an active consultant specializing in executive compensation planning, including retirement and other employee benefit plans. For over thirty years now, Jim's focus has been on meeting the needs of executives and highly compensated individuals.

Jim is a member of the San Diego, California and American Bar Associations and their committees on taxation and trust, probate, and real estate. An active member of IAFP and AALU, Jim has the Certified Financial Planner (CFP) and Chartered Financial Planner (ChFC) designations. Jim is a frequent lecturer and teacher, and gives many seminars annually to other professionals concerning non-qualified plan designs and financing. He recently wrote a feature article for the San Diego Business Journal entitled, "How You Can Get The Most Out of Your Pension."

Jim received both his B.S. and J.D. degrees from the University of Idaho and M.S. degrees in management and financial services from the American College.



Vendor Information

EBS Financial Representatives



Russell H. Vandavelde, IV **Managing Partner** **Birmingham, Alabama**

Russell is a nationally known expert in the product design and implementation of Corporate Owned Life Insurance programs. Russell has worked as a specialist since 1986 covering all 50 states. In addition to COLI consulting, Russell also assists companies with nonqualified deferred compensation plans.

Russell is a Legislative Circle Member of the Association for Advanced Life Underwriting (AALU) and has served twice as a board member for the Birmingham Association of Insurance and Financial Advisors (BAIFA). He is a frequent speaker at industry and company meetings on the topic of COLI, as well as on the design and implementation of Non-Qualified Executive Benefit Plans. Russell is also a founding board member for National Bank of Commerce and has served as Chairman of the Board.

Russell double majored in Mathematics and Sociology and received a B.S. degree from Vanderbilt University.



Jim Foyt, CPA **Managing Partner** **Birmingham, Alabama**

Jim is a highly specialized COLI consultant working closely with companies across the country on their executive benefit plans, executive compensation planning, COLI consulting, regulatory compliance, and ongoing service needs. Jim is also a founding partner of EBS.

Prior to joining EBS in 1998, Jim worked twelve years with Arthur Andersen assisting large public and private companies including several regional financial institutions. As part of his responsibilities managing the Birmingham tax practice, Jim worked with many clients to implement nonqualified executive benefit plans.

Jim earned a B.S. degree in Accounting from Auburn University. He is a member of the American Institute of Certified Public Accountants (AICPA) and is a Legislative Circle member of the Association for Advanced Life Underwriting (AALU). Jim is also a past member of the Auburn University Accounting Advisory Board.



Jeffrey P. Peterson, CLU, ChFC **Managing Partner** **San Francisco, California**

Jeff has spent more than 20 years in benefits consulting for private and public sector corporations as well as with individual executives. He has focused on the banking and technology industries, and his practice emphasizes all areas of executive benefit issues and informal funding. As Managing Partner in the San Francisco office, Jeff oversees client services for that region.

Jeff is a past president of the National Association of Insurance and Financial Advisors and the Society of Financial Service Professionals in San Francisco. He is a member of the Million Dollar Round Table, Top of the Table, and the recipient of the highly coveted National Quality Award. Jeff received his Bachelor of Science in Economics from the University of the Pacific.





Vendor Information

EBS Client Service Team Leaders



Thomas E. Walker, Jr., CPA – *Director of Executive Compensation and Plan Implementation*

Tom is primarily involved in the implementation of COLI programs specializing in regulatory compliance matters and non-qualified executive plan design, documentation, and service. Having 8 years in public accounting with Arthur Andersen as a senior audit manager and 22 years experience as Chief Financial Officer in various financial service companies, he is well equipped to assist EBS clients and their professionals with accounting and tax issues. Tom received his B.S. degree from Auburn University and holds the CPA designation.



Cindy J. Willis, CPA – *Director of Plan Services*

Cindy is the Director of Plan Services. Her responsibilities include the preparation of journal entries, Administration Manual updates, preparation of annual death benefit and cash value reports, and the preparation of auditor confirmation reports. Cindy also is responsible for assisting clients with their annual COLI board reporting packages. Cindy previously worked for 9 years for Arthur Andersen as a tax manager, where she provided consulting and tax services to public and private companies, individuals, and trusts. Cindy received her B.S. in Accounting from the University of Alabama and holds the CPA designation.



Rebecca M. Michael, CPA, CMA – *Plan Services Manager*

Rebecca is a Plan Services Manager. She has 11 years of public accounting experience having worked with Ernst & Young, Arthur Andersen, and Warren, Averett, Kimbrough, & Marino. In addition, Rebecca has served at private and publicly-held corporations for 28 years. She is responsible for assisting clients with ongoing service needs. Rebecca received her B.S. in Accounting and M.B.A from the University of Alabama in Birmingham. She also holds the CPA and CMA designations.



Leisa S. Kizer, CPA – *Plan Services Manager*

Leisa is a Plan Services Manager. She has 28 years of experience working in public accounting, private company management and as the Vice President and Director of Tax for CVS Caremark Corporation (publicly held). Leisa received her B.S. in Accounting from Auburn University and is a member of the American Institute of Certified Public Accountants.





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Disclaimer

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Thank you for keeping this proposal confidential.