PFS PHYSICIANS FINANCIAL SERVICES

ClientAdvisor
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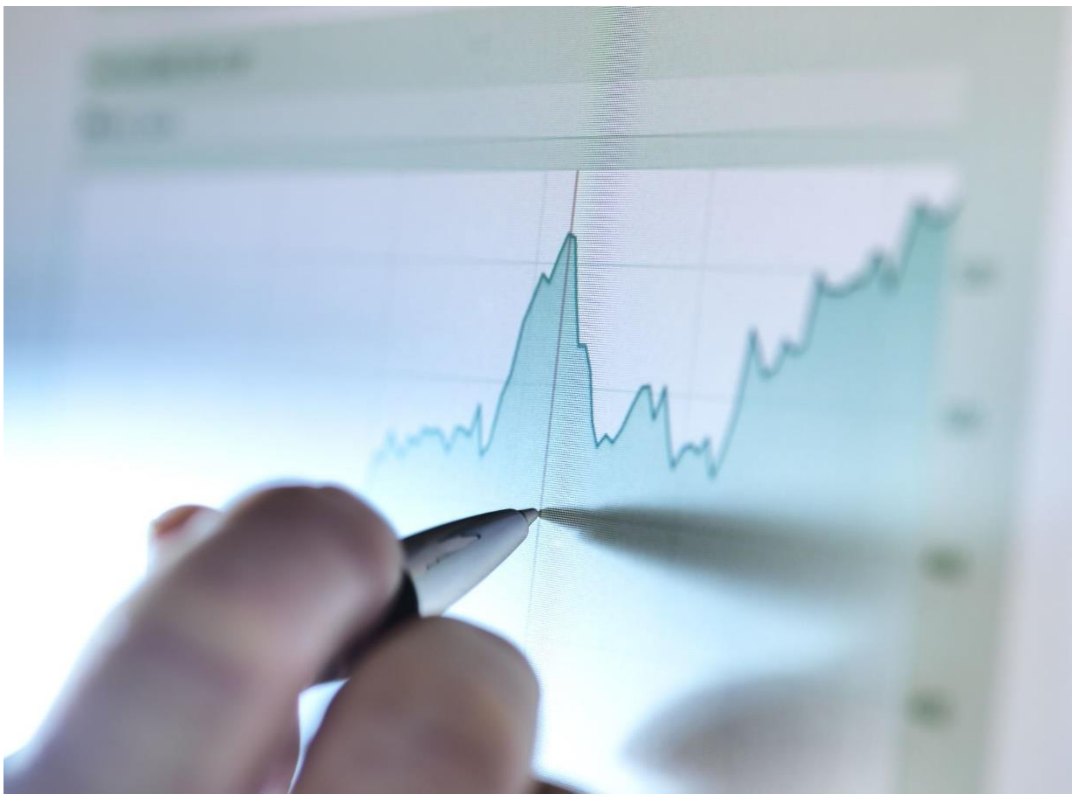
Capture market gains. Maintain principal. Lock in prior results.

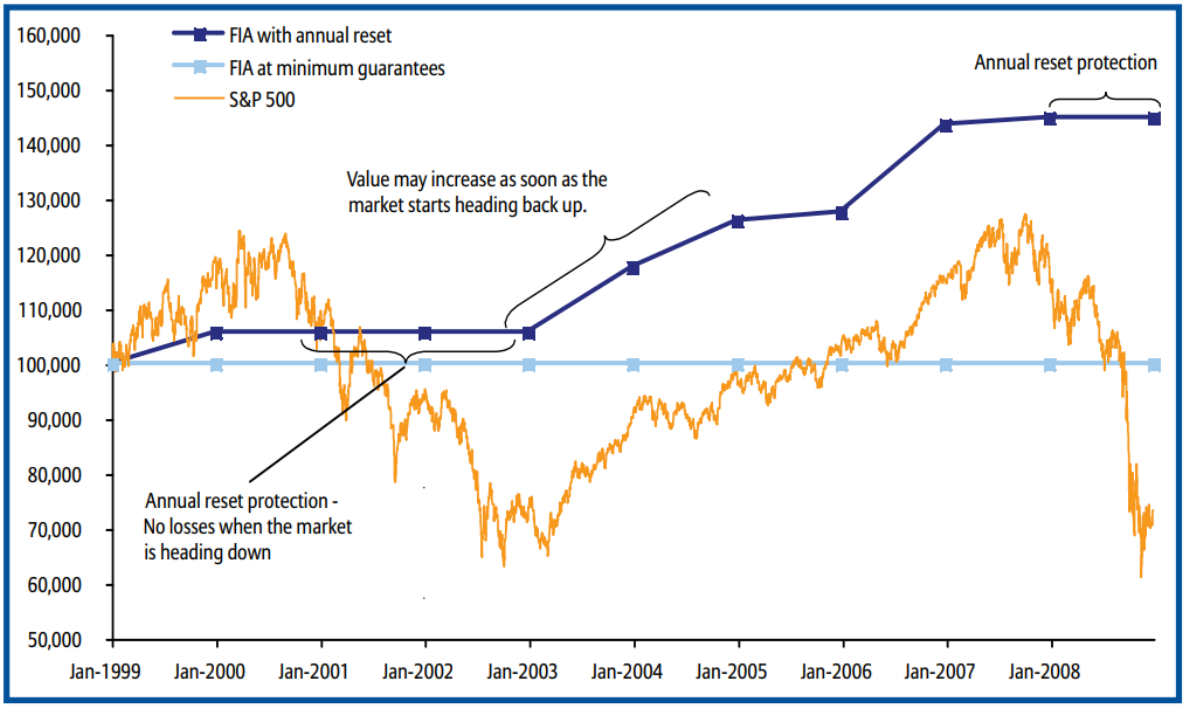
Equity Index Annuities base their interest not only on gains in a market index, but also include an annual reset feature.



The "Equity Index" Annuity strategy credits returns to your policy based on the values of indexes like the S&P 500, NASDAQ and the FTSE 100 (European Index). If these indexes go up, you enjoy the gains. If they go down, you do not lose value.

With "annual reset," the index does not have to make up previous losses for the annuity to earn additional interest.

Interest Crediting Strategy. In this structure, the insurance company guarantees your principal, but the underlying structure which allows this contract to perform also has some limits. Meaning, each year, you participate in the market's gains, but there is a cap on the gains in the Indexes. This is a function of the underlying options, which allow the tracking of the Indexes. The cap on gains is the tradeoff for the guarantees against losses in any year.



Annual reset example. This example is intended to highlight the annual reset feature of a fixed index annuity. This is not a comprehensive overview of all the relevant annuity features and benefits. Be sure to review all material details about these products.

Insurance product. Keep in mind, this is an insurance product. It is NOT a life insurance policy or a Long Term Care policy. The insurance element of an annuity is the guarantee that annuity distributions will continue as long as you live. They take the risk that you will live to age 120. Eventually, you may choose not to annuitize, rather, we look at this as another bucket of money to use in your distribution planning.

This is also not a "Variable Annuity". Variable Annuities lose value in down markets and carry significant internal expenses which make them less efficient.

Varying options for withdrawal based on surrender period. Like most annuities, the Equity Index Annuity may not be withdrawn before a participant has reached age 59½ without incurring an early withdrawal penalty from the IRS. Additionally, the choice of a longer surrender period can increase the gains realized by the product. Equity Index Annuities are commonly offered with 5-16 year surrender periods (again, the longer the surrender period agreed to, the more favorable growth realized).

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Some important additional features:

• **Interest bonus.** Equity Indexed Annuities provide an interest bonus of as much as 10%-20% on all new money in the product. For example, if you make a deposit of $100,000, and they credit another 10% (or $10,000), your account opens at $110,000.

• **Partial ongoing liquidity.** Up to 10% of the cash value in the contract is available each year without penalty if needed for liquidity purposes.

• **Appropriate for those with low risk tolerance, or as a hedge or proxy for bonds.** If your tolerance for volatility and risk in your investment portfolio is low, the Equity Indexed Annuity structure would be an appropriate piece of your personal and pension portfolio.

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Annuity Ownership Requirements

Corporate entities, nonprofits, and trusts all have different considerations when evaluating whether an annuity is appropriate and will help meet their needs. Please contact a qualified tax or legal advisor to discuss these matters before pursuing such a purchase.

Certain types of corporate entities and trusts are not eligible to receive the tax-deferred benefits of annuity ownership. Physicians Financial Services does not provide tax reporting or administration for such contracts, and therefore prohibits certain types of entities and trusts to be annuity owners. For example, Physicians Financial Services prohibits ownership by partnerships and limited liability corporations, among others. For a current, complete list of acceptable and prohibited owners and beneficiaries, please contact us.

Trust ownership requires, at a minimum, that all beneficiaries of the trust (not the annuity) are natural persons. Certain additional documentation may be required at the time of application or claim and should be reviewed carefully for accuracy by not only you but the applicable trustee(s) and authorized corporate signor(s).

Replacements

The definition of "replacement" goes beyond the surrender of one policy/contract and subsequent purchase of another policy/contract. You should be aware of all of the transactions that are considered to be replacements. What constitutes a replacement transaction is defined quite broadly. Using funds from a full or partial surrender of an existing annuity or life insurance policy to purchase another annuity or life insurance policy may be considered a replacement transaction under state law and should follow our replacement procedures. The mere fact that the funds came from a cash source, such as a checking account, does not alone define the transaction as a non- replacement. If in fact the original source for the funds was another policy/contract, then the transaction may need to be classified as a replacement and our replacement procedures need to be followed. This is true even if the customer placed the funds in a money market or checking account prior to purchasing another policy/contract.

Disclaimer

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