Presidential Life Insurance Company

SENTINEL

(Consumer Guide)

SINGLE PREMIUM DEFERRED BENEFIT ANNUITY (SPDBA)

Sentinel

Single Premium Deferred Benefit Annuity

Sentinel derived from the Latin term Sentinare; to avoid danger by wise means, to guard against surprise. From the dawn of the early Roman Empire, annuities similar to the Sentinel stood as a lookout, protecting individual wealth from the ravages of life's twists and turns.

The Sentinel Story

Presidential Life felt that the time had come to reintroduce a tried and true fixed annuity design. After a hiatus of several decades, from the annuity marketplace, simple and pure deferred annuity contracts are beginning to once again find their place in the market. The Sentinel is one such contract; the Sentinel is the sole contract of its design presently available in New York and around the country.

1934 – 1936 Record Annuity Premiums

Consumers of the period 1934 – 1936 flocked to similar Sentinel designed annuity contracts offered by the life insurance industry [1].

At this time, during the heart of the Great Depression, when other financial institutions were failing all around them, consumers rediscovered the benefits of a centuries old financial arrangement where individuals purchase annuity contracts for a single sum and, in return, received some known guaranteed income beginning many years in the future.

Consumers purchased annuity contracts, similar to the Sentinel, to keep from going totally broke and to protect their financial future. Annuity contracts were purchased historically for the purpose of "wealth preservation."

And today's depression era economy, more than ever, calls for a depression era designed annuity. Consumers are now able to purchase the same kind of annuity protection that their great grandparents had available to them.

Wealth Preservation

Wealth preservation (anti-dissipation) is a very different concept primarily associated with the Sentinel contract and not primarily associated with conventional fixed or variable deferred annuity contracts.

Conventional fixed or variable deferred annuity contracts are considered by many to be savings and or investment products that are closely associated with market gain and loss.

The wealth preservation concept is very simple; 'keep consumers from going broke' during both the deferral and income periods. The sentinel accomplishes this because its benefits cannot become dissipated.

- **Sentinel is neither a savings nor an investment**
- **Sentinel annuity is insurance, a permanent financial product, and benefits may not convert back to a lump sum**
- **Sentinel has no cash surrender or accumulation value**
- **A Sentinel contract is simply a guarantee of future income**
- **The purpose of a Sentinel contract is to preserve annual income wealth**

Social Security and Employer Pensions

- The Sentinel design has similar design elements to Social Security and employer provided defined benefit pension plan design elements. Their common primary purpose is to produce dependable annual income.
- Social Security or employer provided defined benefit plans are highly valued by consumers even though consumer participation in these plans is often involuntary. This is unlike consumers who must voluntarily purchase Sentinel contracts. Their commonality is: benefits are not convertible to cash lump sums nor do they have cash accumulation value.
- Social Security, or an employer provided defined benefit pension plan design, lends value to the

income recipient or in the case of Sentinel to the purchaser of the contract.

- While Sentinel contracts are not Social Security or employer provided defined benefit pension plans, Sentinel annuity income can provide supplemental annuity benefits to individuals who have low or no pension type coverage for retirement income purposes.

Consumer Financial Crises

Many consumers, over the course of their lives, will experience all kinds of personal financial crises or meltdowns. A financial crisis is that moment of time, an instant, when one's life changes for the worse. And this time is always just a moment away, It's a slip and fall, automobile accident, illness, marital property claim, casualty loss, adverse litigation, creditor action, business failure, significant and swift asset loss (the Madoff effect), etc., all of which work to dissipate conventional deferred fixed or variable annuity contracts.

But, Consumers Live Uneventful Lives – Bad Assumption

- Presidential Life believes that it is a tremendously bad assumption; to just simply assume all consumers will live uneventful lives. Bad things can and do happen to good people; all you have to do is open a newspaper to understand this.

- While, other deferred fixed or variable annuity contracts may make many promises, if they can't stay in-force, they will not be able to deliver on those promises.

- Sentinel contracts promise that retirement income money will be there for you, when you get there, and paid to you when scheduled, regardless of what happens to you in the course of events over your life.

Sentinel, Simply Elegant

- **The simple elegance of the Sentinel Annuity lies in its design: for a single premium (cost) today, a fixed guaranteed annual annuity benefit begins at your pre-set future date. This date can be up to 30 years (2) from today.**

- Sentinel annuity cost, benefit commencement date, benefit amount, benefit payment mode and benefit period duration are known and guaranteed on the contract's purchase date.

- Some conventional fixed deferred or variable annuity contracts are not so easy or simple for some consumers to understand.

- Some consumers may not be up to the challenge of managing conventional fixed or variable annuity contracts, contracts that often contain well crafted caveats and guarantees that require consumers have intimate understandings of these contracts operational mechanicals in order to derive the maximum contract benefits.

- Simply purchase a Sentinel contract, place it in a safety deposit box or desk drawer and let Presidential Life know where you're living at the payment commencement date so we know where to send the check. It's just that simple!

A True "Living Benefits" Contract Guarantee

- You cannot lose the retirement income. An excellent **supplemental** retirement financing product for other investments and savings with less than certain outcomes such as: stocks, bonds, mutual funds, savings accounts, deferred fixed and variable cash value annuities, cash value life insurance, U.S. savings bonds, treasury securities, municipal bonds, real estate, etc.

Owner

In most cases, the owner of this contract must be the Annuitant (insured). If the owner of the contract is not the annuitant, this owner must be a "nominal owner" that is: a non-living entity such as a trust. In addition, joint ownership is not permitted.

Annuitant

The Annuitant is the insured person and there may be more than one Annuitant but only in the cases of spouses [3]. The Annuitant may not be changed for the life of the contract.

Guaranteed Elements of Your Annuity

- Premium Cost
- Benefit Amount and Payment Mode
- Benefit Commencement Date
- Benefit Type
- Contract Duration

Non-Guaranteed Elements of Your Annuity

- All elements are guaranteed, there are no non-guaranteed elements

Tax Deferred Earnings

Under current tax law, earnings are not taxed until paid from the annuity contract. Annuity benefits usually begin at retirement, which may mean a lower tax liability. This can produce substantial income tax savings over the years because you retain earnings that are normally lost to current taxation. Earnings once paid from the contract, are taxed as ordinary income.

Owner Tax Advantages [4]

- Income tax deferral
- Income partially taxed, when paid (non-qualified contracts) – premium cost recovery over the contract's payment duration

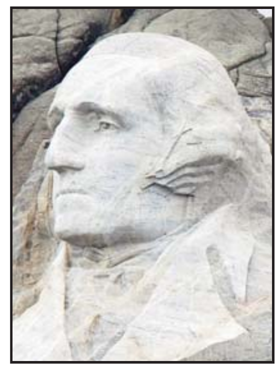
Note: Taxable annuity benefits starting after a deferral period of more than 1 year are subject to the 10% Federal and possible State income tax penalties for early withdrawal unless: annuity benefits begin after age 59 ½ or you elected a lifetime annuity form of payment. Qualified contracts and IRAs may not be deferred past age 70 ½ and IRS required minimum distribution (RMD) rules apply.

Presidential Sentinel qualified annuity contracts and IRAs must conform to required minimum distribution (RMD) rules under IRC 1.401(a)(9)-6 as amended. The contract does not provide for cash value lump sums, other than for Annuitant deferral period death claims for the period certain payments (if any).

Please discuss qualified contracts or IRAs that contain Cost of Living Adjustments (COLAs), period certain payments or joint annuitants with your agent or personal income tax advisor prior to purchasing a Presidential Sentinel annuity.

Withdrawal Privileges

There are no withdrawal privileges, and annuity benefits may not be accelerated or commuted back to a lump sum during the life of the annuitant.



- There is a 20-calendar day free look period beginning after you receive the contract. Please use this time to thoroughly review your contract. This is a permanent contract. It has no cash surrender value.
- Your agent will ask you to sign a contract delivery receipt at the time he or she presents you with the contract. This receipt marks the start of your 20-calendar day free look period.

Annuity Benefits and Their Safety

- Your contract's backed by approximately $3.60 billion in assets of the Presidential Life Insurance Company; a legal reserve and New York State domiciled Life Insurance Company.
- Other assets may become dissipated over the course of your life. If a financial "meltdown" (personal financial crisis) occurs, this contract, because of its' design, may become your last remaining asset.

Annuitant Death During the Deferral Period

If annuitant(s) death occurs during the contract deferral period, the beneficiary may select from a number of annuity distribution options:

- Cash lump sum
- Immediate annuity option
- Period certain benefit assumption*

The annuity distribution option value for determining the cash lump sum amount or the basis on which to calculate the immediate annuity option is equal to the commuted value of only the period certain benefits (if any).

Contracts with period certain and life contingent benefits may result in a lump sum distribution that is significantly less than the paid premium (tax basis).

The current annuity rate scale in effect at the time of Home Office death notification determines this distribution option value.

*The Beneficiary (Spouse or Non-Spouse) may make an election to assume and/or continue the scheduled period certain benefits. **However, significant income tax issues may be applicable.**

This option was preserved to permit the beneficiary(s) to retain the period certain benefits purchased by the former, now deceased, Annuitant, deemed by the beneficiary to be valuable regardless of income tax consequences.

Annuitant Death Post Benefit Commencement

If annuitant's death occurs after the annuity benefit commencement date, the contract will pay the remaining period certain benefits (if any) as scheduled per the contract to the beneficiary.

Annuity Issue Age and Maximum Deferral Periods

(Age nearest birthday)

0 – 55:	30 Years
56 – 70:	20 Years
71 – 80:	10 Years
81 – 85:	5 Years

Minimum Deferral Period

5 Years

Annuity Benefit Options

- Life Only
- Life with period certain 5, 10, 15, 20, years
- Life with installment refund
- Period Certain Only 5, 10, 15, 20, years
- Joint life annuity with 100% Survivor
- Joint life annuity with 100% Survivor installment refund
- Joint life annuity 100% Survivor with period certain 5, 10, 15, 20 years

Minimum and Maximum Premium Limits

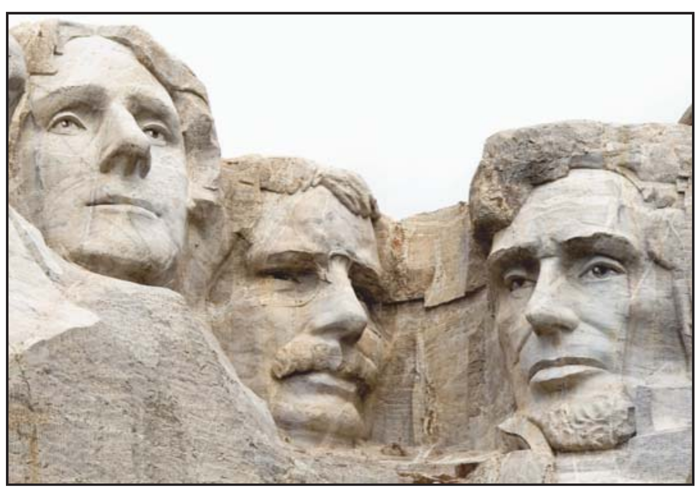
$10,000 to $500,000

No Sales Charge

- 100% of the premium is applied toward the contract purchase. There are no sales charges or administrative fees at any time. However, state premium tax may apply.

Annuitants' Personal Financial Requirements

- Purchase premium cost generally should not exceed 10 – 15% of your liquid net worth (LNW) at any given time.
    - o LNW Defined: assets that can be convertible to cash within 60 days reduced by liabilities of one year or less duration – not counted in this total are personal residences or vehicles. The



Annuitant must indicate they have the financial wherewithal to withstand the contract's illiquidity relative to their premium cost.

- Annuitants, who purchase retirement annuity income, generally should not purchase more than 50% of their current annual gross income or of IRS form schedule C net profit.

Annuity Contract

The entire annuity contract, which includes a copy of the application, is the only document that evidences annuity ownership. ***There are no annual statements.*** Please, ***safe guard the contract***.

If it becomes lost or stolen a duplicate will be provided. After the Annuity Benefit Commencement date, a 1099 R or INT depending on the contract will be sent at the conclusion of each tax year ending December 31st for the taxable distribution reportable for that year.

Home Office telephone verification. A Home Office Certified Financial Planner (CFP) or other comparably trained individual in these contracts will conduct a telephone verification of the information disclosed in your application and any supporting documents.

You will be asked about your understanding of the Sentinel contract you are purchasing. If you can not adequately explain your contract provisions and purchase reason, your premium will be returned.

Foot Notes

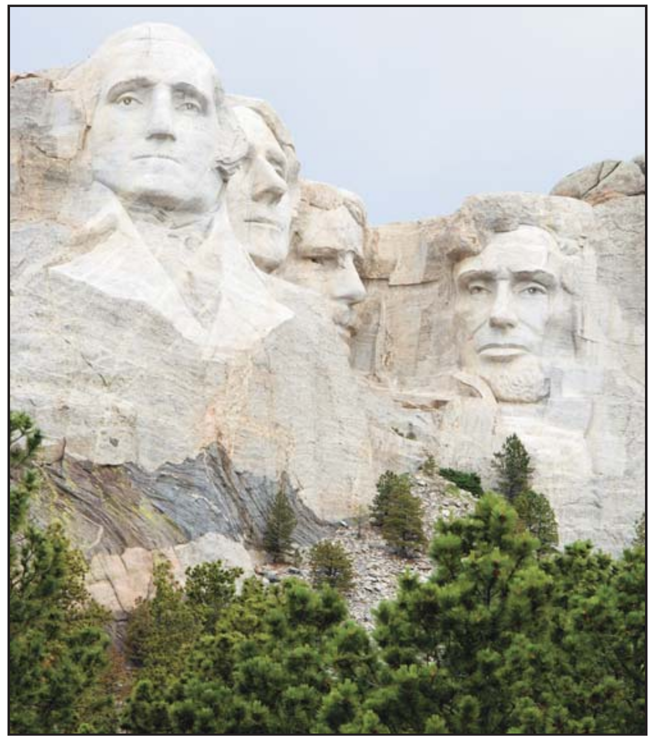
Contract Form SPDBA(2005), not FDIC insured, Guaranteed by Presidential Life Insurance Company, Nyack New York

(1) Temporary National Economic Committee (TNEC) 1938 – 1942 economic study of annuity premiums for the 20 largest life insurance companies during the period 1933 – 1936. The industry recorded record annuity premiums and the first occasion in which new annuity premiums exceed that of new life insurance premiums. The TNEC studied monopoly and concentration of economic power and made recommendations for legislation

(2) Maximum deferral period varies depending on your attained age (nearest birthday) at the contract purchase date.

(3) Pursuant to the Federal Defense of Marriage Act, same-sex marriages are not recognized for purposes of federal law. Therefore, the favorable tax treatment provided by federal tax law to an opposite-sex spouse is NOT available to a same-sex spouse. Same-sex spouses should consult a tax advisor prior to purchasing annuity products that provide benefits based upon status as a spouse, and prior to exercising any spousal rights under an annuity.

(4) Any tax suggestions are merely our understanding of the IRS Code. Presidential Life is not a tax and/or legal advisor. Information in this brochure is not intended as tax and/or legal advice. Please consult your tax and/or legal advisor for professional guidance regarding all Federal and State laws before making any financial decisions.



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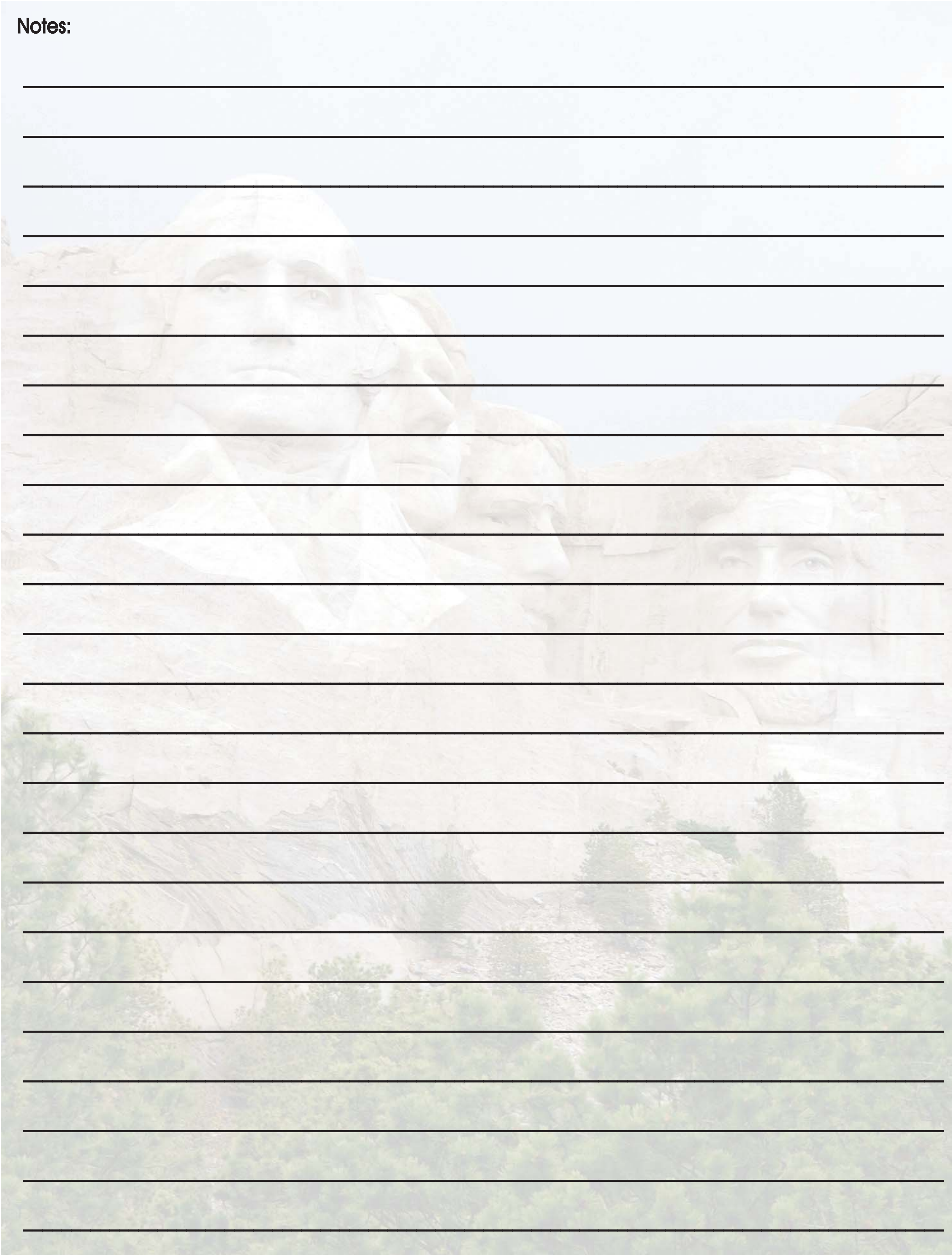

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for a Brighter Tomorrow!

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