

Bernstein Private Wealth Management

An Introduction for
Banca Generali

14th October 2022

Christopher Opie – Managing Director, Co-Head Global Families Washington, D.C.

For investment professional use only. Not for inspection by, distribution or quotation to, the general public.

This presentation booklet has been provided to you for use in a private and confidential meeting. This presentation is not an advertisement and is not intended for public use or distribution beyond our private meeting. For the exclusive use of Banca Generali.

Agenda



Introducing Bernstein Private Wealth Management



Defining our Wealth Platform



Client Specific Expertise & Market Segmentation



A Closer Look: Bernstein's Global Family Practice



BERNSTEIN

For Investment Professional use only.
Not for inspection by, distribution or quotation to, the general public.

Who We Are: At A Glance

Assets Under Management

\$647
Billion



History

50+

Years helping clients reach their financial goals



Private Wealth AUM

\$105
Billion



Diversity and Inclusion



A perfect score of 100 on the Corporate Equality Index four years in a row

CEO **ACT!ON** FOR DIVERSITY & INCLUSION

Proud member of a growing coalition pledging to advance diversity and inclusion in the workplace

What We Stand For



Trustworthiness



Innovation



Teamwork



Equity



Community



Responsibility

Research Analysts

342



Revenue

100%

From investment research and management



Debt

\$0.00

Long-term debt on Bernstein's balance sheet



Offices

51 cities

26
countries



Responsible Investing

~100 employees directly supporting responsible investing initiatives



Performance based fees

Aligned interests, accountability, and transparency



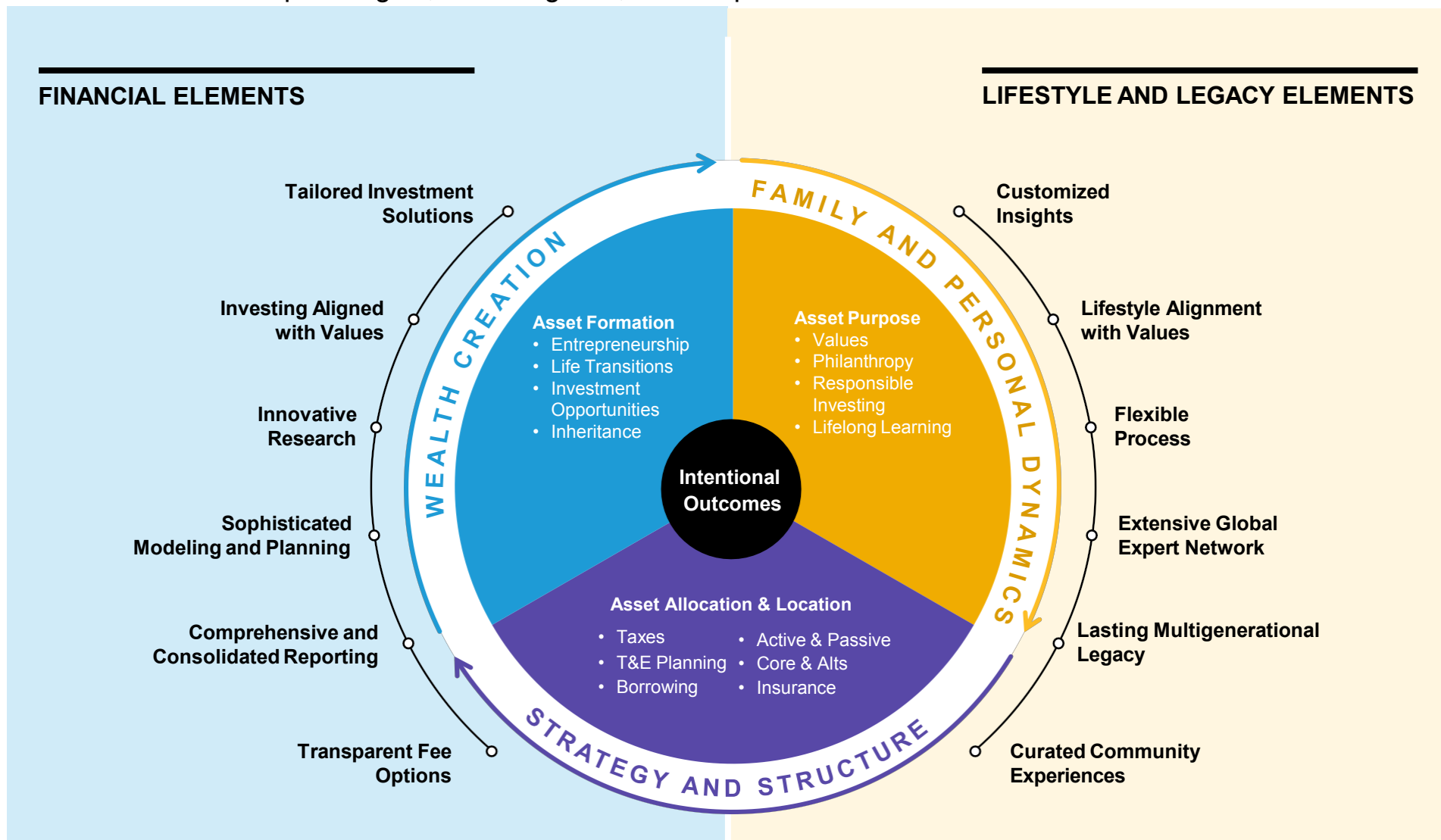
Invest with IntentionSM

As of June 30, 2022. The number of research analysts and employees directly supporting responsible investing initiatives relates to all analysts and employees working at AllianceBernstein L.P. affiliated subsidiary companies. Please note, Bernstein Research does not provide investment management services to Bernstein Private Wealth Management clients.

Source: AB

The Future of Investment Advice: A Holistic Wraparound Model

We advise clients on planning for, and living with, the complexities that come with wealth



For illustrative purposes only. Bernstein does not provide tax, legal or accounting advice.



BERNSTEIN

For Investment Professional use only.
Not for inspection by, distribution or quotation to, the general public.

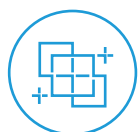
Portfolio Construction: An Array of Options, Tailored for You

Building blocks for customization

Stocks



Passive



Balanced
Multi Factor



Purpose-
Driven



Low
Volatility



Yield
Focused



Highly
Concentrated



Growth



Value

Bonds



Core Intermediate
Duration



Stability



Inflation
Linked



Cash
Plus



Income



Passive

Alternatives



Private
Credit



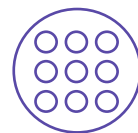
Private
Equity



Alternative
Credit



Hedge
Funds



Opportunistic



Direct
Real Estate



Option
Strategies



Co-invest
Opportunity

For illustrative purposes only. There can be no assurance that any investment objective will be met.

Source: AB



For Investment Professional use only.
Not for inspection by, distribution or quotation to, the general public.

The Bernstein Wealth Advisor

- Training
 - FAs undergo a 13 week full time training program upon joining Bernstein.
 - Capital markets, discovering needs, advanced wealth planning, personal brand development
- Segmentation
 - Based on a FAs background and interests, they may focus on 1-2 client audiences
 - Examples: Non-Profit Organisations, Entrepreneurs, Corporate Executives, Global Families
- Time Allocation
 - FAs 0-3 years spend 75% of their time on business development
 - High expectations around activity, partnership with internal resource and technology engagement
- Technology Enablement
 - FA are trained on a number of tools to increase efficiency
 - Zoom, Salesforce CRM and email marketing, Calendly, and proprietary wealth planning tools.

Curriculum

Week 1

- Introduction to the Firm
- Trusted Advisor
- Discovery

Week 2

- Client Audiences: Executive & Concentrated Stock, Athletes & Entertainers, Professional Practice Owners, Corporate Services
- The Sales Process

Week 3

- The Sales Process Continued
- Best Practices for Networking
- Client Audiences: Family Law, Private Business Owners

Week 4

- Basic Meeting Skills
- Client Institutes: Global Families, FIA, Philanthropy, Family Engagement

Week 5

- Wealth Forecasting Analysis Module

Week 6- Retreat

- Midterm Role Plays
- Trust & Estates Module
- Understanding Personality Types

Week 7 – Home Office Week

Week 8

- Going Direct
- Branding
- Equity Services

Week 9

- Equity Services cont.
- Fixed Income Services
- Launch Plan

Week 10

- Complex Planning/WFA
- Alternatives & Focused Equities

Week 11

- Getting to a Recommendation
- Asset Allocation Advice

Week 12

- Best Practices for Working with Clients
- Best Practices for Working with Prospective Clients

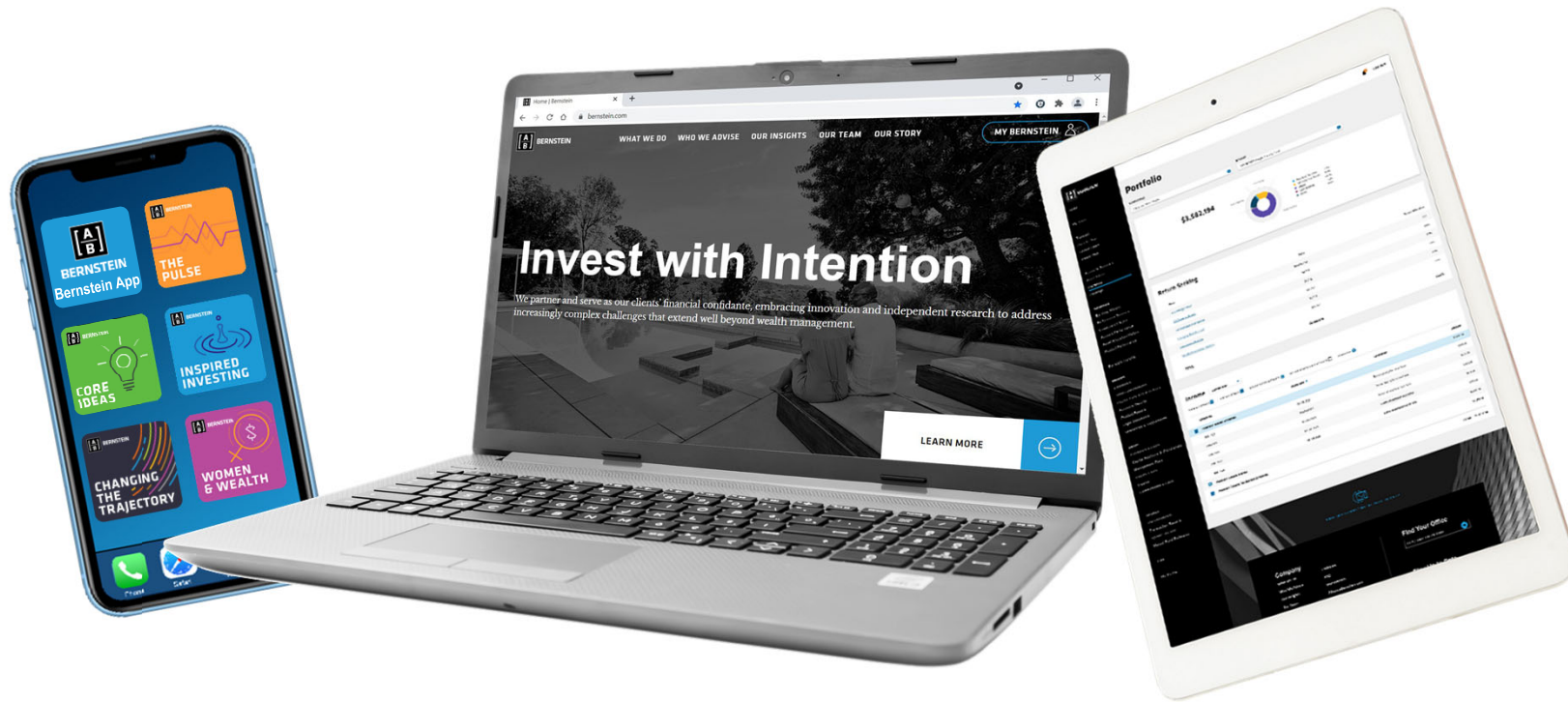
Week 13 - Retreat

- Final Retreat Role-plays
- Capstone Project Presentation
- Whiteboarding Presentation
- Launch Plan Presentation

Ongoing: CM Discussion, Advisor Q&A and Articulating the Firm

Keeping You Connected and Informed

Customizing communication to meet your needs



**1-on-1
Meetings**



**Virtual Research
Library**



**Detailed
Reporting**



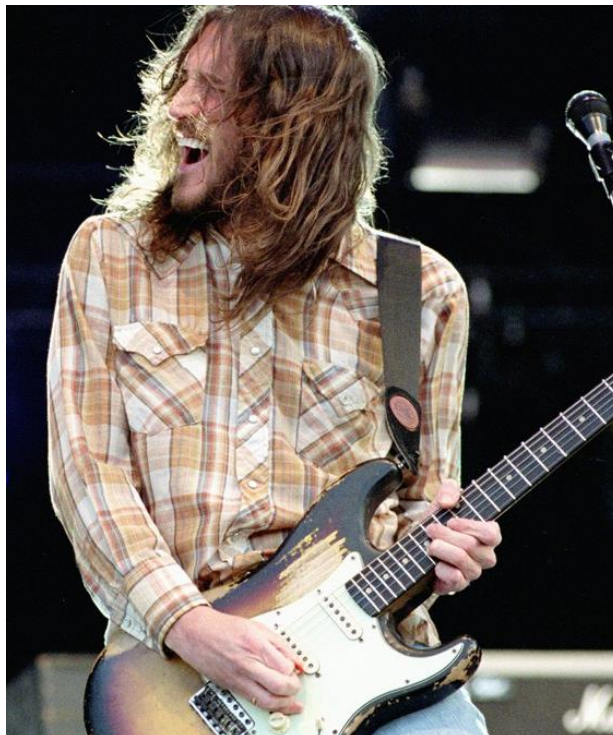
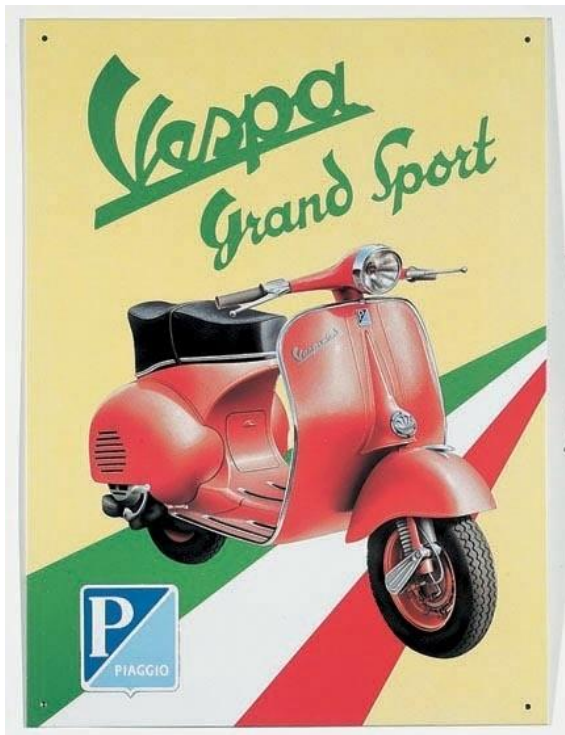
**Local
Experiences**



**Industry
Research**



**National
Summits**



Dedicated team of planning professionals

We partner directly with tax and law professionals:

- Customizing our high-caliber research while applying state-of-the-art planning and modeling capabilities
- Quantifying the impact of different strategies on total family wealth
- Providing options to evaluate and the confidence to take action

ARTICLES

Shifting Gears: Planning for the Death of a Foreign Grantor

By Shelly Meerovitch, Esq., John F. McLaughlin, and Catherine M. Callaghan

Bloomberg BNA

Tax Management Estates, Gifts and Trusts Journal™

Reproduced with permission from Tax Management Estates, Gifts, and Trusts Journal, Vol. 42, p. 5, 07/18/2017.
Copyright © 2017 by The Bureau of National Affairs, Inc.
(800) 372-1033; http://www.bna.com

Pre-Immigration Planning: Boosting the Power of Drop-Off Trusts with Private Placement Life Insurance

By Shelly Meerovitch, Esq.
John F. McLaughlin, CPA
and Elizabeth Schoner*

Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professional advisors before making any decisions.

INTRODUCTION

The worldwide reach of U.S. taxation motivates many wealthy individuals considering a move to the United States to seek advice on a pre-immigration plan. Creating a pre-immigration plan that could reduce tax exposure once the individuals are domiciled in the United States requires comprehensive knowledge of many special U.S. tax rules and their exceptions, as well as the law of the jurisdiction from which

the individual plans to move. In addition, the taxpayer should have knowledge of the laws of additional jurisdictions where assets are held. Failure to ensure compliance with the law in all relevant jurisdictions can have unintended adverse tax consequences. The complexity and inevitable cost deter some clients from fully implementing such plans, particularly if the benefits are not clearly quantified.

TO AN

US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN US BENEFITARY TO AN

ESTATES PRIVATE PLACEMENT LIFE INSURANCE

* Shelly Meerovitch, JD, is a Director and Senior Vice President in the Wealth Strategies Group in Bernstein's New York City office. She focuses on international planning and works with high-net-worth clients and their professional advisors to optimize structures for tax-efficient investment in the U.S., and estate and gift tax issues for U.S. beneficiaries, and the creation and administration of global trusts.

John F. McLaughlin is a Director in Bernstein's Wealth Strategies Group. He serves as senior research analyst for initiatives on investment planning and asset allocation serving high-net-worth families, family offices, endowments and foundations. Elizabeth Schoner is an Analyst in Bernstein's Wealth Strategies Group. She creates holistic and customized analyses for high-net-worth families, individuals, trusts, foundations and endowments. She has a specific focus in corporate services and planning for global families.

Tax Management Estimates, C
© 2017 Tax Management Inc.
ISSN 0008

KEY POINTS

- WHAT IS THE ISSUE? US irrevocable trusts are effective in reducing estate taxes, but not income taxes. Income taxation can undermine the intended effect of private placement life insurance ("PPLI") within trust funds.

- WHAT DOES IT MEAN FOR HER? An heir inherits the lifetime tax-free benefit of PPLI coverage, and a disclaimer of what could make PPLI an appealing strategy to minimize trust income taxes.

- WHAT CAN TAKE AWAY? One will US irrevocable trusts are created except the impact that PPLI may have on how the trust beneficiary can have significant financial impact on family wealth.

Shelly Meerovitch and John F. McLaughlin explain how purchasing private placement life insurance within US trusts can improve tax efficiency

ABLEPREPRINT FOR TAX EFFICIENCY

US INCOME AND ESTATE TAXATION motivate many wealthy individuals to seek advice on strategies to reduce tax exposures. One of the leading tools for US estate plans is the irrevocable trust, which can protect transferred assets from the imposition of estate taxes upon the grantor's death. Though effective for estate planning, most irrevocable trusts also have the disadvantage of relating the US income taxes imposed on the transferee assets.

In this article, we review the taxation of trusts in the US, propose that they still may be considerably enhanced if combined with private placement life insurance ("PPLI"), and quantify the benefit of such a plan.

TRUSTS

One of the primary US estate planning vehicles is to minimize estate taxes by reflecting one's taxable estate. Irrevocable trusts are often used to accomplish this. However, even when the assets of a trust are transferred and charged from the grantor's taxable estate, they are still subject to US income taxes.

The income of irrevocable trusts in the US is taxed to them in two ways, depending on the trust's categorization as a grantor or non-grantor trust. Where the grantor lives outside the US and powers over a trust, the trust is considered a grantor trust.

Under a non-grantor trust—which is treated as an individual and pays taxes on its income¹, the income earned within a

three-step process: stepping up the basis of the trust's assets prior to the grantor's death, adjusting the trust's distribution strategy after the grantor's death, and fine-tuning the trust's asset allocation to align with the beneficiaries' tax profile.

IN GENERAL: U.S. TAXATION OF U.S. BENEFICIARIES OF FOREIGN NON-GRANTOR TRUSTS

While the authors of this article do not focus on the technical complexities of the U.S. taxation of FNGTs, we include a brief overview of the mechanics of taxation to establish the rationale for the planning techniques discussed below.

FNGTs are subject to U.S. taxation vis-a-vis their U.S. beneficiaries who are taxed on distributions received from such trusts.² Broadly speaking, the U.S. tax treatment of a distribution in the hands of the U.S. recipient depends primarily on two factors. First, the amount of the FNGT's distributable net income (DNI), which essentially consists of the FNGT's current net income.³ Second, any net income from the FNGT that was earned in prior years, but remains undistributed (UND).

If a beneficiary receives a distribution equal to or lower than the FNGT's DNI, the tax treatment of the income in the beneficiary's hands will mirror the U.S. treatment of a distribution in the hands of the FNGT. To the extent that the distribution consists of realized capital gains, the distribution will be taxed at the more favorable long-term capital gains rate afforded in the United States. If the FNGT has no UND, to the extent that the distri-

grantor trust will be taxed as if earned by the grantor, even if the grantor does not actually receive such income.⁴ Moreover, if the grantor lives in a state that imposes its own additional income taxes, then the grantwork payee, under standard income source on the trust's income, even if the trust is set up in a state that does not impose such additional taxes. Through the assets of a grantor trust grow tax-free, it may not be financially viable for the grantor-been the fiduciary transfer of those assets.

Thus, a mechanism that could eliminate the imposition of income taxes on a trust's income would be very compelling, particularly for a grantor trust and whose the trust's grantor resides in a high-tax state. In certain circumstances, using PPLI may do just that.

PPLI

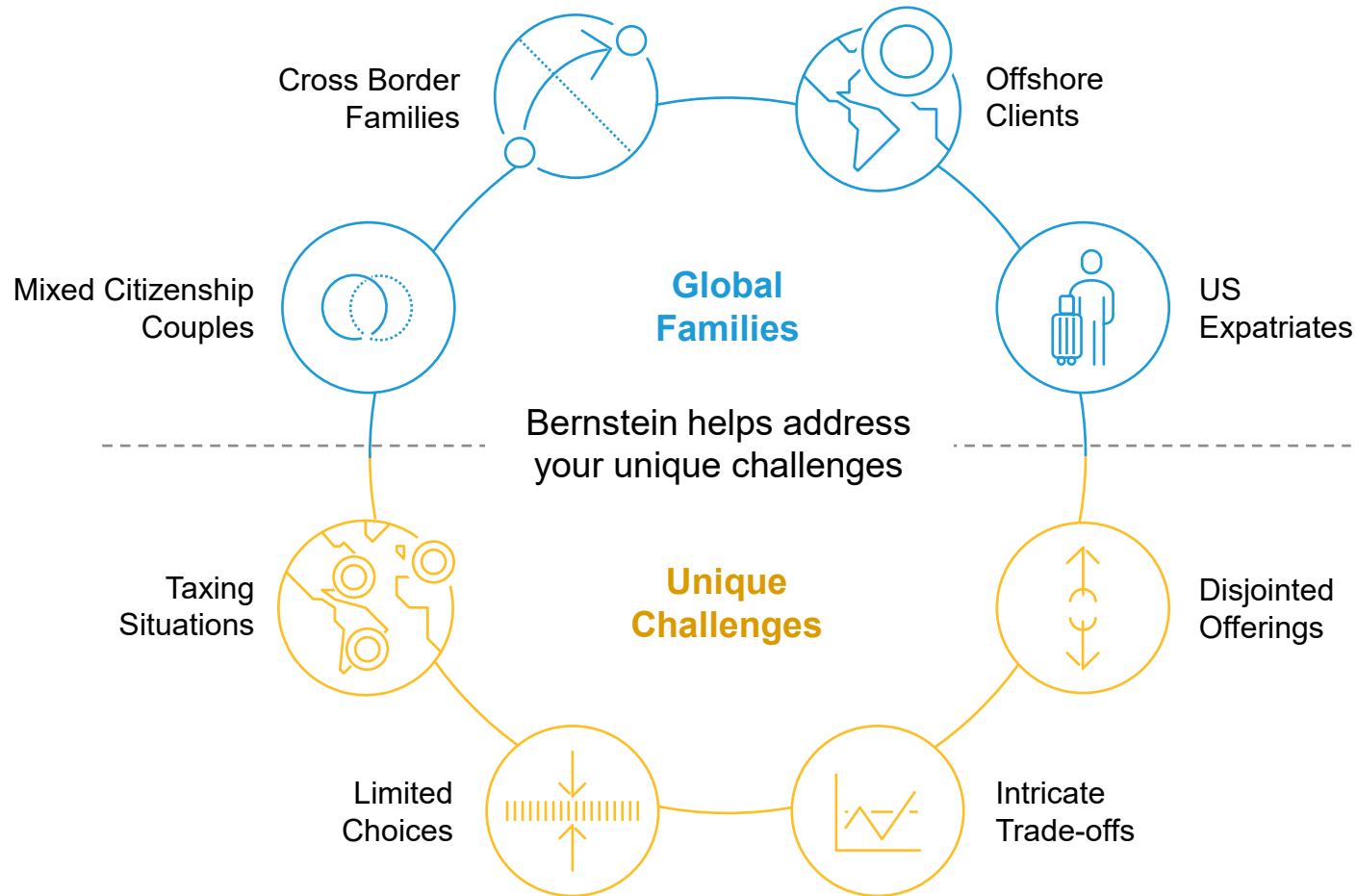
PPLI is a variable universal life insurance that may help to eliminate the US income tax exposure of trusts.

In the US, owners of life insurance policies typically pay premiums based on the policy's underlying mortality rates.⁵ That is, because age, sex, and other risk factors in life insurance can reduce or eliminate the trust's taxable income, because interest earned on the policy is not currently taxed to the policy owner. Moreover, death benefits paid from the policy, including embedded policy earnings, are not subject to US income tax.⁶

WYCKOFF & COMPANY FEBRUARY 2018 73

Dedicated Team of Planning Professionals. Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

Global Families Are Distinct



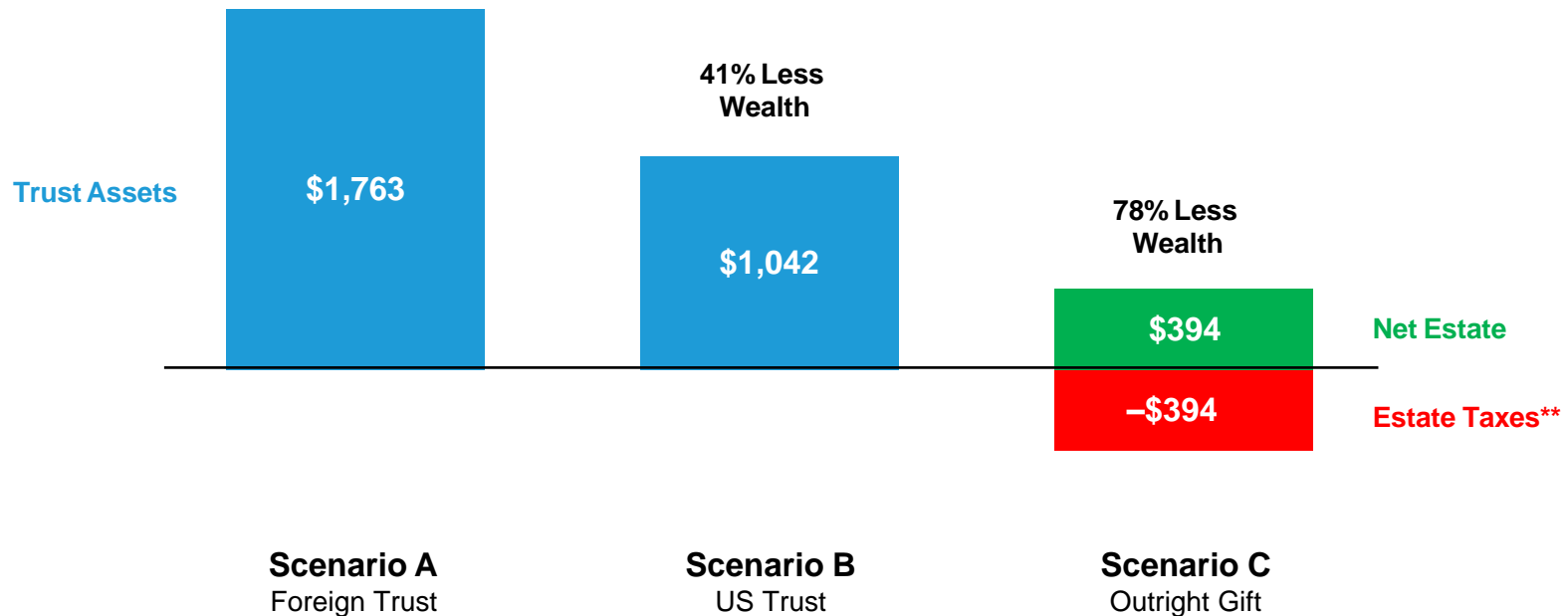
Client Case Study

- A prominent Italian industrial family had structured their wealth through a series of trusts, to protect their interests, and allow for a global investment approach.
- The trusts were written under Jersey (Channel Islands) law, and administered from Switzerland, for the benefit of Italian citizens and residents.
- Several generations later, a trust beneficiary married a US citizen and had a US citizen child.
- Administering a Non-US trust for a US person is complex, with many challenging investment and accounting considerations.
- The trustees turned to Bernstein to help them evaluate options for the trust, and to ultimately open investment accounts for the trust assets intended for the US citizen child.
- This example allowed us to bring clarity to a highly complex situation, and gave us a chance to demonstrate our investment capability for European families, with a US connection.

Potential Wealth After 40 Years (\$100M Portfolio, No Spending)

Typical Markets* (Year 40)

Net of US Income and Estate Tax (USD Millions, Nominal)



*"Typical markets" means 50th percentile results of 10,000 trials in our Wealth Forecasting System. Based on AB's estimates of the range of returns for the applicable capital markets (as of December 31, 2019) over the next 40 years.

**Assumes blended federal and New York estate-tax rate of 50%. Assumes that no lifetime applicable exclusion is remaining.

Please see "Analysis Assumptions" for more information about assumed assets and allocations. **Data do not represent past performance and are not a promise of actual future results or a range of future results.** Asset values represent the estimated market value; if the assets were liquidated, additional capital gains or losses would be realized that are not reflected here. See Notes on Bernstein Wealth Forecasting System in the Appendix.

What Can Bernstein Distinctly Apply?



Insights

Analysis and planning expertise

- Experienced team with a **following among industry experts**
- Customized state-of-the-art analyses to **crystallize the economic value** of complex planning decisions
- **Sizing pools of capital** for after-tax living expenses, endowment or generational spending
- Ability to **quantify trade-offs of offshore and onshore structures** for:
 - pre-immigration planning
 - US beneficiaries of foreign trusts
 - transfers of foreign wealth to US taxpayers
 - temporary move to and from the US
 - US citizens living abroad



Solution Set

Strategies

- **Integrated** advice and fees
- **No increased minimums** for global families
- **Onshore/offshore platforms** with broad array of global investment strategies
- Offshore **feeders for alternative investment** strategies
- Thoughtful investment allocation with **sensitivity to different tax exposures**
- Flexibility **to minimize US tax exposure** for non-US investors
- **Competitive, aggregated** fees



Execution

How we make it happen

- **Unified** point of contact and service
- **Holistic and tax efficient** asset allocation
- Integral, collaborative members of Global Families advisory team, bringing **award-winning expertise***



- **Proactive** rebalancing
- **Comprehensive, integrated** reporting
- **Seamless transition** between platforms to accommodate evolving needs and status changes

*Named 2021 Financial Advisor Team of the Year by STEP. Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

Important Information

For investment Professional use only. Not for inspection by, distribution or quotation to, the general public.

The value of an investment can go down as well as up and investors may not get back the full amount they invested. Capital is at risk. Past performance does not guarantee future results.

Note to all Readers: The views expressed herein do not constitute research, investment advice or trade recommendations and do not necessarily represent the views of all AB portfolio-management teams and are subject to revision over time.

The views expressed herein may change at any time after the date of this publication. AllianceBernstein L.P. does not provide tax, legal or accounting advice. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions. This information does not constitute investment advice and should not be construed as sales or marketing material or an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by AB or its affiliates.

Logos, brands and other trademarks in this presentation are the property of their respective trademark holders. They are used for illustrative purposes only, and are not intended to convey any endorsement or sponsorship by, or association or affiliation with, the trademark holders.

Note to Readers in the United Kingdom: This information is issued by AllianceBernstein Limited, 50 Berkeley Street, London W1J 8HA. It is provided for marketing purposes but does not constitute investment advice or an invitation to purchase any security or other investment. Registered in England, No. 2551144. AllianceBernstein Limited is authorised and regulated in the UK by the Financial Conduct Authority (FCA - Reference Number 147956).

Note to Readers in Europe: This information is issued by AllianceBernstein (Luxembourg) S.à r.l. Société à responsabilité limitée, R.C.S. Luxembourg B 34 305, 2-4, rue Eugène Ruppert, L-2453 Luxembourg. Authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

Note to Readers in Switzerland: This information is directed at Qualified Investors only. Issued by AllianceBernstein Schweiz AG, Zürich, a company registered in Switzerland under company number CHE-306.220.501. AllianceBernstein Schweiz AG is a financial service provider within the meaning of the Financial Services Act (FinSA) and is not subject to any prudential supervision in Switzerland. Further information on the company, its services and products, in accordance with Art. 8 FinSA can be found on the Important Disclosures page at www.alliancebernstein.com

The [A/B] logo is a service mark of AllianceBernstein and AllianceBernstein® is a registered service mark used by permission of the owner, AllianceBernstein L.P.
© 2022 AllianceBernstein L.P.



BERNSTEIN

**For Investment Professional use only.
Not for inspection by, distribution or quotation to, the general public.**

Notes on Bernstein Wealth Forecasting System

1. Purpose and Description of Wealth Forecasting Analysis

Bernstein's Wealth Forecasting Analysis is designed to assist investors in making their long-term investment decisions as to their allocation of investments among categories of financial assets. Our planning tool consists of a four-step process: (1) Client-Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals, and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long-term, and how different asset allocations might affect his/her long-term security; (3) The Capital-Markets Engine: our proprietary model that uses our research and historical data to create a vast range of market returns, which takes into account the linkages within and among the capital markets, as well as their unpredictability; and (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles on "box-and-whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Expected market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market, and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results, or the actual probability that these results will be realized. The information provided here is not intended for public use or distribution beyond our private meeting.

2. Retirement Vehicles

Each retirement plan is modeled as one of the following vehicles: Traditional IRA, 401(k), 403(b), Keogh, or Roth IRA/401(k). One of the significant differences among these vehicle types is the date at which mandatory distributions commence. For traditional IRA vehicles, mandatory distributions are assumed to commence during the year in which the investor reaches the age of 72. For 401(k), 403(b), and Keogh vehicles, mandatory distributions are assumed to commence at the later of: (i) the year in which the investor reaches the age of 72, or (ii) the year in which the investor retires. In the case of a married couple, these dates are based on the date of birth of the older spouse. The minimum mandatory withdrawal is estimated using the Minimum Distribution Incidental Benefit tables as published on www.irs.gov. For Roth IRA/401(k) vehicles, there are no mandatory distributions. Distributions from Roth IRA/401(k) that exceed principal will be taxed and/or penalized if the distributed assets are less than five years old and the contributor is less than 59½ years old. All Roth 401(k) plans will be rolled into a Roth IRA plan when the investor turns 59½ years old, to avoid Minimum Distribution requirements.

3. Rebalancing

Another important planning assumption is how the asset allocation varies over time. We attempt to model how the portfolio would actually be managed. Cash flows and cash generated from portfolio turnover are used to maintain the selected asset allocation between cash, bonds, stocks, REITs, and hedge funds over the period of the analysis. Where this is not sufficient, an optimization program is run to trade off the mismatch between the actual allocation and targets against the cost of trading to rebalance. In general, the portfolio is expected to be maintained reasonably close to the target allocation. In addition, in later years, there may be contention between the total relationship's allocation and those of the separate portfolios. For example, suppose an investor (in the top marginal federal tax bracket) begins with an asset mix consisting entirely of municipal bonds in his personal portfolio and entirely of stocks in his/her retirement portfolio. If personal assets are spent, the mix between stocks and bonds will diverge from targets. We put primary weight on maintaining the overall allocation near target, which may result in an allocation to taxable bonds in the retirement portfolio as the personal assets decrease in value relative to the retirement portfolio's value.

Notes on Bernstein Wealth Forecasting System

4. Expenses and Spending Plans (Withdrawals)

All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses, which will have capital-gains tax implications.

5. Modeled Asset Classes

The following assets or indexes were used in this analysis to represent the various model classes

Asset Class	Modeled As	Annual Turnover
Cash Equivalents	3-month US Treasury bills	100%
Short-Term Treasuries	US Treasuries of 2-year maturity	50
Short-Term Taxables	Taxable bonds of 2-year maturity	50
Short-Term Diversified Municipals	AA-rated diversified municipal bonds of 2-year maturity	50
Int.-Term Treasuries	US Treasuries of 7-year maturity	30
Int.-Term Taxables	Taxable bonds of 7-year maturity	30
Int.-Term Corporates	US investment-grade corporate debt of 7-year maturity	30
Int.-Term Diversified Municipals	AA-rated diversified municipal bonds of 7-year maturity	30
Global Int.-Term Taxables (Hedged)	50% sovereign and 50% investment-grade corporate debt of developed countries of 7-year maturity	30
Int.-Term TIPS	US TIPS of 7-year maturity	30
High Yield	Taxable bonds of 7-year maturity with credit characteristics of CSFB High Yield Index II	30
Global Large-Cap (Unhedged)	MSCI World Index (NDR) Index	15
US Diversified	S&P 500 Index	15
US Value	S&P/Barra Value Index	15
US Growth	S&P/Barra Growth Index	15
US Mid-Cap	Russell Mid-Cap Index	15
US Small-/Mid-Cap	Russell 2500 Index	15
US Small-Cap	Russell 2000 Index	15
Developed International	MSCI EAFE Index (Unhedged)	15
Emerging Markets	MSCI Emerging Market Index	20
Global REITs	NAREIT Index	30
Real Assets	1/3 NAREIT, 1/3 MSCI ACWI Commodity Producer Index, 1/3 DJ-UBS Commodity Futures Index	30
Diversified Hedge Fund	Diversified Hedge Fund Asset Class	33

Notes on Bernstein Wealth Forecasting System

6. Volatility

Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital-Market Projections page before these Notes. In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.8%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed-income assets is different for different time periods.

7. Technical Assumptions

Bernstein's Wealth Forecasting System is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital-Markets Engine is the module responsible for creating simulations of returns in the capital markets. These simulations are based on inputs that summarize the current condition of the capital markets as of the date in the footnotes of that page. A description of these technical assumptions is available on request.

8. Tax Implications

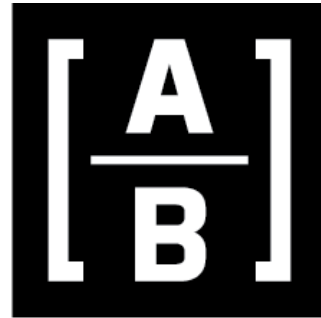
Before making any asset-allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

9. Tax Rates

Bernstein's Wealth Forecasting System has used various assumptions for the income tax rates of investors in the case studies. See the assumptions in each case study (including footnotes) for details. The federal income tax rate is Bernstein's estimate of either the top marginal tax bracket or an "average" rate calculated based upon the marginal rate schedule. For 2014 and beyond, the maximum federal tax rate on investment income is 43.4% and the maximum federal long-term capital-gains tax rate is 23.8%. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital-gains taxes. The state tax rate generally represents Bernstein's estimate of the top marginal rate, if applicable.

10. Core Capital Analysis

The term "core capital" means the amount of money necessary to cover anticipated lifetime net spending. All noncore capital assets are termed "surplus capital." Bernstein estimates core capital by inputting information supplied by the client, including expected future income and spending, into our Wealth Forecasting System, which simulates a vast range of potential market returns over the client's anticipated life span. From these simulations, we develop an estimate of the core capital the client will require to maintain his/her spending level over time. Variations in actual income, spending, applicable tax rates, life span, and market returns may substantially affect the likelihood that a core capital estimate will be sufficient to provide for future expenses. Accordingly, the estimate should not be construed as a promise of actual future results, the actual range of results, or the actual probability that the results will be realized.



BERNSTEIN

The [A/B] logo is a registered service mark of AllianceBernstein and AllianceBernstein® is a registered service mark used by permission of the owner, AllianceBernstein L.P. © 2022 AllianceBernstein L.P.

ICN20221070