

Verne, B. Michael

From: [REDACTED]
Sent: Friday, May 02, 2014 4:14 PM
To: Verne, B. Michael; Walsh, Kathryn
Subject: Guaranteed Investment Contracts

Mike/Kate:

Are guaranteed investment contracts treated as cash equivalents under the HSR Act and Rules.

Guaranteed investment contract are insurance contracts that guarantee the owner principal repayment and a fixed or floating interest rate for a predetermined period of time.

Wikipedia defines **guaranteed investment contract (GIC)** as "a contract that guarantees repayment of principal and a fixed or floating interest rate for a predetermined period of time. Guaranteed investment contracts are typically issued by life insurance companies and marketed to institutions qualified for favorable tax status under the Internal Revenue Code (for example, 401(k) plans)"

Essentially these types of contracts are annuities sold by insurance companies that do not have an insurance element. Under such a contract a person invests funds with an insurance company and is guaranteed the return of the principal that the person contributes plus a specified guaranteed rate of return regardless of how the market does. It is all cash and the annuitant can elect to receive a lump sum or spread out payments over a period of time.

AGREE - TREAT AS CASH
EQUIVALENT.

BM
5/5/14

KW concurs.

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