
Advanced Planning For The High Net Worth

Discovering Problems
Tailored Solutions

Problems & Solutions

Problem	Solution	Plan description	Client Profile	Qualifiers	Results
Tax Issue					
Large IRA Estate Tax Income Tax	Leveraged low tax transfer of IRA to heirs	IRA Sponge Roll IRA to Profit Share Plan. Leverage up with life insurance inside plan. Low tax transfer policy to heirs.	<ul style="list-style-type: none"> • Age 50 + • No need to spend large IRA in future • Desire to minimize RMD¹ 	<ul style="list-style-type: none"> • \$750,000 + IRA • \$5 million + net worth 	Large death benefit out of estate paid for with pre-tax IRA dollars.
Charitable Intent; High Personal Income Tax Estate Tax Income Tax	Gift to charity, Amplify deductions and estate transfer options.	Turbo CLAT² <ul style="list-style-type: none"> • Investments paying above AFR³ rate opens planning to increase deductions • Tax savings pay for estate transfer • AFR arbitrage 	<ul style="list-style-type: none"> • High income taxes • Philanthropic • Desire to transfer assets to heirs 	<ul style="list-style-type: none"> • \$5 million + net worth • High income taxes • Ability to gift now for tax deductions 	<ul style="list-style-type: none"> • Large tax deductions exceeding gift amount or • Large tax deduction plus a leveraged estate transfer to heirs

Problems & Solutions

Problem	Solution	Plan description	Client Profile	Qualifiers	Results
Tax Issue					
High Personal Income Current and Future Estate Tax Income Tax	Contributions into permanent tax favored environment. No current deduction.	Private Placement Life Insurance <ul style="list-style-type: none"> • Custom managed account inside tax advantaged environment • Tax free access to values • Tax-free death benefit. 	<ul style="list-style-type: none"> • Ages 30 – 85 • Need for retirement & estate planning • Future income tax concerns 	<ul style="list-style-type: none"> • \$5 million + net worth • Available Cash \$250,000 + annual for premium 	<ul style="list-style-type: none"> • Custom managed account inside policy • Tax free Growth • Tax free access to account values • Tax free death benefit
Large Taxable Estate; Short Life Expectancy Estate Tax	A large quick transfer out of the estate.	Gen 2 Split Dollar <ul style="list-style-type: none"> • Fund Family Split Dollar with cash or debt • Insurance on next generation • Use “Economic Benefit” split dollar regime 	<ul style="list-style-type: none"> • Elderly, uninsurable • Large estate tax liability 	<ul style="list-style-type: none"> • \$5 million + net worth • Family heirs 	Estate settles with large discount on the amount placed into the split dollar.

Problems & Solutions

Problem	Solution	Plan description	Client Profile	Qualifiers	Results
Tax Issue					
Existing Life Insurance with Burdensome Premiums Estate Tax	Sell or replace old policy with lower premium policy.	Settlement/Replacement <ul style="list-style-type: none"> • Life settle old policy • Negotiate for lowest cost replacement 	<ul style="list-style-type: none"> • Ages 55 – 85 • Large existing policy 	<ul style="list-style-type: none"> • Insurable • Existing policy \$500,000 or greater 	Lower annual expenses for life insurance.
Taxable Estate, No Cash for Premiums Estate Tax	Finance purchase of large life insurance policy.	Premium Finance Life Use assets as collateral to finance purchase of life insurance out of estate.	<ul style="list-style-type: none"> • Ages 45 – 85 • Taxable estate 	Current assets are earnings more than cost to borrow premiums.	<ul style="list-style-type: none"> • Keep assets undisturbed • Acquire large insurance coverage

Problems & Solutions

Problem	Solution	Plan description	Client Profile	Qualifiers	Results
Large Taxable Estate; Uncertain Future Cash Flow Estate Tax	Purchase policy with “In the money” positive market values.	Life Insurance as Tradable Asset Class Policy for estate tax liability ALSO may be sold in settlement market.	<ul style="list-style-type: none"> • Ages 70 – 85 • Taxable estate 	\$5 million + net worth	<ul style="list-style-type: none"> • Estate tax liability funded • Early exit strategy option
Desirable House; Need Cash for Living or for Estate Transfer Estate Tax	No risk QPRT ⁴ with leverage and guaranteed results.	EQUITY KEY Future home appreciation sold for cash today with no loss of current equity.	<ul style="list-style-type: none"> • Ages 50 – 85 • Need cash or desire to transfer home to heirs 	<ul style="list-style-type: none"> • \$5 million + net worth • \$2 million + home (family wishes to keep) • Insurable 	<ul style="list-style-type: none"> • Receive + – 15% of home FMV⁵ in cash up-front • Use cash to 100% fund transfer of home to heirs

Problems & Solutions

Problem	Solution	Plan description	Client Profile	Qualifiers	Results
Managed Portfolio; High Income Tax Income Tax	Indefinite deferral of portfolio income taxes.	Private Placement Annuity Create unlimited custom managed account in tax deferred environment.	<ul style="list-style-type: none"> • Max Age 80 • Available cash • High income taxes 	\$1 million + cash for contribution.	<ul style="list-style-type: none"> • Create client preferred manager inside tax deferred environment • Always liquid
High Business Income Taxes From Operations Income Tax	Tax deduct contributions to client owned insurance plan.	Captive Insurance Self insure for corporate liabilities and casualty risks.	<ul style="list-style-type: none"> • Business owner • Profits exceed living expenses and reinvestment needs 	\$1 million + annual business profits.	Accumulate insurance profits in client owned entity.
Unproductive Cash; Risk Adverse	Earn interest with life insurance and LTC ⁶ benefits.	Parking Cash <ul style="list-style-type: none"> • Lump sum in new policy • Rated credit • Life insurance • LTC benefits • Liquid -No penalty for early withdrawal 	<ul style="list-style-type: none"> • Under 75 • Liquid • Risk averse • Candidate for LTC 	Available Cash \$100,000 to \$2 million.	<ul style="list-style-type: none"> • Liquid alternative to CD/Treasury's • LTC and Life Insurance benefit • Earn interest • Diversification • Peace of mind