

Premium Finance Done the Right Way



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Premium Finance can be one of the worst financial transactions if it's not done correctly and for the right client.

Here's What You'll Learn

- 5 Red Flags of Premium Finance
- Issues Facing Current Premium Finance Plans
- 5 Parts of Successful Premium Finance

5 Red Flags of Premium Finance



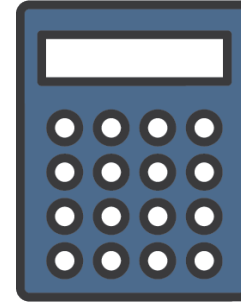
**Free
Insurance**



**Minimal
out-of-pocket**



**>70% LTV on
bank loan exit**



**Inaccurate collateral
calculations**



**Unrealistic income
expectations**

During the low interest rate environment and pre AG-49 guidelines, you could make a bad strategy look attractive



Issues Facing Current PF Plans

- Higher borrowing costs
- Index under performance
- Collateral calls
- Interest shortfalls
- Higher interest payments
- Banks no longer lending
- Tighter credit conditions
- Higher for longer interest rates
- Potential recession
- Continued stock market volatility



9 Years old, 7 figures in the **RED**

Finance								
Annual Insurance Outlay	Cumulative Loan	Annual Loan Rate	Net Outlay	Discounted Cash Flow	Surrender Value@ 6.60%	Policy Surrender Value Net of Loan	Death Benefit Net of Loan	IRR at Death
4	5	(6a)	7	(7a)	8	9	10	11
(650,000)	(650,000)	2.200%	(14,499)		379,265	(270,745)	12,200,000	
(550,000)	(1,200,000)	2.200%	(26,767)	78%	936,992	(263,008)	11,650,000	2643.85%
(550,000)	(1,750,000)	2.200%	(39,035)	71%	1,472,107	(277,893)	11,100,000	748.08%
(550,000)	(2,300,000)	2.200%	(51,303)	64%	2,052,127	(247,873)	10,550,000	364.97%
(550,000)	(2,850,000)	2.200%	(63,571)	57%	2,681,015	(168,985)	10,000,000	222.49%
0	(2,850,000)	2.200%	(63,571)	53%	2,805,398	(44,602)	10,000,000	155.27%
0	(2,850,000)	2.200%	(63,571)	50%	2,943,989	93,989	10,000,000	116.29%
0	(2,850,000)	2.200%	(63,571)	47%	3,098,453	248,453	10,000,000	91.34%
0	(2,850,000)	2.200%	(63,571)	45%	3,277,573	427,573	10,000,000	74.23%
0	(2,850,000)	2.200%	(63,571)	44%	3,466,121	616,121	10,000,000	61.89%
(2,850,000)			(513,028)					
0	(2,850,000)	2.200%	(63,571)	42%	3,709,337	859,337	10,000,000	52.64%
0	(2,850,000)	2.200%	(63,571)	41%	3,967,868	1,117,868	10,000,000	45.50%
0	(2,850,000)	2.200%	(63,571)	41%	4,242,316	1,392,316	10,000,000	39.84%
0	(2,850,000)	2.200%	(63,571)	40%	4,533,481	1,683,481	10,000,000	35.27%
0	(2,850,000)	2.200%	(63,571)	39%	4,842,166	1,992,166	10,000,000	31.51%
0	(2,850,000)	2.200%	(63,571)	39%	5,167,906	2,317,906	10,000,000	28.37%
2,850,000	0	0.000%	0	42%	2,456,430	2,456,430	10,000,000	25.80%
0	0	0.000%	0	45%	2,600,535	2,600,535	10,000,000	23.61%
0	0	0.000%	0	48%	2,750,576	2,750,576	10,000,000	21.74%
0	0	0.000%	0	51%	2,906,508	2,906,508	10,000,000	20.12%
0			(894,453)					
0	0	0.000%	0	53%	3,068,271	3,068,271	10,000,000	18.71%
0	0	0.000%	0	55%	3,235,779	3,235,779	10,000,000	17.48%
0	0	0.000%	0	57%	3,385,193	3,385,193	10,000,000	16.38%
0	0	0.000%	0	59%	3,539,541	3,539,541	10,000,000	15.41%
0	0	0.000%	0	61%	3,699,026	3,699,026	10,000,000	14.54%
0	0	0.000%	0	62%	3,863,794	3,863,794	10,000,000	13.76%
0	0	0.000%	0	64%	4,033,928	4,033,928	10,000,000	13.06%
0	0	0.000%	0	65%	4,209,455	4,209,455	10,000,000	12.42%
0	0	0.000%	0	66%	4,390,420	4,390,420	10,000,000	11.84%
0	0	0.000%	0	67%	4,576,869	4,576,869	10,000,000	11.31%
0			(894,453)					

Below are a few of the key metrics we collected during our extensive policy review process:

BANK LOAN BALANCE:

- 2023 Projected: \$2,850,000
- 2023 Actual: \$3,059,219

IUL CASH VALUE:

- 2023 Projected: \$3,277,573
- 2023 Actual: \$2,024,015

OUTSIDE GAP COLLATERAL:

- 2023 Projected: \$0 with \$427,573 of Equity
- 2023 Actual: -\$1,035,204

INDEXED RETURNS:

- 2023 Projected: 6.50%
- 2023 Actual: 3.53%

LENDER BORROWING RATES:

- 2023 Projected: 2.20%
- 2023 Actual: 6.49%

LENDER RENEWAL INTEREST COST:

- 2023 Projected: \$63,671
- 2023 Actual: \$105,410.53

In-force Non-Guaranteed Policy Values: Ledger

This illustration assumes non-guaranteed policy charges and non-guaranteed crediting rates. All values represent the end of the policy year except premiums and if applicable: Policy Loans, loan interest, and Withdrawals.

Total Premiums received in the current year: \$0.00
Balance of planned premium due in the current year: \$0.00
Cumulative Premiums Paid as of 10/24/2022: \$2,300,000.00

		Accumulated Value %	Future Premium Allocation	Hypothetical Interest Rate ¹
Fixed Account		100.00%	0.00%	2.25%
1-Year High Par Indexed Account		0.00%	100.00%	4.34%

Year	Age	Premium Outlay* (1)	Accumulated Value (2)	Cash Surrender Value (3)	Death Benefit (4)
9	56	0	2,043,728	2,028,356	12,850,000
10	57	0	2,048,766	2,048,766	12,850,000
Total		0			
11	58	0	2,096,790	2,096,790	12,850,000
12	59	0	2,143,136	2,143,136	12,850,000
13	60	0	2,186,972	2,186,972	12,850,000
14	61	0	2,227,540	2,227,540	12,850,000
15	62	0	2,263,897	2,263,897	12,850,000
16	63	0	2,293,229	2,293,229	12,850,000
17	64	0	2,318,348	2,318,348	12,850,000
18	65	0	2,337,359	2,337,359	12,850,000
19	66	0	2,349,709	2,349,709	12,850,000
20	67	0	2,354,176	2,354,176	12,850,000
Total		0			
21	68	0	2,349,376	2,349,376	12,850,000
22	69	0	2,333,724	2,333,724	12,850,000
23	70	0	2,293,860	2,293,860	12,850,000
24	71	0	2,243,204	2,243,204	12,850,000
25	72	0	2,180,603	2,180,603	12,850,000
26	73	0	2,104,627	2,104,627	12,850,000
27	74	0	2,013,512	2,013,512	12,850,000
28	75	0	1,905,114	1,905,114	12,850,000
29	76	0	1,776,972	1,776,972	12,850,000
30	77	0	1,626,208	1,626,208	12,850,000
Total		0			
31	78	0	1,449,657	1,449,657	12,850,000
32	79	0	1,245,093	1,245,093	12,850,000
33	80	0	1,007,390	1,007,390	12,850,000
34	81	0	731,238	731,238	12,850,000
35	82	0	410,640	410,640	12,850,000
36	83	0	38,247	38,247	12,850,000
37	84	0	##	##	##
Total		0			

Same Face No Premium

Net Surrender Value	Net Death Benefit
\$ (1,117,872)	\$ 9,703,772
\$ (1,187,951)	\$ 9,613,283
\$ (1,234,035)	\$ 9,519,175
\$ (1,285,562)	\$ 9,421,302
\$ (1,343,514)	\$ 9,319,514
\$ (1,408,806)	\$ 9,213,654
\$ (1,482,543)	\$ 9,103,560
\$ (1,567,708)	\$ 8,989,063
\$ (1,661,667)	\$ 8,869,985
\$ (1,766,496)	\$ 8,746,145
\$ (1,882,941)	\$ 8,617,350
\$ (2,012,420)	\$ 8,483,404
\$ (2,156,523)	\$ 8,344,101
\$ (2,317,051)	\$ 8,199,225
\$ (2,507,586)	\$ 8,048,554
\$ (2,714,940)	\$ 7,891,856
\$ (2,940,507)	\$ 7,728,890
\$ (3,185,967)	\$ 7,559,406
\$ (3,453,346)	\$ 7,383,142
\$ (3,745,059)	\$ 7,199,827
\$ (4,063,847)	\$ 7,009,181
\$ (4,412,884)	\$ 6,810,908
\$ (4,795,639)	\$ 6,604,704
\$ (5,214,655)	\$ 6,390,252
\$ (5,675,388)	\$ 6,167,222
\$ (6,183,491)	\$ 5,935,271
\$ (6,745,318)	\$ 5,694,042
\$ (7,368,589)	\$ 5,443,164
\$ (7,667,750)	\$ (7,667,750)

4 Years old, interest shortfall

Date	Rate	Interest Due	Interest Paid or Capitalized	Balance
				\$(21,980.98)
Jun-22	4.622	\$11,692.60	\$166,271.59	\$132,598.01
Jul-22	5.802	\$14,145.36		\$118,452.65
Aug-22	5.542	\$16,325.19		\$102,127.46
Sep-22	5.81	\$16,562.56		\$85,564.90
Oct-22	6.121	\$18,030.77		\$67,534.13
Nov-22	6.775	\$19,313.49		\$48,220.64
Dec-22	7.562	\$22,275.55		\$25,945.09
Jan-23	7.462	\$21,980.98		\$3,964.11
Feb-23*	7.443	\$19,803.24		\$(15,839.13)
Mar-23*	7.443	\$21,925.01		\$(37,764.14)
Apr-23*	7.443	\$21,217.75		\$(58,981.89)
May-23*	7.443	\$21,925.01		\$(80,906.91)
Jun-23*	7.443	\$8,487.10		\$(89,394.01)

In order to comply with the terms and conditions of the Note and to fully secure the liabilities thereunder, Borrower must remit **\$89,394.01** to Lender **on or before March 20, 2023**.

*These rates are projected based on current rates plus Borrower's interest rate spread, as per the terms and conditions of Borrower's Promissory Note and Security Agreement. Actual rates may vary.

4 Years old, collateral call

Current Funded Loan Amount:	\$3,420,839
New Scheduled Loan Advance ¹ :	<u>\$1,163,560</u>
Projected Funded Loan Balance:	\$4,584,398

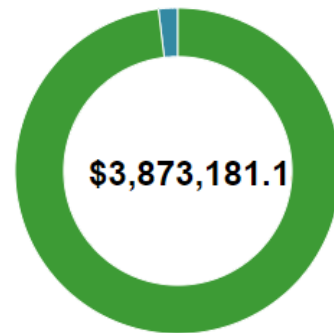
Projected Funded Loan Balance:	\$4,584,398
Less Estimated Policy Low-Point Cash Surrender Value:	(\$3,566,529)
Less Posted Collateral Value:	<u>(\$531,176)</u>
Collateral Shortfall:	\$486,694

¹New Scheduled Loan Advance consists of \$357,576 (Capitalized Interest), \$801,974 (Premium), \$4,010 (Draw Fee).

Alternative Current Illustrated Rate*								Current Illustrated Rate*			
Illustrated Loan Rate: 4.30%								Illustrated Loan Rate: 5.28%			
Policy Year	Age	Planned Annualized Premium	Planned Annual Income	Weighted Average Interest Rate	Accumu- lated Value	Cash Surrender Value	Net Death Benefit	Weighted Average Interest Rate	Accumu- lated Value	Cash Surrender Value	Net Death Benefit
1	49	\$801,974.00	\$0	3.00 %	\$695,202	\$695,202	\$20,695,202	5.98 %	\$716,159	\$716,159	\$20,716,159
2	50	801,974.00	0	3.00 %	1,422,409	1,422,409	21,422,409	6.12 %	1,488,492	1,488,492	21,488,492
3	51	801,974.00	0	3.00 %	2,166,163	2,166,163	22,166,163	6.17 %	2,303,489	2,303,489	22,303,489
4	52	801,974.00	0	3.00 %	2,926,859	2,926,859	22,926,859	6.19 %	3,163,592	3,163,592	23,163,592
5	53	801,974.00	0	3.00 %	3,720,908	3,720,908	23,720,908	6.21 %	4,107,042	4,107,042	24,107,042
6	54	801,974.00	0	3.00 %	4,533,182	4,533,182	24,533,182	6.21 %	5,108,075	5,108,075	25,108,075
7	55	801,974.00	0	3.00 %	5,366,691	5,366,691	25,366,691	6.22 %	6,173,154	6,173,154	26,173,154
8	56	801,974.00	0	3.00 %	6,221,693	6,221,693	26,221,693	6.23 %	7,306,176	7,306,176	27,306,176
9	57	801,974.00	0	3.00 %	7,098,803	7,098,803	27,098,803	6.23 %	8,511,665	8,511,665	28,511,665
10	58	801,974.00	0	3.00 %	7,998,447	7,998,447	27,998,447	6.23 %	9,794,230	9,794,230	29,794,230
		\$8,019,740.0	\$0								

Policy Values by Strategy

My Investment Summary



\$3,873,181.14

Total Value

08/21/2023

Next Interest Crediting
Date

Historical Interest Earned

Start Date

06/13/2019

End Date

08/17/2023

Go

5.89%

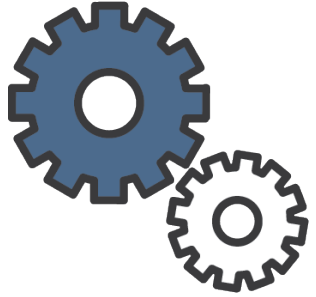
\$420,506.15

Index Strategies
Weighted Average
Credit

Interest Earned

Does not include Basic or Fixed Strategy Interest Earned

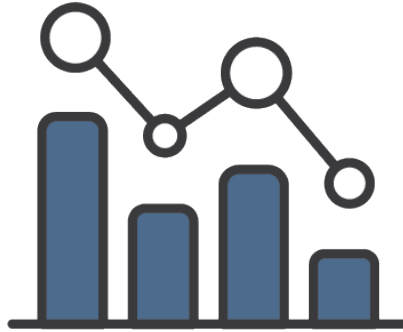
5 Parts of Successful Premium Finance



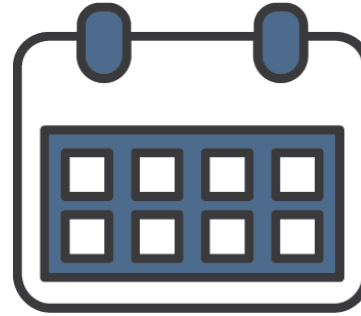
**3-to-1
Leverage**



**Term insurance
blend**



**<70% LTV on
bank loan exit**



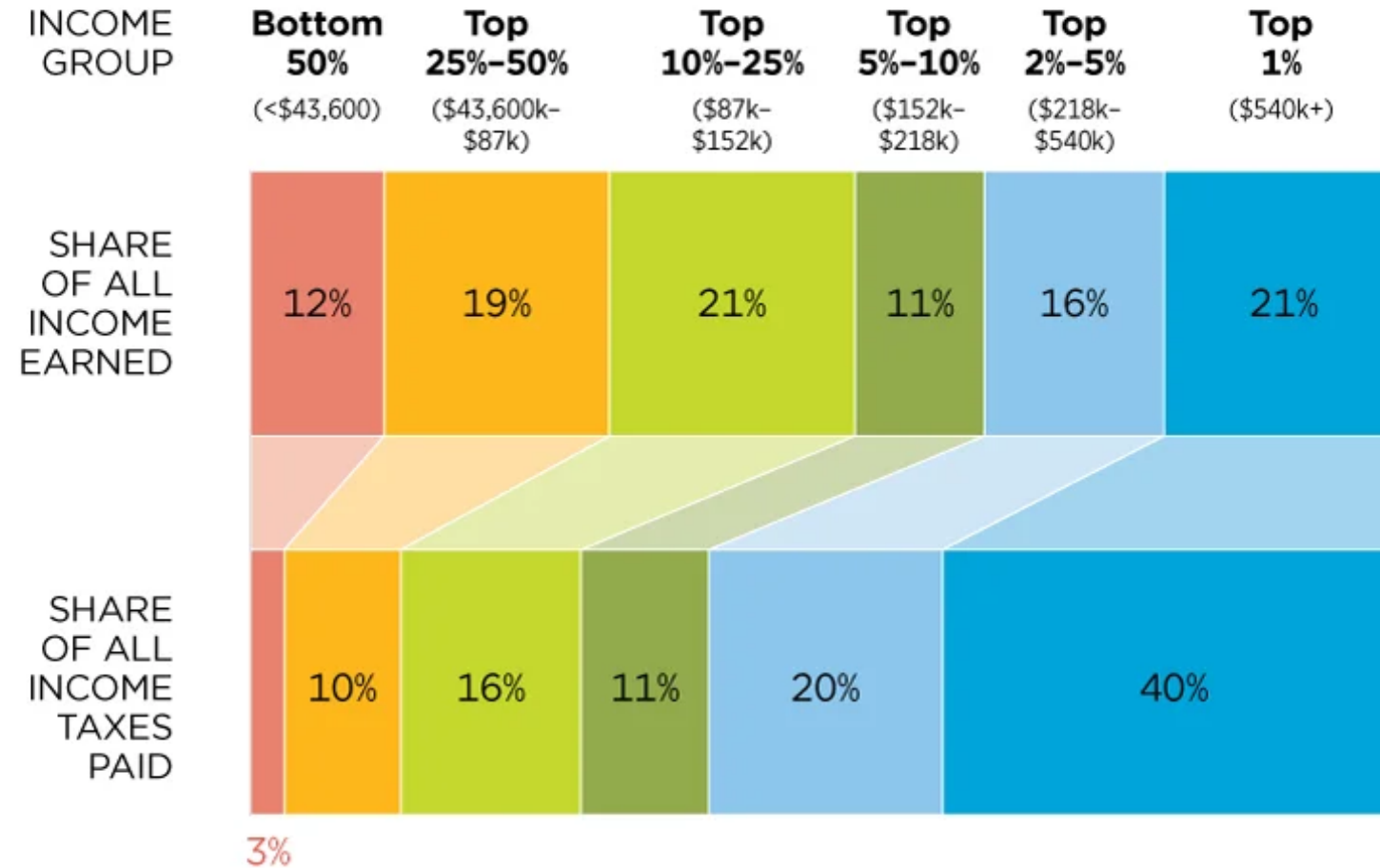
**10 years of
premium payments**



**Age, risk level, and
goal appropriate**

DO THE RICH PAY THEIR FAIR SHARE?

FEDERAL INCOME TAXES AND ADJUSTED GROSS INCOME EARNED IN 2018



Source: IRS.

heritage.org



The Budget and Economic Outlook: 2023 to 2033

February 15, 2023 | Report

In CBO's projections, the federal deficit totals \$1.4 trillion in 2023 and averages \$2.0 trillion per year from 2024 to 2033. Real GDP growth comes to a halt in 2023 and then rebounds, averaging 2.4 percent from 2024 to 2027.

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3.28 MB

[View by Chapter ▾](#)[Data Overview \(PDF\)](#) | [Visual Summary \(PDF\)](#)

Summary

[The Budget](#)[Changes in CBO's Budget Projections](#)[The Economy](#)[Changes in CBO's Economic Projections](#)

The Congressional Budget Office regularly publishes reports presenting its baseline projections of what the federal budget and the economy would look like in the current year and over the next 10 years if current laws governing taxes and spending generally remained unchanged. This report is the latest in that series.

The Budget

CBO projects a federal budget deficit of \$1.4 trillion for 2023. (Deficits and spending have been adjusted to exclude the effects of shifts that occur in the timing of certain payments when October 1 falls on a weekend.) In the agency's projections, deficits generally increase over the coming years; the shortfall in 2033 is \$2.7 trillion. The deficit amounts to 5.3 percent of gross domestic product (GDP) in 2023, swells to 6.1 percent of GDP in 2024 and 2025, and then declines in the two years that follow. After 2027, deficits increase again, reaching 6.9 percent of GDP in 2033—a level exceeded only



Congressional Budget Office

Nonpartisan Analysis for the U.S. Congress

[About CBO](#)

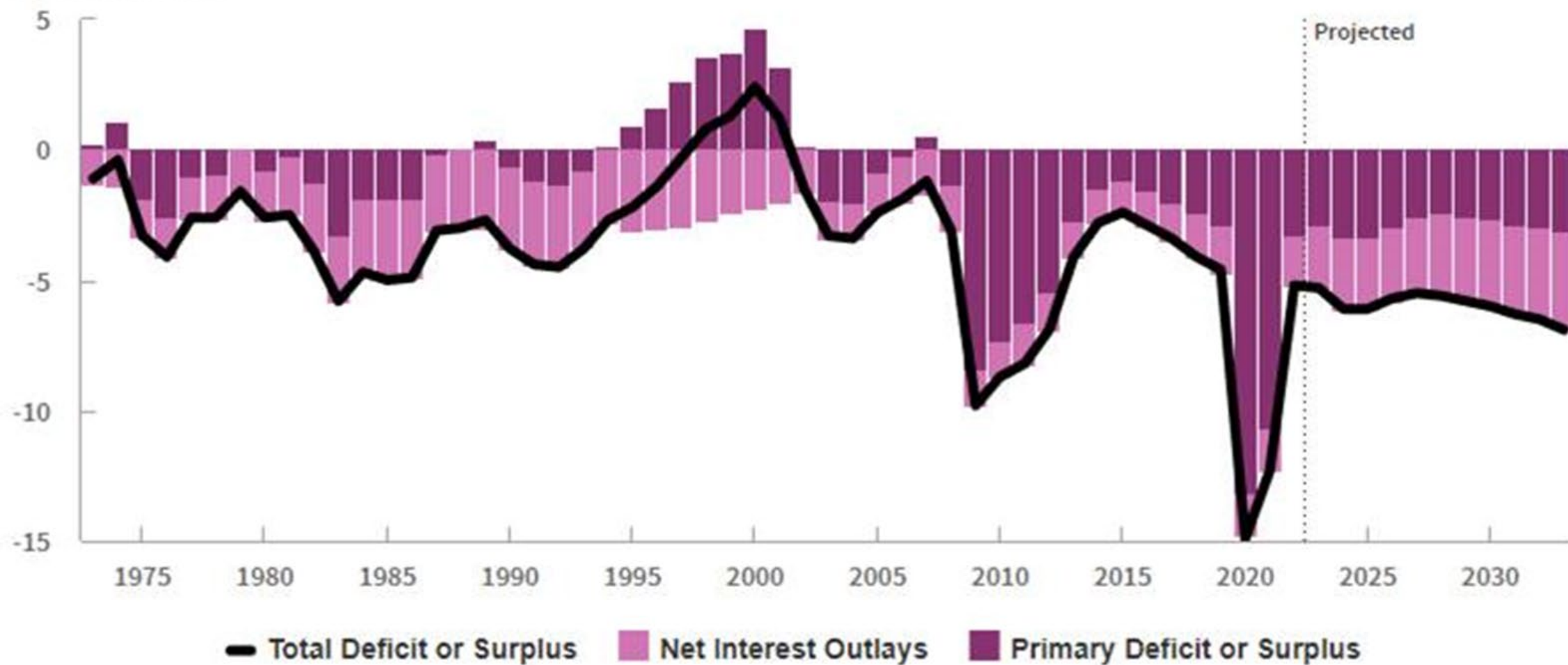
The Budget and Economic Outlook: 2023 to 2033

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Total Deficits, Primary Deficits, and Net Interest Outlays

Percentage of GDP

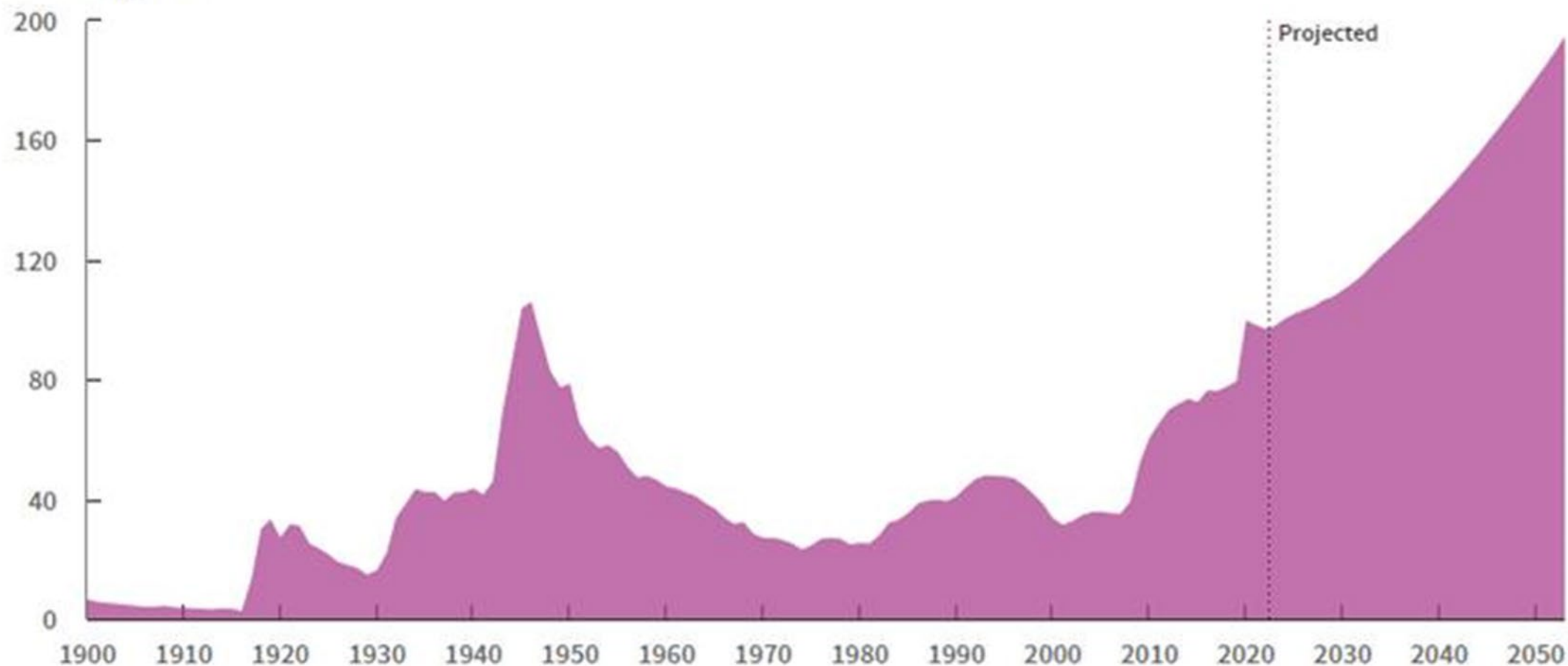


Interactive

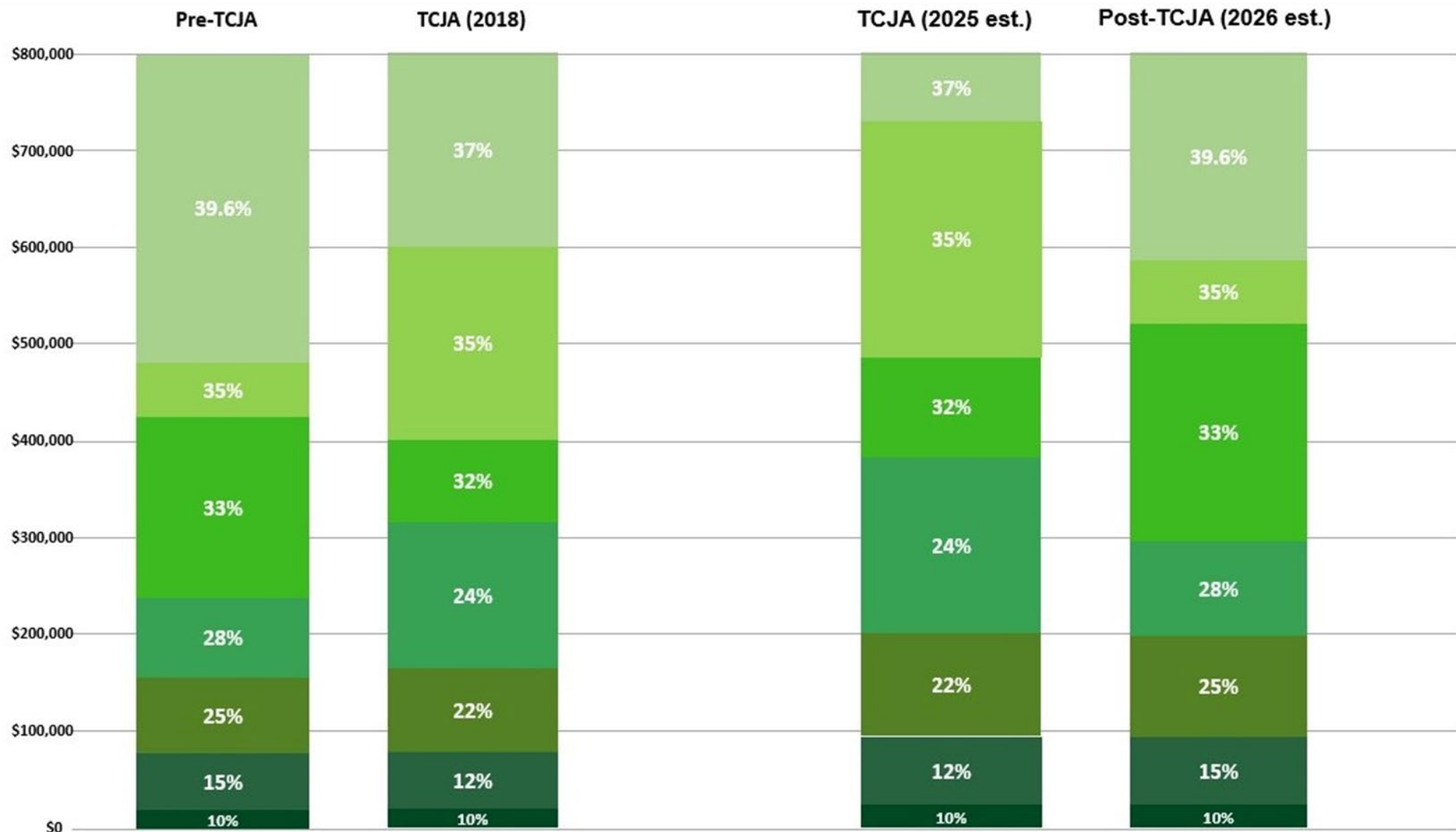
Federal Debt Held by the Public, 1900 to 2053



Percentage of GDP



Married Filing Jointly Tax Brackets Throughout the Years



Traditional Premium Finance Scenario

- 61M, 55F in great health
- \$20,000,000 net worth (\$6m approx. liquid)
- \$600,000 annual income (Earned, Real Estate, Dividends)
- 2 kids, 4 grandkids (204,000 in annual gifts)
- Aggressive risk tolerance
- Main goals: pay less taxes (them and kids) and wealth to heirs over government





Leveraged Estate Preservation Plan

An efficient life insurance funding strategy to plan for estate taxes and leave a legacy.



Prepared for: Sample Client
Prepared by: Sample Agent

**A predictable process is more
important than a particular product.**

The Future Impact of Estate Taxes

Federal estate taxes can be a huge burden and unexpected expense for your beneficiaries - unless it's properly planned for.

For many high net worth individuals, a large concentration of their wealth tends to be tied up in relatively illiquid assets such as businesses, closely held stock, real estate, art, etc.

Faced with such a large federal estate tax bill, beneficiaries may be forced to sell assets at a large discount to pay the taxes if they are not provided with an ample amount of liquidity (see stat below).

While your current federal estate tax bill may - or may not - be high, it could be a sizeable amount in the near future.

The table to the right illustrates the amount of federal estate taxes one may owe in this fiscal year, in 2026 and beyond. The reason for such a large tax increase is because the unified credit will fall off a fiscal cliff on January 1, 2026 due to the expiration of the Tax Cuts and Jobs Act (TCJA). The unified credit is the amount of assets that's allowed to be gifted to other parties without having to pay federal gift tax or estate taxes.

At that point in time, the unified credit will drop down to the amount prior to the TCJA - indexed for inflation. Also, keep in mind that your estate may be subject to state income taxes.

Estimated Federal Estate Taxes Due (1)

Year	Age	Total Estate Value	Unified Federal Estate Credit*	Federal Estate Tax Exposure	Federal Estate Tax
2023	60	\$20,800,000	\$25,840,000	\$0	\$0
2024	61	\$21,632,000	\$26,615,200	\$0	\$0
2025	62	\$22,497,280	\$27,413,656	\$0	\$0
2026	63	\$23,397,171	\$13,706,828	\$9,690,343	\$3,876,137
2027	64	\$24,333,058	\$14,118,033	\$10,215,025	\$4,086,010
2028	65	\$25,306,380	\$14,541,574	\$10,764,807	\$4,305,923
2029	66	\$26,318,636	\$14,977,821	\$11,340,815	\$4,536,326
2030	67	\$27,371,381	\$15,427,156	\$11,944,225	\$4,777,690
2031	68	\$28,466,236	\$15,889,970	\$12,576,266	\$5,030,506
2032	69	\$29,604,886	\$16,366,669	\$13,238,216	\$5,295,286
2042	79	\$43,822,463	\$21,995,435	\$21,827,028	\$8,730,811
2052	89	\$64,867,950	\$29,560,026	\$35,307,925	\$14,123,170
2062	99	\$96,020,413	\$39,726,203	\$56,294,210	\$22,517,684

Tax Cuts and Jobs Act (TCJA) Sunsets

Assumptions used for above estimates:

Current Estate Value: \$20,000,000

Tax Rate: 40.0% - Expected Annual Estate Growth: 4.0%

Annual Estimated Cost of Living Adjustment and Inflation: 3.0%

* In these estimates, the cost of living adjustment increases the Unified Credit each year. At the current time, in 2026 the Tax Cuts and Jobs Act (TCJA) sunsets and the value will decrease. Each year after that we have increasing at that same assumed cost of living adjustment.

⚠ For people with a net worth of \$10 million plus, on average, more than 50% of their net worth is not liquid

Source: Federal Reserve Survey of Consumer Finances

Summary Values at Age 90 **

The chart below summarizes the key values of the three life insurance policy options at age 90 . An additional stress test (blue) was conducted to the premium financing option to illustrate when a less favorable interest rate may be received.

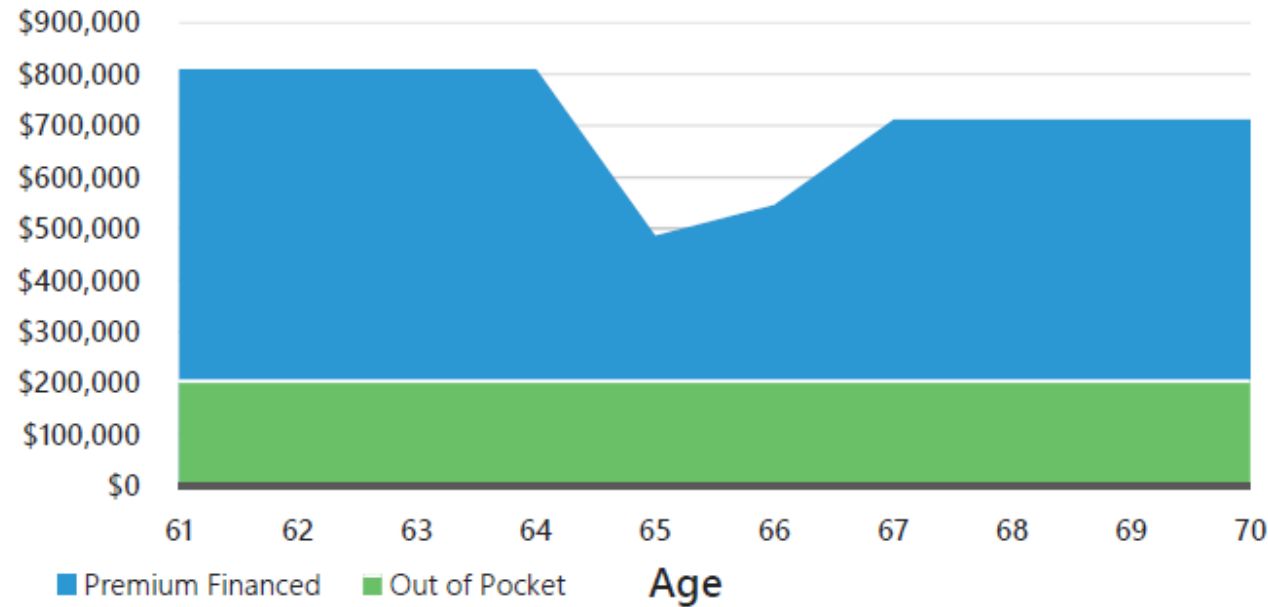
	NO ACTION TAKEN*	GUARANTEED SURVIVOR IUL	NON-FINANCED SURVIVOR IUL	PREMIUM FINANCE AT 6%	PREMIUM FINANCE - STRESS TEST AT 5%
Out of Pocket Costs	\$14,123,170	\$2,934,810	\$2,040,000	\$3,060,000	\$3,060,000
Death Benefit	\$0	\$10,000,000	\$10,000,000	\$19,450,718	\$13,564,468
Cost Compared to Benefit	100%	29.35%	20.40%	15.73%	22.56%
Death Benefit Internal Rate of Return	No Death Benefit	7.5%	6.6%	8.5%	6.8%
Cash Value	\$0	\$4,283,964	\$6,544,384	\$9,450,718	\$3,564,468
Cash Value Internal Rate of Return	No Cash Value	2.63%	2.63%	5.1%	0.7%
⚠️ALERT: *If no action is taken, the estate taxes would be paid out of pocket which means assets may need to be liquidated					

This summary is not an offer, contract, or promise of future policy performance. Actual policy values may be more or less favorable than the nonguaranteed values shown. Coverage is subject to the terms and conditions of the policy. The assumptions on which this summary is based are subject to change on an annual basis. **The selected age can be customized upon request.

Report Summary

Below is a year by year breakdown of the three life insurance options to help solve your estate tax liability. Included is the loan assumption for your premium financing policy as well as a stress test (blue) with a less favorable interest rate.

Client Age	Year	GUARANTEED SURVIVOR IUL			NON-FINANCED SURVIVOR IUL			PREMIUM FINANCE AT 6%			PREMIUM FINANCE - STRESS TEST AT 5%		
		Premium	Cash Value	Death Benefit	Premium	Cash Value	Death Benefit	Out of Pocket Costs	Net Cash Value After Loan Repayment	Net Death Benefit After Loan Repayment	Out of Pocket Costs	Net Cash Value After Loan Repayment	Net Death Benefit After Loan Repayment
61	1	\$97,827	\$0	\$10,000,000	\$204,000	\$27,842	\$10,000,000	\$204,000	\$98,455	\$10,098,455	\$204,000	\$91,123	\$10,091,123
62	2	\$97,827	\$0	\$10,000,000	\$204,000	\$223,902	\$10,000,000	\$204,000	\$217,728	\$10,217,728	\$204,000	\$195,125	\$10,195,125
63	3	\$97,827	\$0	\$10,000,000	\$204,000	\$430,410	\$10,000,000	\$204,000	\$350,981	\$10,350,981	\$204,000	\$304,359	\$10,304,359
64	4	\$97,827	\$11,838	\$10,000,000	\$204,000	\$648,124	\$10,000,000	\$204,000	\$493,837	\$10,493,837	\$204,000	\$413,571	\$10,413,571
65	5	\$97,827	\$90,796	\$10,000,000	\$204,000	\$881,722	\$10,000,000	\$204,000	\$682,829	\$10,682,829	\$204,000	\$560,920	\$10,560,920
66	6	\$97,827	\$201,063	\$10,000,000	\$204,000	\$1,128,914	\$10,000,000	\$204,000	\$878,634	\$10,878,634	\$204,000	\$705,880	\$10,705,880
67	7	\$97,827	\$306,592	\$10,000,000	\$204,000	\$1,390,568	\$10,000,000	\$204,000	\$1,074,955	\$11,074,955	\$204,000	\$839,700	\$10,839,700
68	8	\$97,827	\$413,224	\$10,000,000	\$204,000	\$1,667,537	\$10,000,000	\$204,000	\$1,285,186	\$11,285,186	\$204,000	\$974,611	\$10,974,611
69	9	\$97,827	\$553,983	\$10,000,000	\$204,000	\$1,960,717	\$10,000,000	\$204,000	\$1,510,811	\$11,510,811	\$204,000	\$1,110,844	\$11,110,844
70	10	\$97,827	\$699,612	\$10,000,000	\$204,000	\$2,271,058	\$10,000,000	\$204,000	\$1,753,150	\$11,753,150	\$204,000	\$1,248,362	\$11,248,362
71	11	\$97,827	\$850,261	\$10,000,000	\$0	\$2,398,295	\$10,000,000	\$204,000	\$2,071,151	\$12,071,151	\$204,000	\$1,451,230	\$11,451,230
72	12	\$97,827	\$1,006,067	\$10,000,000	\$0	\$2,516,919	\$10,000,000	\$204,000	\$2,409,268	\$12,409,268	\$204,000	\$1,663,036	\$11,663,036
73	13	\$97,827	\$1,164,836	\$10,000,000	\$0	\$2,642,374	\$10,000,000	\$204,000	\$2,768,634	\$12,768,634	\$204,000	\$1,884,017	\$11,884,017
74	14	\$97,827	\$1,331,385	\$10,000,000	\$0	\$2,774,946	\$10,000,000	\$204,000	\$3,149,628	\$13,149,628	\$204,000	\$2,113,590	\$12,113,590
75	15	\$97,827	\$1,503,515	\$10,000,000	\$0	\$2,914,887	\$10,000,000	\$204,000	\$3,554,112	\$13,554,112	\$204,000	\$2,352,592	\$12,352,592
76	16	\$97,827	\$1,658,099	\$10,000,000	\$0	\$3,089,924	\$10,000,000	\$0	\$3,823,219	\$13,823,219	\$0	\$2,457,567	\$12,457,567
77	17	\$97,827	\$1,818,411	\$10,000,000	\$0	\$3,274,270	\$10,000,000	\$0	\$4,109,565	\$14,109,565	\$0	\$2,565,077	\$12,565,077
78	18	\$97,827	\$1,984,521	\$10,000,000	\$0	\$3,468,013	\$10,000,000	\$0	\$4,413,497	\$14,413,497	\$0	\$2,674,352	\$12,674,352
79	19	\$97,827	\$2,156,309	\$10,000,000	\$0	\$3,671,110	\$10,000,000	\$0	\$4,735,087	\$14,735,087	\$0	\$2,784,279	\$12,784,279
80	20	\$97,827	\$2,333,572	\$10,000,000	\$0	\$3,883,369	\$10,000,000	\$0	\$5,074,057	\$15,074,057	\$0	\$2,893,321	\$12,893,321
81	21	\$97,827	\$2,516,001	\$10,000,000	\$0	\$4,105,016	\$10,000,000	\$0	\$5,430,642	\$15,430,642	\$0	\$3,000,381	\$13,000,381
82	22	\$97,827	\$2,703,347	\$10,000,000	\$0	\$4,335,781	\$10,000,000	\$0	\$5,804,080	\$15,804,080	\$0	\$3,103,284	\$13,103,284
83	23	\$97,827	\$2,895,281	\$10,000,000	\$0	\$4,575,347	\$10,000,000	\$0	\$6,193,222	\$16,193,222	\$0	\$3,199,394	\$13,199,394
84	24	\$97,827	\$3,091,407	\$10,000,000	\$0	\$4,823,246	\$10,000,000	\$0	\$6,596,245	\$16,596,245	\$0	\$3,285,326	\$13,285,326
85	25	\$97,827	\$3,290,812	\$10,000,000	\$0	\$5,078,544	\$10,000,000	\$0	\$7,009,869	\$17,009,869	\$0	\$3,356,165	\$13,356,165



Annual Amount Paid by Year

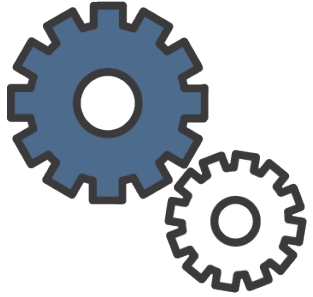
The graph to the left illustrates the amount of policy premium that will be financed (blue) and the amount that will be paid out of pocket (green). Keep in mind, the client is responsible for the out of pocket amount shown, which can be used to pay either the policy premium or the loan interest.

Key Premium Finance Values

Total Out of Pocket	Total Borrowed	Total Premiums	Leverage Ratio	Estimated Loan Pay off Amount	Loan Years
\$3,060,000	\$7,120,486	\$7,120,486	2.3/1	\$8,300,808	16

This summary is not an offer, contract, or promise of future policy performance. Actual policy values may be more or less favorable than the nonguaranteed values shown. Cover is subject to the terms and conditions of the policy. The assumptions on which this summary is based are subject to change on an annual basis. This summary is not valid without the corresponding insurance carrier illustration.

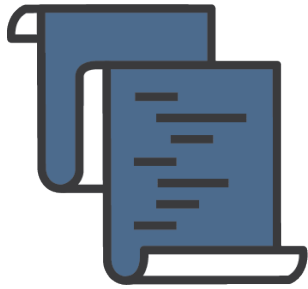
5 Parts of Successful Premium Finance



**3-to-1
Leverage**



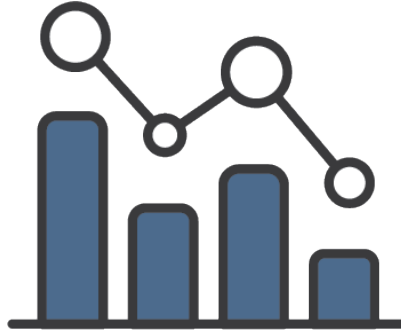
2.3/1



**Term insurance
blend**



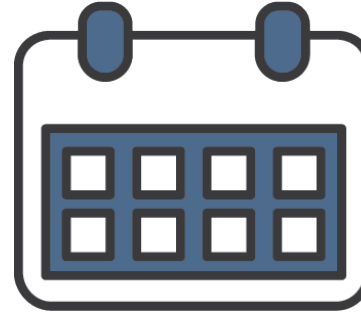
50%



**70% LTV on bank
loan exit**



69%



**10 years of
premium payments**



10 pay



**Age, risk level, and
goal appropriate**



61/55
Aggressive
Estate Taxes

Hybrid Financing Scenario

- 46 F, business owner
- \$300k annual income
- Limited retirement assets, NW tied to business & real estate
- Understands leverage and risk
- Goals: Catch up for retirement, tax free income, coverage for kids






How contributions work and combined totals.

Your Contribution										
Lender						 	 	 	 	 
Years	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10

How Kai-Zen® uses smart leverage.

You and the lender contribute for years 1-5. Then the lender uses those contributions as the security for all the additional funds added for years 6-10. The excess leverage provides you the potential for up to 187.71% more protection and distributions than other non-leveraged choices.

Contribution totals over 10 year period.

	Your Contribution (\$60,000 * years 1-5) 	\$300,000
	Lender Contributes Up To (\$45,165 * years 1-5) (\$103,815 * years 6-10) 	\$744,900
Total combined contributions 		\$1,044,900

Policy funding (\$60,000 x 5 years = \$300,000)

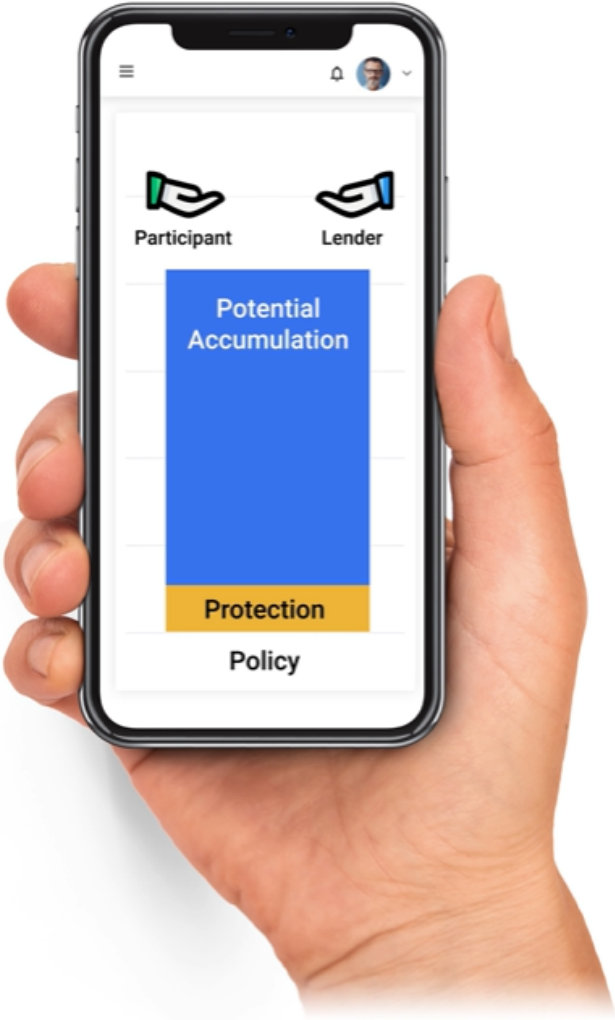
Your contributions are used to purchase death benefit protection that can provide cash in the event of a chronic or terminal illness. The excess funds have the potential to accumulate and grow over time, which can be used to help supplement your retirement.

Benefits and distributions by age

● Protection ● Accumulation

Internal Rate of Return
8.17% ⓘ

●	Initial death benefit protection (net of loan) Access to living benefit riders	\$1,945,471 ⓘ
Tax Free Distributions Between Age 67 and 100		
●	Begin potential tax-free distributions when using policy loans	\$105,000/ yr ⓘ
Age 100 (based off ages set above)		
●	Cumulative distributions taken from age 67-100	\$3,570,000 ⓘ
●	Remaining death benefit for beneficiaries net of all loan repayments.	\$865,770 ⓘ



Full comparison details between Kai-Zen[®] and alternatives.

	Index Life with Kai-Zen [®] Leverage	Index Life without Leverage	After Tax Investment	Tax-Deferred Investment
Potential Distributions for Ages 67-100				
Potential Annual Distribution	<i>i</i> \$105,000	<i>i</i> \$72,000	<i>i</i> \$45,791	<i>i</i> \$58,444
Total Potential Distributions Taken from Ages 67-100	<i>i</i> \$3,570,000	<i>i</i> \$2,448,000	<i>i</i> \$1,556,888	<i>i</i> \$1,987,098
IRR Calculations	<i>i</i> 8.17%	<i>i</i> 6.58%	<i>i</i> 5.08%	<i>i</i> 5.92%
Potential Protections				
Initial Death Benefit	<i>i</i> \$1,945,471	<i>i</i> \$955,242	\$0	\$0
Death Benefit Remaining At Age 90 After Distribution (Net of loans)	<i>i</i> \$865,770	<i>i</i> \$446,046	\$0	\$0

The Power of Leverage

Your Contribution Per Year (Years 1-5)

Your Trust Fees Per Year (Years 1-5)

Your Total Annual Contributions (Years 1-5)

Annual Potential Policy Distributions during Retirement age 67 to 100

Total Potential Policy Distributions

Initial Death Benefit

Policy Potential Death Benefit (at age 90)

Self-funded Policy

\$60,000

\$0

\$300,000

\$72,000

\$2,448,000

\$955,242

\$446,046

Kai-Zen

\$58,650

\$1,350

\$300,000

\$105,000 *

\$3,570,000

\$1,900,000

\$865,770 *

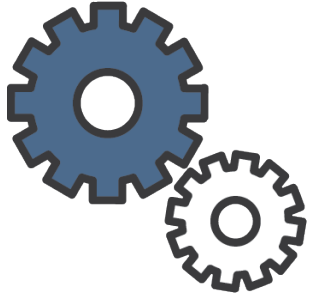
Stress Test Using Historical Interest Rates/Policy Performance:

1980s Stress Test Annual Supplemental Income: \$78,750 *

(The 1980 simulation assumes a gradual cap increases to 15%)

Great Depression Annual Supplemental Income: \$68,250 *

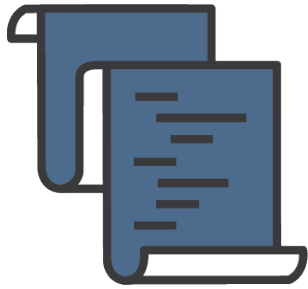
5 Parts of Successful Premium Finance



**3-to-1
Leverage**



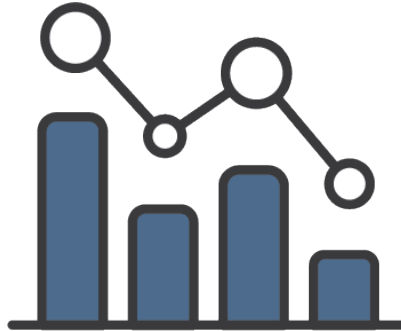
2.48/1



**Term insurance
blend**



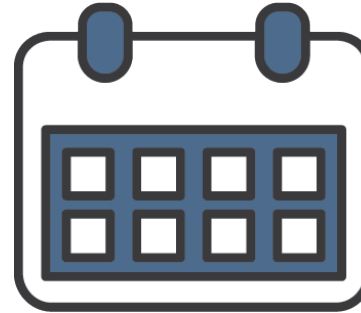
40%



**70% LTV on bank
loan exit**



74%



**10 years of
premium payments**



10 pay



**Age, risk level, and
goal appropriate**



46
Aggressive
Catch Up

**Premium Finance done the right way
leads to a higher close rate, satisfied
clients, and more referrals.**

TOOLS & RESOURCES

Collateral to Help You Close Your Next Case

Watch a LIVE demonstration of the ILIA selling platform and utilize client-friendly educational videos and the "Leverage Estate Preservation" Report branded to you and your business.



Keep Watching to Learn More!

~~\$500 Value~~
NO COST!

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