Managing Insurance Capacity for Enhanced Risk-Adjusted Returns
The New Paradigm for the High Net Worth Market

Your client's life insurance capacity is an untapped asset that, if managed properly, can enhance the family estate. The new paradigm is this: we can enhance total risk-adjusted returns by making a portfolio allocation to a death benefit.

As we all know, life insurance is afforded 2 key tax benefits: tax deferral of cash value growth and income tax-free treatment of death benefit proceeds. The stumbling block has always been the complexity, not understanding the costs; carrier restrictions inside their investment portfolios, and knowing the carrier can change their current pricing at any time to meet their shareholder obligations. NO LONGER!!

Today is a new day -- We now have access to a patented product that:

1. ***Dismantles*** the current cost structure of a variable life policy.
2. ***Eliminates*** the exposure to variable cost factor risks by providing a guaranteed asset-based insurance charge.
3. ***Defers and eliminates*** a portion of your client's total investment income from taxes, especially the tax-inefficient fixed-income alternatives, hedge funds, or other ordinary income vehicles. The result is a meaningful increase in your long term AUM without the usual tax complexities of K1's.
4. ***Features*** a death benefit that "floats" with the Cash Surrender Value (CSV). In down markets, CSV will decrease due to sub-account performance. No longer will the Cost of Insurance charges go up when this happens. Now, a pre-determined and guaranteed cost factor is used to calculate the death benefit. When the CSV drops, the death benefit drops, creating ultimate efficiency for product performance.
5. ***Distributes*** income tax free death benefit proceeds that will always be greater than the performance of the underlying assets (cash value).
6. ***Allows*** you and your money manager to create an IPS. Once created and approved by the carrier, the manager becomes a sub advisor for the insurance company. The manager not the insurance company manages the cash values in a separate account.
7. ***Family wealth*** is created by eliminating the income tax drag on the investment gains inside the separate account.

How, you might ask, is this accomplished? .....Private Placement Life Insurance

(*XYZ MANAGER*) creates a separate account directly with the carrier (*we use the highest rated carrier in this space)*, and manages the account according to the IPS.

Let's take a closer look. Let's assume a Male, age 60, with a $25,000,000 deposit, a hypothetical 7% return, and Federal tax of 33%, and a California State tax of 13%. How would our PPLI policy perform:

Age	After Tax Value	Cash Value	Death Benefit
65	$30,066,981	$33,043,041	$64,299,445
70	$36,160,934	$44,114,851	$75,451,835
75	$43,490,004	$58,204,927	$88,492,443
80	$52,304,526	$76,795,308	$105,393,113
85	$62,905,567	$100,130,782	$126,463,175
90	$75,655,220	$130,557,110	$154,763,704
95	$90,988,963	$169,825,766	$191,729,893

With these assumptions, at age 85, the policy values have increased your AUM by $38,000,000, while at the same time providing a death benefit that is double the taxable account managed outside of the policy!

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is intended to show a comparison between investing in substantially similar investments within a taxable investment vehicle versus a Private Placement Variable Universal Life insurance product, it is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice, a 46% combined federal and state income tax bracket and assumes that the taxable account does not hold any investment for more than 12 months. Taxable investments held longer than 12 months may qualify for lower capital gains and/or qualified dividend tax rates, which may make the return on the taxable investments more favorable, thereby reducing the difference in final value between the accounts shown. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees had been deducted.

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