



Funded
Insurance Trust™

A Unique Alternative for
Families and Businesses to
Create Tax Free Capital

Introductory Disclaimer

The following presentation is for educational purposes and analysis only.

It is not a formal offer for the purchase of a life insurance policy.

A formal offer of life insurance may only be extended after formal medical and financial underwriting are completed.

Funded Insurance Trust™ ... no payments

- Except for \$10 consideration for the trust, approved participants put no money into the program.
 - There are no life insurance premium payments made by approved participants since premiums are paid from the capital markets.
 - There is no loan interest paid by approved participants:
 - Interest is paid from the capital markets for first 10 years, and then from the life insurance policy.
 - All legal, accounting and trustee expenses are paid from the capital markets so there are no out of pocket expenses for participants.
 - Our **program bank** backing the transaction requires collateral to be posted to back its letter of credit: land, real estate, stocks, bonds, CD's, LCs from other banks
 - Since the bank will have a first lien on the assets used as collateral, they become a protected asset.
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Funded Insurance Trust™ ... what is it?

- A turn-key irrevocable life insurance trust, therefore it is a protected asset outside of an estate.
 - For families it is frequently structured as an *issuers trust to finance the life insurance only and then it is merged, tax free, into another estate trust in the future.*
 - FIT does not replace any estate planning, it is a “bolt on” to an existing plan that provides additional liquidity and assets that complement an existing plan.
 - Processes and procedures have been created to help complete a transaction within 8-12 weeks when assets approved to be used as collateral are readily available.
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While FIT may sound new to you, it's proven...

- Launched in 2009 in Fort Worth, Texas: available primarily in TX until 2019.
- Minimum policy size \$10 million.
- Average case size is about \$20 million in financing.
- Largest individual life policy to date \$100 million.
- Over \$5 billion of capital markets instruments are issued and outstanding.
- No collateral has been demanded to satisfy the backing of the transaction.
- Some participants have passed away and when they did, the collateral was released.

Funded Insurance Trust™ Primary Uses...





Estate Planning

The trust is structured outside of your estate.

There are no ongoing payments into the trust so there are no gift taxes, there is no use of the Unified Credit, there are no disclosure or Crummey letter requirements and there are no premium or interest payments made to acquire life insurance.



Fund Buy-Sell Agreement

Agreements are not funded because the business owners do not want to divert profits or cash flow to life insurance premiums or an escrow account to mitigate the risk of an owner passing away.

The trust does not require any payments to be made so cash flow and profits are not impacted.

FAQ:
“This seems to
good to be
true...?”

It is really good, but not too good to be true:

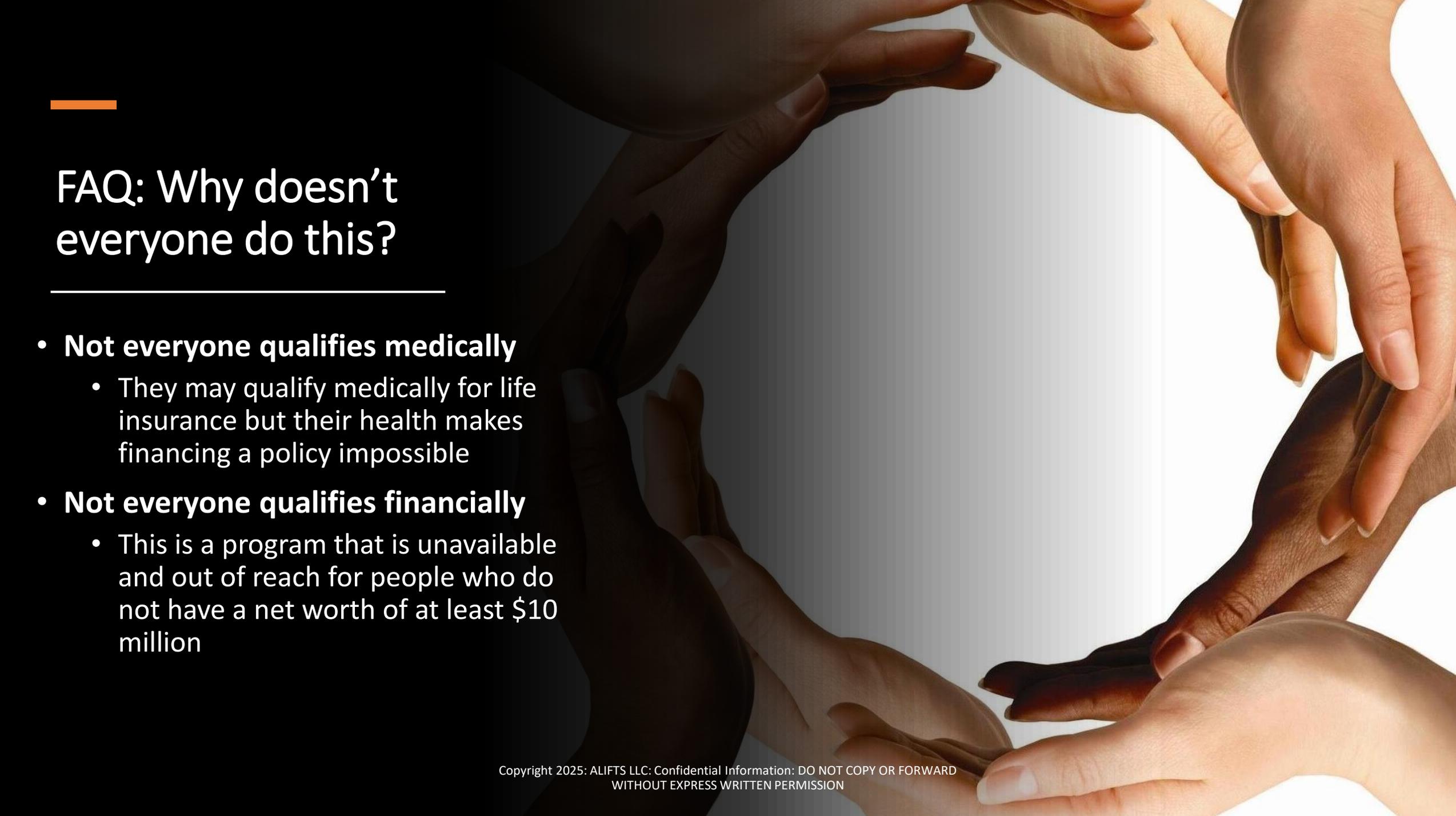
1. There must be a valid reason to acquire the life insurance policy on the insured.
2. This is not “free life insurance.” Collateral must be posted for a period of time to back up the financing.
3. A trust or other entity needs to be created and must be kept up to date to back the financing and own the policy.
4. Insured must go through medical and financial underwriting: not everyone qualifies.
5. None of our partners- the banks or life insurance companies or mutual fund companies or bond houses or law firms- would touch this transaction if it were too good to be true.



FAQ: Will I lose my collateral?

Since 2009...

1. **No collateral used has been demanded by the program bank to satisfy any debt.**
2. **Some participants still posting collateral have passed away. When that happened, the bonds were paid off immediately which then meant no letter of credit was needed, so the bank released the assets being used as collateral.**
3. **There are circuit breakers in the letter of credit agreement with the program bank that provide alternatives to protect the collateral while maintaining the financial integrity.**



FAQ: Why doesn't everyone do this?

- **Not everyone qualifies medically**
 - They may qualify medically for life insurance but their health makes financing a policy impossible
- **Not everyone qualifies financially**
 - This is a program that is unavailable and out of reach for people who do not have a net worth of at least \$10 million

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- This is a cashless collateralized transaction: no payments
 - No gift tax, no income tax, no estate tax, no Crummey letters or disclosure required
 - Started in 2009 and has over \$5 billion supporting policies
 - It has been vetted by banks, insurance companies, law firms, CPA firms and bond houses as an approved transaction
 - No collateral has been lost by participants
 - Not everyone qualifies



What are the Next Steps?

If interested, see if you can qualify by:

- 1. Have a preliminary illustration of life insurance coverage and the financing run for you.*
- 2. Review the preliminary financing structure that is based on the insurance coverage.*
- 3. Decide to move forward with a formal offer of coverage to see what the real financing structure will look like.*

There is no obligation to see if you qualify.

