



# ASSET BACKED INSURANCE LENDING

## *With Charitable Income Generation*

### EXTRA INCOME

Regardless of how wealthy a family may be, extra income can always be put to good use. Especially when that income is a bonus as a result of prudent capital management. This income can be used for a myriad of reasons including **charitable giving**, trust income enhancement, investments & more.

*ABIL* is an established, differentiated life insurance premium finance program. It is designed to provide large amounts of coverage at little or no out-of-pocket cost to the insured. This is accomplished by leveraging client collateral to secure bank loans to pay life insurance premiums. Due to the program's carefully designed structure, policy cash value is projected over time to pay off the cumulative bank loan, leaving a "self-sustaining" policy for the client.

### CHARITABLE INCOME DESIGN

Through careful adjustment to the basic program design, we can accelerate cash value growth to pay off the loan sooner and leave enough residual cash value to supply a lifetime of tax-free income.

### A TYPICAL CLIENT PROFILE

Jim and Sue are married with three children and have a net worth of approximately \$100 million. Jim is 50 and Sue is 45. They already have a \$50 million second-to-die policy being financed through the *Asset Backed Insurance Lending (ABIL)* Program, for estate tax planning. But since they are passionate philanthropists, they are considering another application to produce income for charity.

### THE PLAN

Jim and Sue expect the size of their net estate to at least double over their life expectancies. Therefore, they have additional insurance capacity that can be used now more effectively. They have decided to place another \$50 million policy on Sue using the *Asset Backed Insurance Lending (ABIL)* Program. They have plenty of excess collateral to secure the financing for the new policy. However, their case design has been adjusted to produce a lifetime income stream from the policy cash values, starting at Sue's age 61. At this point, the remaining cash values will allow annual distributions of \$1.5 million in tax-free income for the rest of Sue's life. Jim and Sue intend to gift all of this income to charity. The policy death benefit is projected to be above \$50 million by Sue's age 85. As with any *Asset Backed Insurance Lending (ABIL)* Program, this scenario is projected with a high probability of no out-of-pocket cost.

### ADVANTAGES:

- A cost effective way to obtain substantial life insurance and provide a large income stream in the future
- Client assets used for loan collateral continue working -
- no loss of investment opportunity
- Saves substantial taxes
- Collateral is left under client control and returned prior to loan exit (retirement of bank loan)
- Provides large life insurance death benefit and future income with a high probability of no out-of-pocket cost

### CLIENT PROFILE:

- Ages 1-60
- Minimum net worth of \$15 million
- Minimum loan amount of \$5 million
- Insurable, preferably in good health



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