



# PREMIUM FINANCING FOR LIFE INSURANCE

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THE WHO, WHAT  
AND WHY?



TRUTH AND TRANSPARENCY

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## PREMIUM FINANCING FOR LIFE INSURANCE THE WHO, WHAT AND WHY?

You have heard the term, but you don't know how it works. You may even be familiar with the strategy, but not aware of the nuances. How might this strategy benefit your clients? And which ones? Why should one use premium financing over other types of loan investment alternatives?

Premium Financing is a strategy whereby a qualified borrower is provided with access to third party financing to pay for large life insurance

premiums. The insurance companies have constructed specific products for these financed plans to minimize outside collateral and maximize returns. This allows individuals and businesses to leverage current assets, maximizing returns via predetermined cash flow.

Every Premium Finance strategy should be tailor-made to each client, with all strategies following a similar path:



Premium Financing is widely accepted by many insurance companies and is reserved for qualified clients. An ideal client would have a minimum net worth of \$5 million, although the sweet spot is \$25 million, and could include:

- » Real Estate Owners
- » Privately Held Business Owners
- » Multifamily Offices
- » Corporate Executives
- » Hedge Fund Owners and Managers
- » Private Equity Firms
- » Physicians
- » Successful Professional Advisors

Why is Premium Financing such a valuable financial tool? In addition to the death benefit, the retained capital from not having to liquidate other assets to pay insurance premiums can allow for additional investment opportunities. Other advantages can include:

- » Reducing or eliminating the out-of-pocket cost for life insurance
- » Taking advantage of an insurance company's crediting rate that may outperform the borrowing costs
- » An opportunity for moneys saved by not paying the premiums to outperform the borrowing cost
- » Given a set cash flow, an opportunity may exist to purchase more life insurance than if the client were to pay pays the premium out of pocket
- » Reducing or eliminate gift taxes

It is important to use qualified financial, legal and tax experts when setting up a Premium Finance strategy due to its complexity in nature. Vérité Group, LLC, can help with strategy and implementation.

For more information on Premium Financing and Vérité Group, LLC., please visit [www.veritegroupllc.com](http://www.veritegroupllc.com).