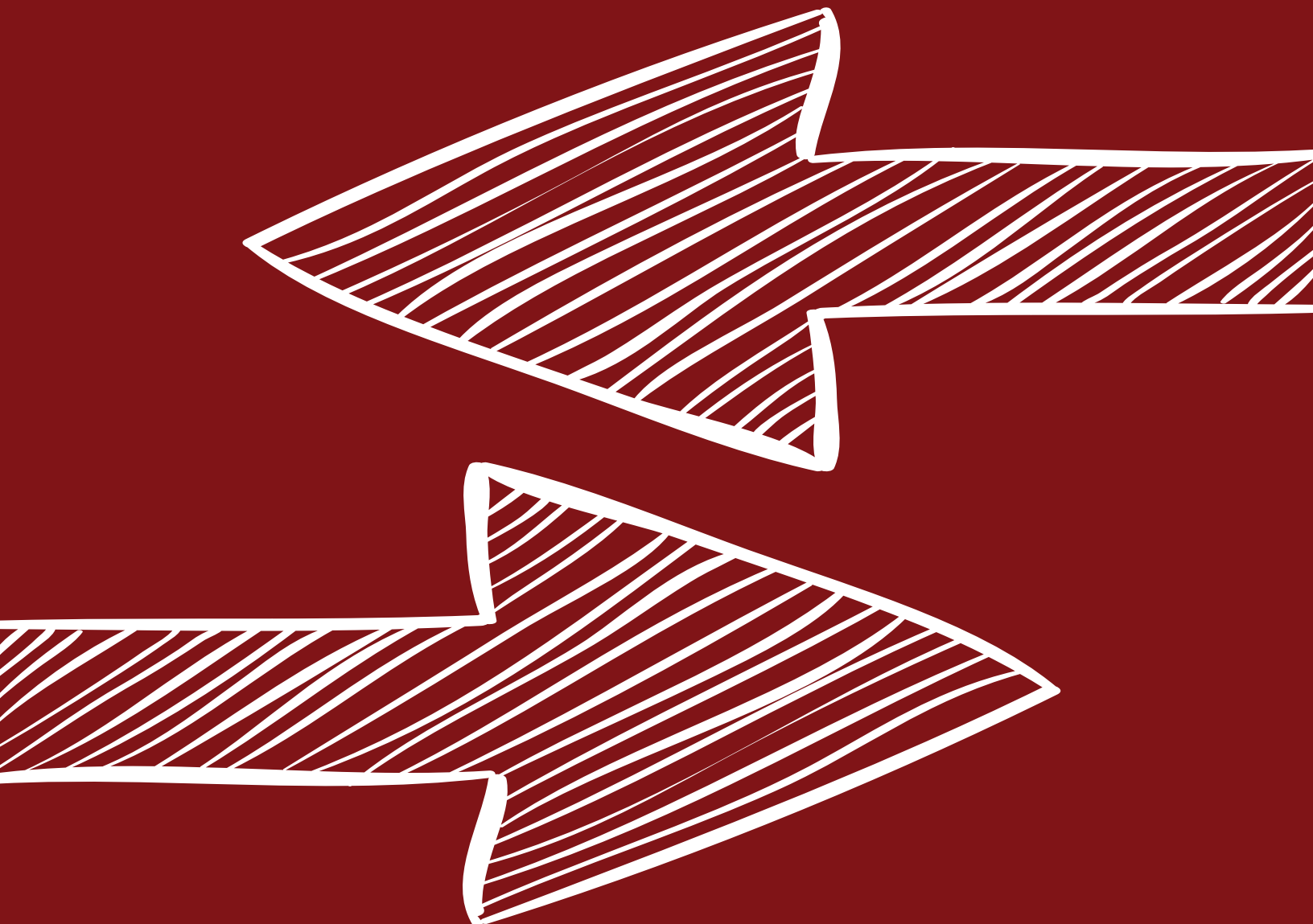




TRUTH AND TRANSPARENCY™

# CASE STUDY

MR. TERM CONVERSION



## MR. TERM CONVERSION

### BACKGROUND ▾

Mr. Term Conversion is a 57 year old business owner who is ready to sell his business and finally ready to address his estate plan in anticipation of a large upcoming liquidity event. His net worth is predicted to grow to \$85 million as a result of the sale. He has been a client of the referring life insurance agent for over 12 years and currently has only \$10M of term coverage in place.

Despite a need for a large block of life insurance, Mr. Term Conversion is apprehensive about paying large premiums. His attorney has suggested \$20M of life coverage to be placed in an ILIT to accompany other estate planning instruments.

### OPTIONS ▾

- 1 Purchase Guaranteed UL at \$285,840/year 10 pay
- 2 Private financing
- 3 Third party premium financing

### RESULT ▾

- Mr. Term Conversion very comfortable with leverage and controlling his liquidity while minimizing what needed to be set aside
- No interest in a committed cash flow to age 100
- Moved \$3M of liquidity to the lender and secured a 3 year revolving loan facility of 30 day LIBOR plus 1.25%
- His \$3M to serve as collateral
- Committed to \$200,000 of annual cash flow for the loan

### ▾ CONCLUSION ▾

# THERE IS NO CASE TOO COMPLEX FOR US