



Funded Insurance Trust™

An Introduction to a Client
Planning Tool for Law Firms

Funded Insurance Trust™... no payments

- Participants put no money into the program except \$10 for consideration.
 - 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.
 - ***Law firms involved have their expenses paid from the capital markets: clients are not billed***
 - ***Collateral is required*** by the program banks we work with to back the transaction.
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Funded Insurance Trust™

- FIT™ is a turn-key irrevocable life insurance trust: all documents are ready.
 - For families it is designed as a spendthrift, creditor and predator proof trust.
 - For businesses it is a separate asset off the balance sheet and it is not subject to outside creditors or bankruptcy.
 - FIT™ is structured using a proprietary processing methodology to complete the entire transaction within 75-90 days: if it is truly in the best interest of the candidate then our job is to get the transaction done as efficiently as possible.
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Funded Insurance Trust™

- Capital is created in the trust using high cash value life insurance: index universal life insurance is the standard policy required to finance the transaction.
 - Trust may be structured so income tax-free payments can be taken in the future: this answers the question, “What’s in it for the insured?”
 - FIT does not replace any estate planning previously done, it is a “bolt on” to an existing plan that provides additional liquidity/assets that complement the clients existing plan
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It's not that we
hate
life insurance
but we don't like
paying for it...

**How much life insurance would
you want if you did not have to
write a check to pay the
premiums or interest?**



Funded Insurance Trust™

Primary Uses...



Estate Planning What we've heard...

"I don't want my children to be forced to sell assets that we created in order to pay the IRS. If they want to sell things, fine, but not be forced to by the IRS."

"I don't want my children who are not in our family business forcing the sale of the business to help them cash out."

And I don't want the children in the business forced to get loans to pay off their brothers and sisters."



Estate Planning

FIT™ is structured outside of your estate. The death benefit proceeds can be used to pay the IRS the estate tax or used to equalize the estate structure.

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

What we've heard...

“Our company is growing fast and we’re putting everything back into the business.

We agreed to buy out each other if something happened to one of us. We will be putting something in writing soon.

The chance of something happening to one of us is pretty slim.”



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.

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

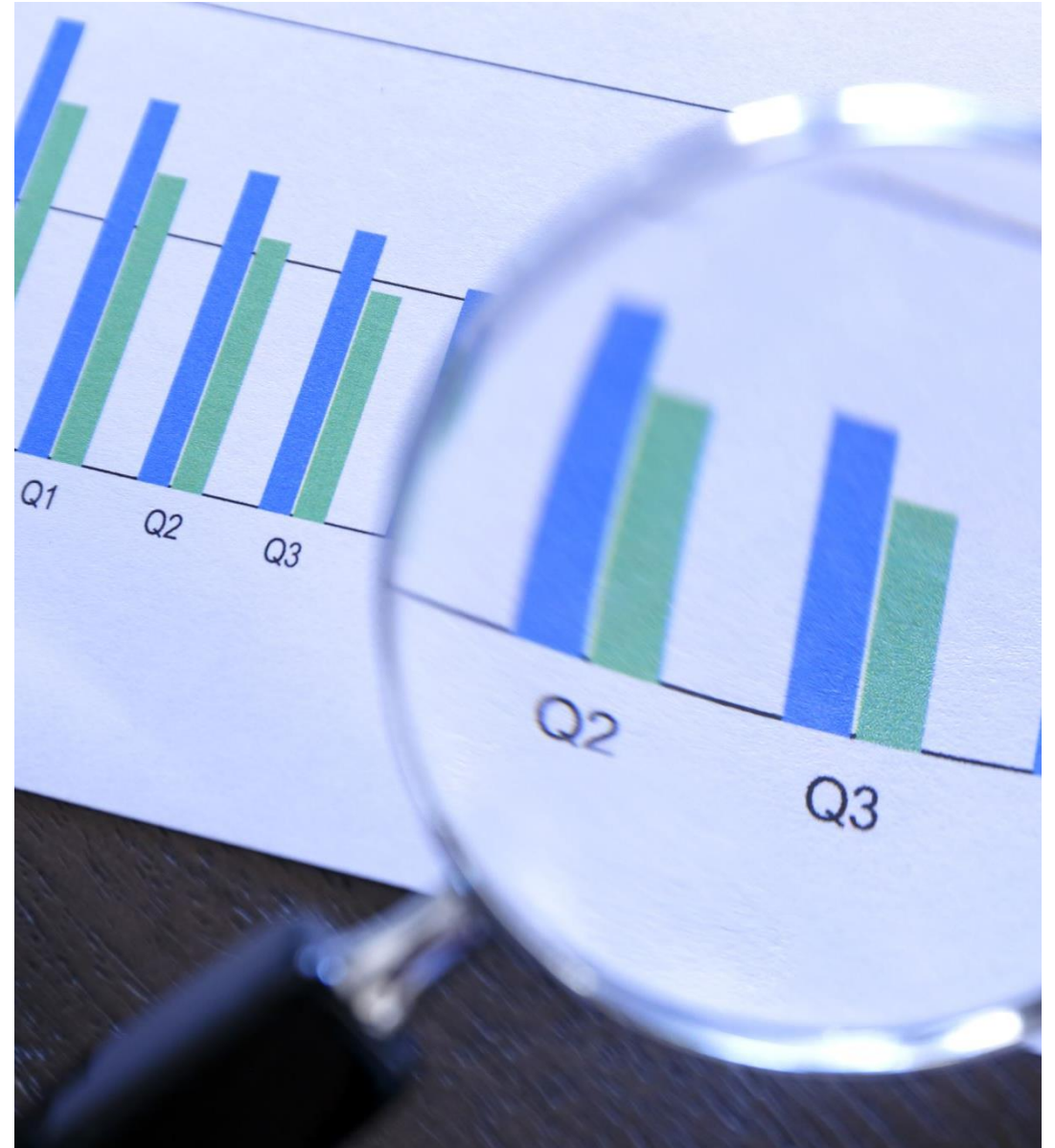
A Comparative Review of Alternatives for Acquiring Life Insurance:

Why would any client
have an interest in
FIT™?



Analysis: \$20 million Life Insurance Coverage

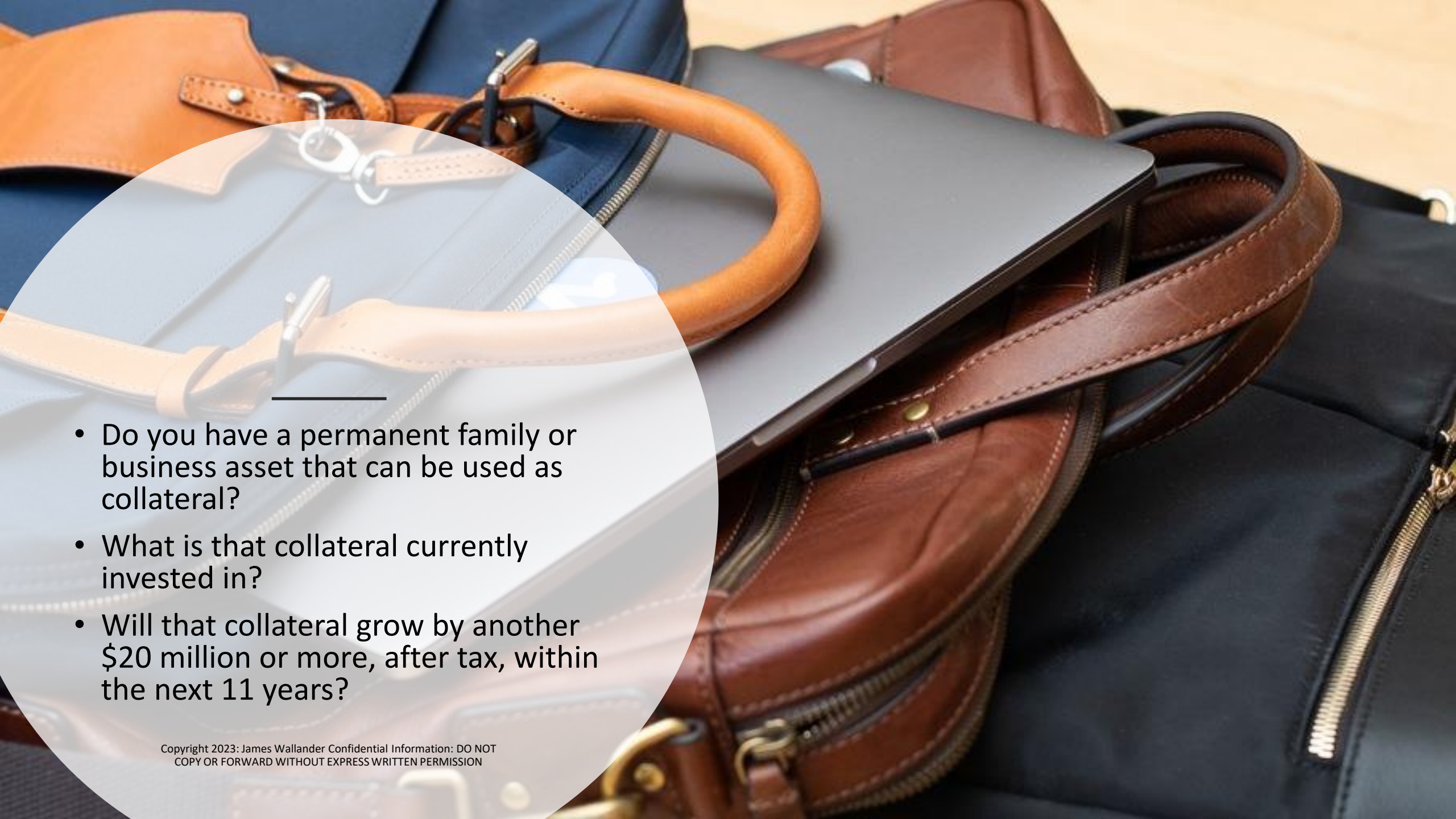
- If the premium is paid out of pocket, then the goal is to minimize the premium amount while being covered.
- If the premium is to be financed, then the goal is to minimize interest payments and collateral.
- Alternatives
 - 20-year term
 - Guaranteed Universal Life to age 95
 - Traditional Premium Finance
 - Funded Insurance Trust™



Comparative Analysis of Options

\$20 million life insurance/M-61/Standard/N-T/TX

	20 Year Term	Guaranteed UL	Traditional Premium Finance		FIT™
Annual Premium paid by Owner	\$195,510	\$386,377	0		0
Number of Payments	20	34	0		0
Total Interest Due from Owner	NA	NA	\$2,578,479		0
Collateral Required by Owner	NA	NA	\$1,106,175		\$2,676,097
Year Collateral released	NA	NA	7		11
Total Payments	\$3,910,200	\$13,136,818	\$2,578,479		0

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- Do you have a permanent family or business asset that can be used as collateral?
 - What is that collateral currently invested in?
 - Will that collateral grow by another \$20 million or more, after tax, within the next 11 years?

“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 FHLB or mutual fund companies or bond houses or law firms or life insurance companies- would touch this transaction if it were too good to be true.

While it may
sound
new to you,
it's proven...

Funded Insurance Trust™ Historical Experience

- **Launched in 2009 in Fort Worth, Texas: available primarily in TX until 2019**
- **Average case size is about \$20 million in financing**
- **Over \$4 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**

FIT™ *is not for everyone...*

There must be a real need for life insurance, and all medical and financial underwriting requirements must be met.



How is the law firm involved?

Law firms are involved in guiding their client in creating the final trust documents and making sure FIT™ complements any existing estate plan.

- **The client is not billed for this legal advice- the trust is billed and pays this expenses from the capital raise.**
- **The law firm is paid up to \$20,000 for assisting the client.**
- **All referrals from new FIT clients will be directed back to the client's law firm for assistance in future cases.**



Next Steps

1. Sign Mutual NDA
 2. Due diligence presentations
 3. Identify candidates at the law firm who may have a need and may qualify
 4. Introduce candidates to FIT™
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