

THE GFD ADVISOR



summer 2015 issue TWENTY

WE'VE LAUNCHED A NEW SITE!



GFD is excited to announce the launch of our totally overhauled corporate website: www.globalfd.com!

Why did we change it, you may ask? Well, we wanted to take our own advice given in the last issue of The GFD Advisor regarding the importance of regularly updating your online presence. In addition, in spite of the ease of use and intuitive design, it was time to upgrade to a new platform to ensure the most secure site viewing experience possible – at GFD we want to be sure that you can surf in confidence.

Additionally, the new GFD site is totally mobile-compliant. That means, whether you're on your phone or at your desk, you can access the GFD site readily and quickly gain access to the information you need anywhere.

There is an important note: as part of the transition to the new site platform, we are requiring that all users of our information portal (the GFD Global Gateway) visit the site and update their passwords prior to gaining access to the Gateway. This update takes little time and it helps us ensure that your information is updated and secure.

Also, please note that we have placed our resources section behind a "capt-

what'sINSIDE



- P2** Social Media Update / Upcoming Webinars
- P3** ARC Program Update
- P4** Advisor Insight by Dan Rooney
- P5** Sample Business Loan Transaction
- P6** GFD Updates on the Go/ Interesting Statistics

cha" (that's an email address gathering tool). We know this may seem like an inconvenience, but it allows us to better provide up-to-date content and tools to advisors like you.

We hope you enjoy the newly renovated GFD website – if you haven't taken a look, please drop in and look around.



upcoming **WEBINARS**

IMPORTANT SOCIAL MEDIA UPDATE!

Do you use social media as part of your daily business?

If yes, good for you! If not, why not?

According to Marketo, over the past few years, financial services firms have been extremely slow to adopt social media marketing compared to other industries. Fortunately, the financial services industry's online social networking presence is beginning to improve. Have you joined in?

Social media enables you to connect with and rapidly gather and disseminate information to a broad range of clients, prospects and business partners simultaneously. Not only can you push information out, you can use social media platforms as a great way to collect information valuable not only to you, but also to those same clients, prospects and business partners.

GFD is a strong proponent of social media and we have dramatically beefed up our presence on Twitter, Facebook and LinkedIn – as such, we would like to invite you to “Follow”, “Like” and “Connect” with our social media sites. The list below gives you the direct links to find us on the outlets mentioned above:

- ▶ www.twitter.com/GlobalFinancial
- ▶ www.facebook.com/GlobalFD
- ▶ www.linkedin.com/company/global-financial-distributors-inc-

Following GFD on these sites is a great way to be ahead of the curve for important informational updates including rate updates, new program offerings, webinars, and other critical business news from GFD that could benefit you.

So, if you haven't yet jumped on the social media bandwagon, we invite you to get started today and make us your first stop!

Below is the complete Webinar schedule through the end of 2015. You can register for any of these webinars by accessing the Webinar Calendar at www.globalfd.com.

SEPTEMBER 2015

UNDERSTANDING LEVERAGED PLANNING SOLUTIONS

September 2, 2015, 1:00pm - 2:00pm ET

POWER PROSPECTING

September 16, 2015, 1:00pm - 2:00pm ET

MANAGING THE CASE PROCESS

September 23, 2015, 1:00pm - 2:00pm ET

CLIENT PRESENTATION

September 30, 2015, 1:00pm - 2:00pm ET

OCTOBER 2015

UNDERSTANDING LEVERAGED PLANNING SOLUTIONS

October 7, 2015, 1:00pm - 2:00pm ET

POWER PROSPECTING

October 14, 2015, 1:00pm - 2:00pm ET

MANAGING THE CASE PROCESS

October 21, 2015, 1:00pm - 2:00pm ET

NOVEMBER 2015

UNDERSTANDING LEVERAGED PLANNING SOLUTIONS

November 4, 2015, 1:00pm - 2:00pm ET

POWER PROSPECTING

November 11, 2015, 1:00pm - 2:00pm ET

MANAGING THE CASE PROCESS

November 18, 2015, 1:00pm - 2:00pm ET

DECEMBER 2015

UNDERSTANDING LEVERAGED PLANNING SOLUTIONS

December 2, 2015, 1:00pm - 2:00pm ET

POWER PROSPECTING

December 9, 2015, 1:00pm - 2:00pm ET

MANAGING THE CASE PROCESS

December 16, 2015, 1:00pm - 2:00pm ET

ARC PROGRAM INFORMATION



Do you know that GFD offers the premium financing industries' ONLY Non-Qualified Deferred Compensation plan for advisors who close cases with us? If you've been reading your emails, you know this, but we wanted to take a moment to remind you about the program once again.

The Advisor Recognition and Compensation (ARC) program from GFD is a game-changer for compensation in our industry. Offering qualifying advisors the ability to earn a trail of income based on the persistency of loans closed. The example below shows how an advisor closing one new case a year (each of which generated at least \$500,000 per year in fundings) receives credits for not just the original funding but for each subsequent year that funding remains on our books.

- » Advisor Sara closes a \$2.55mm case in Year 1 (case 1). In Year 1, Sara earns one credit for the first \$510k in funded premium. (\$2.55mm/5 payments = \$510k funding = 1 credit) - see (a) below
- » In Year 2, Sara earns one credit for the \$510k from case 1 that remained persistent – see (b) below. In Year 2, Sara earns 1 credit (c) for the newly funded \$510k from case 1 – which she originated in Year 1 (\$2.55mm/5 payments = \$510k funding = 1 credit) – see (c) below.
- » In Year 2, Sara closes a newly originated \$3.75mm case (case 2). In Year 2, Sara earns one credit for the newly originated \$750k in fundings from case 2 (\$3.75mm/5 payments = \$750k funding = 1 credit) - see (d) below.

	1st Year Funding	Total 1st Year	2nd Year Funding	Total 2nd Year
Case 1 (\$2.55mm)	\$510k	\$510k (a)	\$510k 1st advance - Persistent (b) \$510k 2nd advance (c)	\$1.02mm
Case 2 (\$3.75mm)			\$750K	\$750k (d)
Credit Threshold		\$500k		\$500k
Total Funding Pool		\$510k		\$1.77mm
Credits Earned		1		3

For advisors closing just one new qualifying case a year, the potential to receive a substantial amount of additional income following the required vesting period is significant!

If you're writing business in the life insurance premium financing market or you have clients that already have existing premium financing arrangements or have heavily loan encumbered policies that they'd like (or are required) to refinance, give us a call. And of course, if you're interested in expanding your marketing reach to include the kinds of advanced planning options presented by GFD's Leveraged Planning® solutions, then definitely call us – we can get you up and running and prospecting in your existing book of business quickly!

For more information about ARC, visit www.gfdarc.com or call us at 800-515-2599.

ADVISOR INSIGHTS

Premium Financing Life Insurance Policies

By: Dan Rooney, CPF



Life insurance is a tax advantaged tool that may be used to fund a tax free retirement income for the right client.

The internal buildup of the policy, as well as the loans from the policy along with the death benefit are all potentially very powerful, income tax free benefits when a program is structured correctly.

When the premium is financed, it's possible to substantially increase the cash value of the life insurance policy without using a lot of the client's personal cash or the working capital of their business. The increased value will result in a substantial increase in their annual retirement withdrawals from the policy and/or the associated death benefit.

So who do we see as an ideal candidate for this type of planning?

- They may be self-employed or an employee
- Client is insurable
- Taxable income over \$250k
- Primary Insured is between 35-50
- Net worth approaching \$5M
- Desire for a secondary source of retirement income
- Buy Sell Agreement is needed

- May be used for family members as well (children may use withdrawals for college, weddings, etc.)

Once the case has been designed, the client applies for a policy with the carrier, the loan is applied for (the interest rate is dependent upon the annual advance and the one year LIBOR) and estate planning is done before policy issue (if that is part of the case design).

For the first 7-10 years, the client will borrow part or all of each premium payment. In some cases (if the carrier permits), the interest may be capitalized as part of the existing loan or it may be paid annually. (Note that the interest is typically paid or capitalized a few years beyond the last premium payment to allow the accumulation value to grow).

“... we are able to make a very compelling argument for Premium Financing as a very powerful tool – one that can provide a cost effective, high value plan for retirement.”

Once the accumulation value is adequate, the loan from the outside lender is retired by taking a loan from the

policy. The remaining cash value in the policy continues to grow until the client's retirement age, when annual loans are taken from the policy until age 120 providing tax-free income.

This type of planning essentially provides wealthier individuals (e.g. those who make too much money to contribute to a Roth IRA) the ability to emulate a Roth by using after-tax dollars to fund part of the premium (part or all of the premium may be borrowed) and withdraw annual amounts tax free in the future with the added death benefit provided by the policy.

Between my partner, who is a CPA, and myself, we are able to make a very compelling argument for Premium Financing as a very powerful tool – one that can provide a cost effective, high value plan for retirement.

Dan Rooney is a Certified Financial Planner (CFP) with over 35 years of experience providing wealth transfer planning for high net worth individuals, business owners and professionals. He and his partner, Sally McPherson, CPA, has implemented numerous Leveraged Planning® Solutions for their clients. Dan can be reached by email at dfrooney@usa.net or phone at 770-335-7224. Sally can be reached by email at sallylizmcp@gmail.com or phone at 770-815-3925.

Advisor Insights features articles by advisors within the insurance-backed lending and life insurance premium financing marketplace. If you would like to contribute, please contact your FSM or email us at: marketing@globalfd.com.

Sample Business Loan Transaction

What does a “typical” Leveraged Planning® loan solution look like?

Although few scenarios are ever really “typical”, we wanted to present a sample that shows some of the particulars and circumstances of a Leveraged Planning Solution case.¹

ASSUMED FACTS

An ongoing business wishes to provide an executive benefit to its key employee. They choose to provide a cash value life insurance product looking for protection and income in later years. The product, owned by the employee (or their trust) will support \$300,000 of deposits annually for 10 years.



THE APPROACH

- The ongoing business takes out a \$3M loan (\$300k X 10 yrs.), taking the money in equal annual amounts.
- Assuming 4% interest, then the business pays \$12,000 in interest in yr. 1 (\$300k X 4%). The client and CPA determine the business interest is deductible² as the loan accomplishes numerous legitimate business purposes.
- Business and key employee enter into a Sec. 7872 transaction:
 - Key employee has a demand promissory note (executed or implied by law) for \$3M mirroring the terms of the business loan. No balance sheet impact to the business (debt to lender offset by asset from key employee).
 - Employee must pay full interest on the note or the federally “deemed” interest (AFR) in accordance with Sec. 1274(d).
 - The AFR generally used (demand note) is the Sec. 7872(e)(2) blended annual rate published each July. Current rate is .28%, so employee pays \$840 in Year 1 (\$300K X .28%).
 - The \$840 is recognized as income by the company.
 - The company could pay the \$840 to the employee and take a deduction (salary or bonus) and the employee would be taxed on the amount as income (employee still pays the \$840 back to the company).

NOTES

- The employee would assign the policy as collateral for the loan. Any shortfall in collateral would be covered in cash, letter of credit, etc. The lender would be directed to send the annual advances directly to the insurance carrier.
- No personal guarantee from, the employee would be required as a commercial loan exists.
- The business accepts a UCC(1) filing as additional collateral for the loan creating asset protection for the business.

¹ Results will vary depending on interest rates and policy crediting rates.
Hypothetical scenario for illustration purposes only.

Information on this document subject to change without notice. Please contact us for the most current information.
Nothing in this document constitutes an offer to finance.

² All clients must confer with their financial and tax advisors on interest deductibility or tax treatment matters. GFD does not provide tax advice. Loans and financing must be carefully considered and reviewed with qualified advisors.



Do you have business owner clients or clients with high net worth? If the answer is “Yes”, GFD’s Leveraged Planning® Solutions - the industry’s best Life Insurance Premium Financing and Insurance-Backed Lending options - may be the ideal fit for them. Contact us today to “kick the tires” and learn more about Leveraged Planning solutions.

Just give us a call to discuss the potential Leveraged Planning clients in your book of business, send us a new qualified loan application and we’ll send you a \$10 Starbucks® e-gift card.

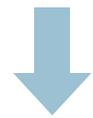
Don’t miss out, call your FSM today!

interesting **STATISTICS**

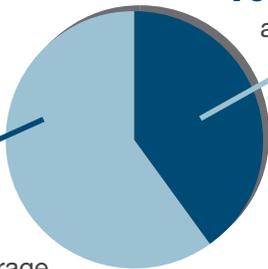
43% of Americans claimed their family would feel the financial impact in **6 months or less** if their primary breadwinner passed away, while



29% said they would be in financial trouble in only **1 month**.



Just over **60%** of American adults have life insurance coverage



Leaving over **100 MILLION** adults in the US without life insurance protection

All statistics are from the 2015 Insurance Barometer Study from Life Happens and LIMRA

now **AVAILABLE** GFD Updates on the GO!

If you’re like most business people, your phone is your number one professional resource – particularly your mobile phone. So, when you’re on the go, and you want to access important web-based informational updates, it can be frustrating to try and navigate through websites (even sites so totally mobile-friendly as www.globalfd.com). So, what are your options?

Well, you could download static images onto your phone or print out a bunch of things to carry everywhere you go. Or, you could join the 21st century and simply have the information sent to you on demand.

GFD is excited to announce the launch of our mobile update system that allows you to request information on rates or terms or contact us on the go using the power of texting.



To take advantage of this powerful new service offering is extremely simple. Just text either **GFD RATES**, **GFD TERMS** or **GFD CONTACT** to **41411** and you will receive a link sent straight to your text inbox that will take you to the information you need, when you need it.

In addition to on-demand information, GFD will also periodically (very infrequently, we promise) push out highly critical informational updates to you via text (things like rate updates, new programs, etc. – but we promise to leave you alone 99% of the time).

We are excited to roll out this great new tool and we hope you too are excited to take advantage of it!

