



# Leveraged Planning<sup>®</sup> Solutions

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Presented by: ADVISOR NAME



**Who** are Leveraged Planning Solutions for?



**What** are the Solutions?



**How** do the Solutions work?



Taking a Closer Look: **Case Study**



WHO ARE THE SOLUTIONS FOR:  
**BUSINESS OWNERS**

# THE BUSINESS OWNER'S CHALLENGE

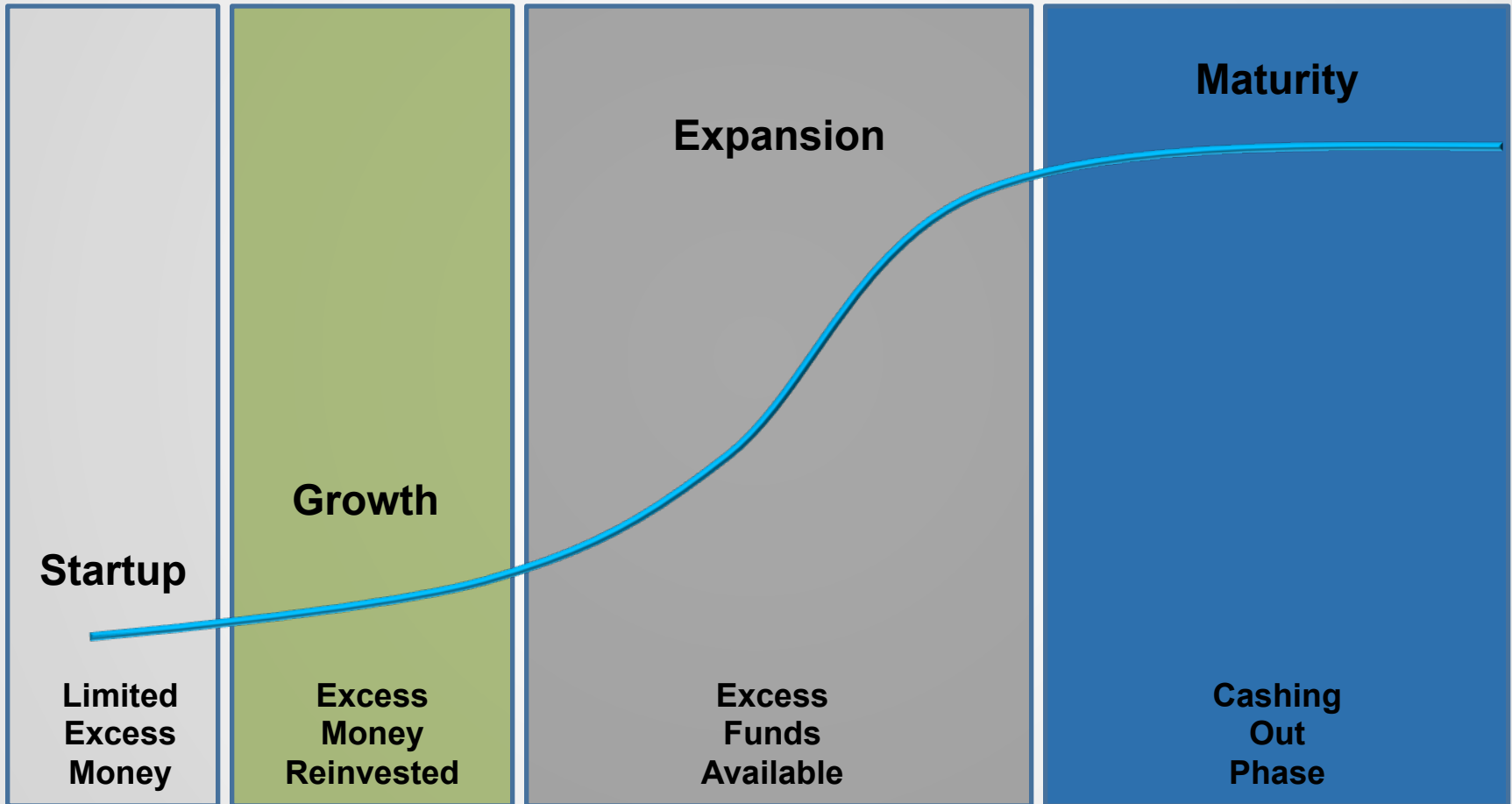
- ❑ Nearly 40% of business owners don't have a retirement income strategy outside of their businesses.<sup>1</sup>
- ❑ 60% of Business Owners are very concerned about their long-term financial future.<sup>2</sup>
- ❑ 34% of Business Owners worry they will outlive their savings.<sup>2</sup>

## So why the challenge?

1 MassMutual Business Owner Perspectives Study, 2015

2 The Principal Financial Well Being Index: Business Owners Study, 2014

# PHASES OF THE ENTREPRENEURIAL BUSINESS



## Government Mandated Restrictions



**RETIREMENT**



**HEALTH**

## Plans:

- ❑ designed solely for you, the Business Owner,
- ❑ that allow for large sums of money to grow tax deferred,
- ❑ that are tax efficient and cost effective,
- ❑ that use your business checkbook, and
- ❑ that will create less risk and more stability in your portfolio



WHAT ARE THE SOLUTIONS:

**LEVERAGED PLANNING®**



# RULE OF 72

## How long does money take to double?

Divide by the assumed rate, the result is the number of years until a sum doubles.



**Assumptions:** Net Book Value of Business – \$500K Interest Rate – 7.2%

**Note:**

Hypothetical results for illustrative purposes only and not a representation of past or future results.

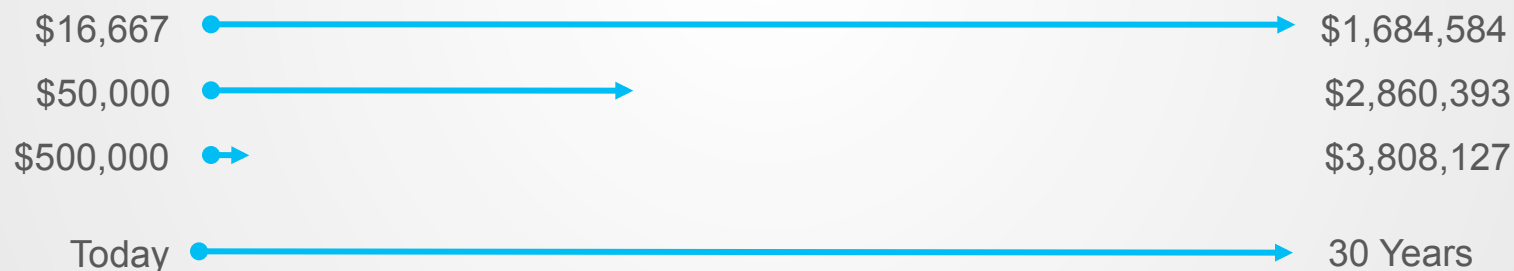
# COMPRESSED TIME FRAME CONCEPT

## Accelerated Funding

Choice 1 - \$ 16,667 per year X 30 years = \$500,000

Choice 2 - \$ 50,000 per year X 10 years = \$500,000

Choice 3 - \$500,000 only once X Today = \$500,000



**Note:**

A hypothetical crediting rate of 7%. Represents approximations and should not be relied upon as tax or investment advice. The performance of financial products fluctuate over time.

The actual time to achieve any result cannot be predicted with certainty.

# THE VALUE OF “OPM” – OTHER PEOPLE’S MONEY

Reduces the drain on your assets

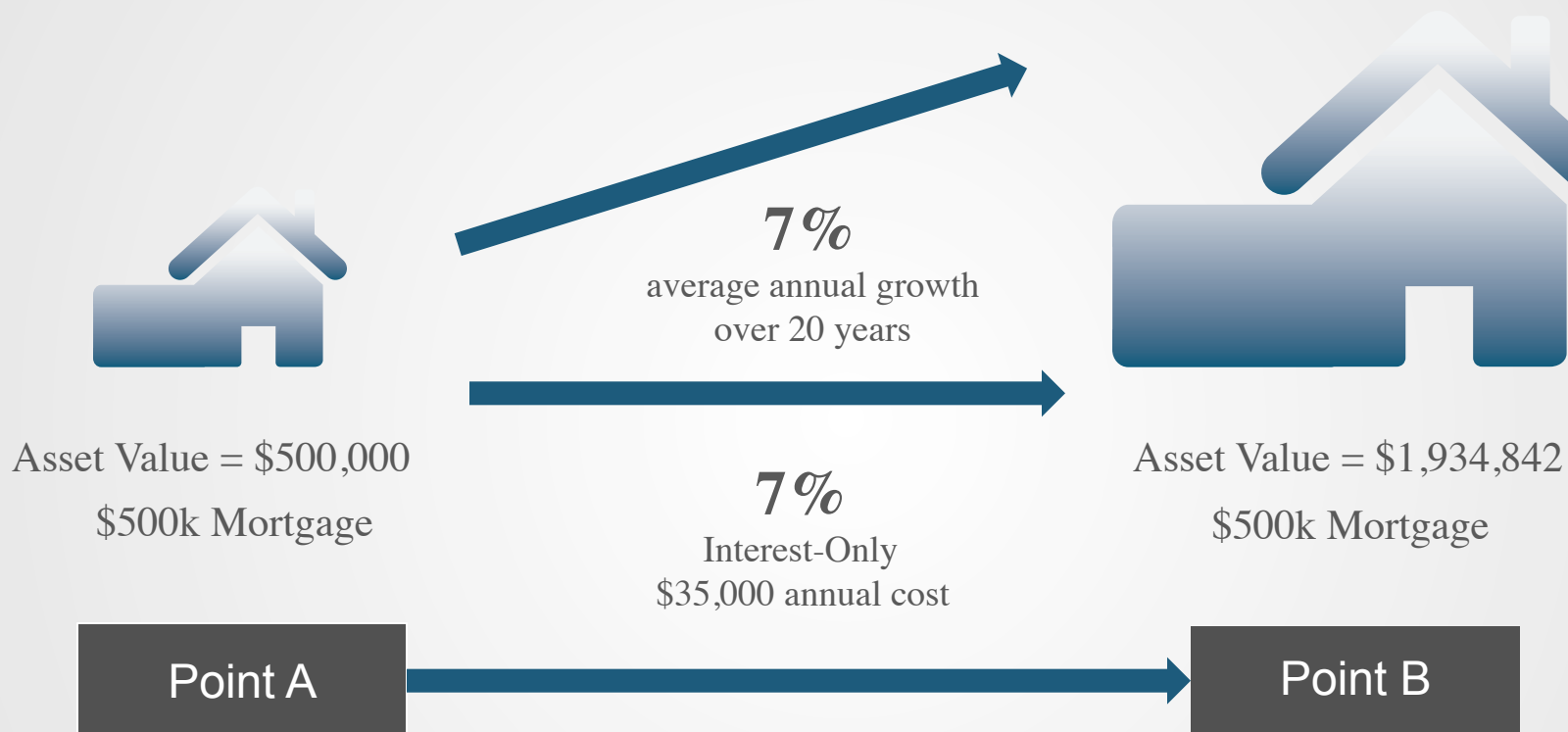
Creates additional investment opportunities by helping prevent some of the “loss of the use of your money” (i.e. “Opportunity cost”)

Maintains free cash flow for business reinvestment, etc.

Provides potential for favorable tax considerations

Magnifies buying power

# COMPOUNDING WITH REAL ESTATE



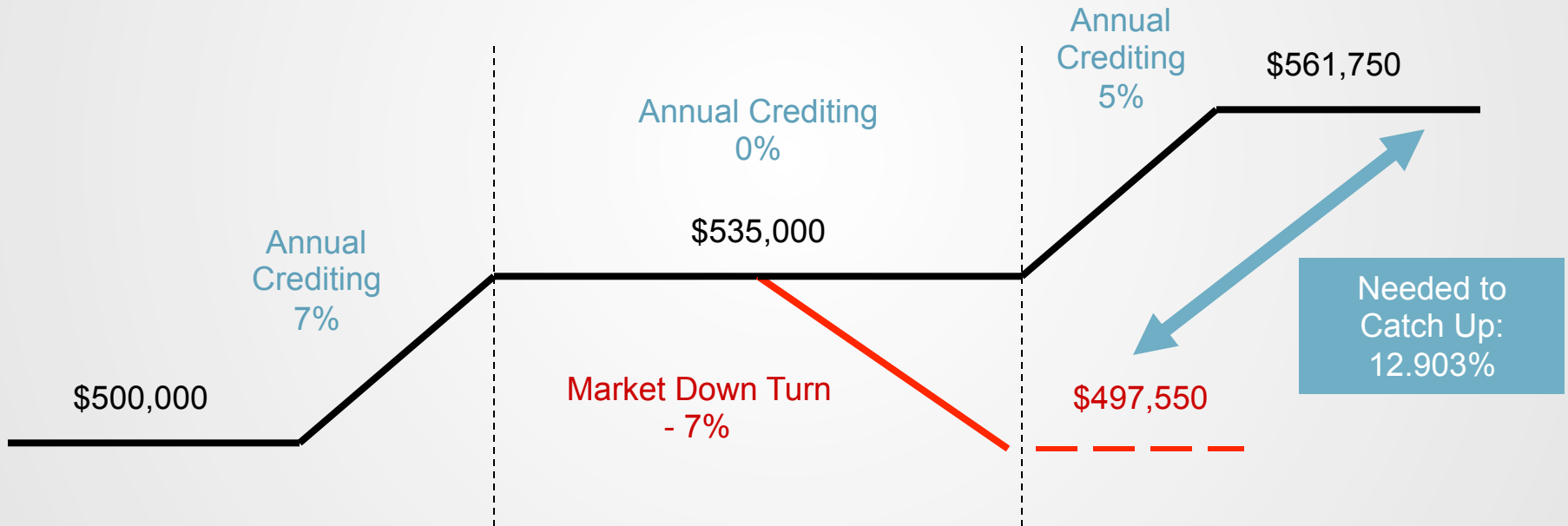
$\$1,434,842$  gross gain -  $\$700,000$  interest cost =  $\$734,842$  Net Gain

**Note:**

This is a hypothetical example, not indicative of actual results. Actual results will vary.

# THE STABILITY OF INDEXED PRODUCTS

- ❑ Allows client to participate in market upside
- ❑ No downside risk to principal and prior period earnings



**Note:**

If you received the 5% as shown in this example on the \$497,550, you would have a total of \$522,428. That is \$39,322 less than the Leveraged Planning® solution because of its guaranteed floor.



HOW DO THE SOLUTIONS WORK:  
**AN OVERVIEW**



# LEVERAGED PLANNING SOLUTION OVERVIEW

Primary participants in a typical **Leveraged Planning for Businesses** transaction include:

THE  
ADVISOR

GLOBAL  
FINANCIAL  
DISTRIBUTORS

THE  
LENDER

THE  
BORROWER

THE POLICY  
OWNER/  
INSURED



# LEVERAGED PLANNING SOLUTION OVERVIEW

Four elements in a typical **Leveraged Planning for Businesses** transaction include:

LOAN  
PROCEEDS

INSURANCE  
PRODUCT

COLLATERAL  
ASSIGNMENT(S)

PROMISSORY  
NOTE



# LEVERAGED PLANNING SOLUTION OVERVIEW

## Three components in a typical Leveraged Planning for Businesses transaction include:

### COMPONENT 1 Commercial Loan

Client firm enters into loan arrangement with GFD's dedicated lending affiliate

- No personal participant guaranty
- Numerous rate options
- Interest payments may be tax deductible
- A UCC-1 will be filed as required

### COMPONENT 2 Benefit Transfer

Client firm enters into an agreement with the owner/key man (etc) – this agreement dictates terms of the transfer of funds and policy ownership

### COMPONENT 3 Product

Funds are placed into a select insurance or annuity product

- Policy including cash surrender value held as collateral
- Additional Collateral may be requested and could include:
  - Cash
  - Letter of Credit
  - Policy with CSV from any A-rated carrier
- Wide range of life and annuity products accepted



## RECENT CASES

INDUSTRY	CASE SIZE
FURNITURE	\$200,000
DENTIST	\$600,000
DOCTOR	\$2,400,000
NUTS & BOLTS	\$1,000,000



# MOST COMMON INDUSTRIES

REAL ESTATE

MEDICAL

CONSTRUCTION

CONSULTING

FINANCIAL SERVICES



TAKING A CLOSER LOOK:  
**CASE STUDY**

# CASE 1: CLIENT OVERVIEW

Sam Williams, age 50

Physician, married with 2 kids

Private practice since he was 35

Income per year: \$345,000

Approximate net worth: \$5mm





# CASE 1: NEEDS/CAPABILITIES

Supplemental income from age 65

Income stream until age 85

Required annual income: \$150,000

Desired annual outlay to fund program:  
< \$55K (net of taxes\*)

## CASE 1: POLICY BENEFITS

- Policy choice: Leading Index UL Product
- Initial death benefit gross: \$4,731,416
- Annual funding: \$200,000/yr for 5 years provided by \$1,000,000 loan
- Dr. Williams' total after tax cost (yr. 10): \$1,217,389
- Total tax free retirement income \$3,000,000 (\$150,000/yr for 20 years – age 65 to 85)
- Residual death benefit at age 85: > \$500,000

Note: Withdrawals and loans will reduce available death benefit and policy value. Withdrawals beyond basis may be taxable income. Excessive and unpaid loans will reduce death benefits and policy value and may cause the policy to lapse. If a policy lapses, unpaid loans are treated as distributions for tax purposes.



# 10 Reasons to Choose Leveraged Planning Strategies

GENERALLY NO  
PERSONAL GUARANTIES

HIGHLY  
COMPETITIVE RATES

EXPERTISE

STREAMLINED ANNUAL  
REVIEW

LOAN SERVICING  
FLEXIBILITY

FINANCING/ REFINANCING OF  
EXISTING POLICIES & LOANS

NO RECURRING, TRUST  
OR LEGAL FEES

BROAD RANGE OF CARRIERS  
ACCEPTED

48 HOURS TO A  
PRELIMINARY OFFER

LOW MINIMUM  
LOAN SIZE



# QUESTIONS & ANSWERS

## For more information contact:

Advisor Name

Advisor Phone Number

Advisor Email