



Creditor Protection Case Study

The Client:

Tom, age 45, is a successful businessman specializing in income producing real estate. These holdings represent a significant portion of his net worth and are serving as collateral for a number of bank notes. Tom also holds a very large position in cash and it's important that he have access to this cash at any time.

The Concern:

As part of Tom's estate planning, he would like to provide enough liquidity at his death to settle the various bank notes. He would also like to position his cash in a way that he keeps it liquid while providing a competitive rate of return. In addition, it is important to provide creditor protection on a portion of his cash in the event that his bank notes are called due to poorly performing real estate.

The Solution:

We were able to find a solution that met all of Tom's requirements by utilizing a unique life insurance product that provides for high early cash value, with no surrender charges! Tom chose to pay a lump sum \$2m premium into a guaranteed universal life insurance policy. This provided him with an initial death benefit of \$6,867,252. He also received a better rate of return on his cash surrender value than he was getting at the bank. Also, according to Tom's attorneys, the insurance provided him with significantly more creditor protection than he had when the dollars were sitting in a savings account.

YEAR	AGE	PREMIUM OUTLAY	DEATH BENEFIT	IRR AT DEATH	CASH SURRENDER VALUE	IRR ON CASH SURRENDER VALUE
1	45	\$2,000,000	\$6,867,252	243.36%	\$2,075,810	3.79%
5	50		\$7,236,814	29.33%	\$2,402,624	3.73%
10	55		\$7,598,730	14.28%	\$2,962,034	4.00%
15	60		\$8,336,792	9.98%	\$3,777,526	4.33%
20	65		\$9,215,228	7.94%	\$4,801,782	4.47%
25	70		\$10,244,160	6.75%	\$6,049,964	4.52%
30	75		\$11,474,546	5.99%	\$7,599,036	4.55%