

Leveraged Planning[®]: BUY-SELL

BUY-SELL | ESTATE PLANNING | INCOME PLANNING | WEALTH CREATION | BUSINESS PLANNING



THE SITUATION:
David White, 53, &
REVTECH Services, Inc.

➤ Using a Leveraged Planning solution helped REVTECH realize a significant improvement in their projected annual cash flow and provided a buy-sell arrangement to secure an excellent transition strategy for a key executive.

REVTECH Services, Inc. needed to implement a buy/sell arrangement on behalf of their CEO, David White, 53, to provide for added liquidity for both White and the firm in the event of his departure or death.

THE SOLUTION: Leveraged Planning[®]

REVTECH and Mr. White elected to use a life insurance policy to provide the funding necessary to maintain business continuity and provide compensation for Mr. White's interest in the business. A commercial loan was chosen as the means of funding the policy premiums.

Using a commercial loan to purchase a life insurance policy enabled REVTECH to reduce out of pocket cash expenditures while still funding the policy sufficiently.

REVTECH and Mr. White's advisor recommended Global Financial Distributors because of their track record, attractive rates and ease of processing and ongoing management.

The policy chosen was an Indexed Universal Life policy from a top-rated major insurance carrier. The loan solution was structured such that ten equal premium payments of \$200,000 (totaling \$2,000,000) would be sent to the carrier in order to sufficiently fund the policy's cash value and guaranteed death benefit of over \$7.6 million.¹

The net loan interest payments made by REVTECH increased gradually over the term of the loan with a total outlay of approximately \$570,000 in interest made by his firm. The company elected to payoff the loan from the cash value of the policy - leaving over \$1,600,000 in cash value and the projected death benefit \$7,600,000 in place.^{2,3}

By choosing a Leveraged Planning for Business solution, REVTECH saved over \$150,000 (net) in premium payments in the first year alone. Over the subsequent ten years making the interest payments on the loan saved over \$430,000 in net outlay compared to the cost of making direct cash premium payments from company assets.



For information contact:
Alemian and Associates
David Alemian, Principal
Email: David@DavidAlemian.com
Tel. (760) 707-4797

¹ All clients must confer with their financial and tax advisors on deductibility or tax treatment matters. GFD does not provide tax advice.

² Annual interest payment reflects decision by client's advisors to deduct interest expenses. Policy growth assumed as illustrated.

³ The client's loan utilized a variable interest rate based on the 1 year LIBOR rate plus spread.

- Additional collateral may be required in future years.

- Savings represent difference between aggregate interest payments and accumulated premium payments.

- Results will vary depending on interest rates and policy crediting rates. Mr. White is a hypothetical client, plan specifics are based on actual loan and insurance policy illustrations.