

Leveraged Planning[®]: PRESERVING LIFE INSURANCE



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



THE CLIENT:

John Wynkoop, 62

John Wynkoop purchased a whole life policy in 1985. Many years and a policy loan later, he needed an option to prevent a policy lapse due to declining cash surrender value (CSV) - a decline caused by onerous interest payments on the existing policy loan from the carrier.

Mr. Wynkoop had been depleting the CSV of the policy in order to service the outstanding balance of over \$2.33mm on an existing policy loan. By 2013, there was less than \$100,000 of value remaining in the policy and he was directing the annual dividends from the policy towards annual loan service payments of nearly \$105k. That option was nearly exhausted, however, with the continued drain on the policy CSV.

Lastly, the death benefit was significantly less than what he wanted to leave to his family and not what his financial plan was supposed to accomplish. Global Financial Distributors (GFD) provided Mr. Wynkoop with the a solution that met all of his needs.

GFD Provides the Solution

Mr. Wynkoop's financial advisor worked with GFD to take out a 10 year loan for \$2,428,017. The new loan required simple interest payments of approximately \$92,000 which could be paid using the now freed-up dividends. The loan principal was to be paid to the lender at the end of the loan term from the policy's cash value (though another source of funds could also be used). Alternatively, the loan could be renewed for another term if Mr. Wynkoop chose.

LEVERAGED PLANNING[®] LOAN DETAILS

Leveraged Planning [®] Loan Principal Balance To be paid from CSV; DB; Outside sources	\$2,428,017
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Interest payment cost (out-of-pocket) Client chose to direct policy dividends to pay loan interest payments	\$0
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Outstanding policy loan balance	\$0
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Annual premium payments out of pocket	\$0
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Leveraged Planning loan	\$2,428,017
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ADVANTAGES OF GFD'S LOAN RESCUE PROGRAM

- Cut loan interest rates in half
- Prevent inevitable policy lapse
- Improve the cash surrender value of the existing policy
- Increase death benefit to his heirs
- Significantly reduce any out of pocket costs

Preserving the Life Insurance

GFD put together a solution that preserved the life insurance by:

- doubling the death benefit
- increasing the policy's cash surrender value by 20x
- re-establishing some key benefits of the life insurance policy

Re-Establishing the Policy Benefits

The Leveraged Planning Solution structured by GFD provided Mr. Wynkoop with the benefit of several significant improvements to his existing life insurance policy.

POLICY DETAILS	PRIOR TO LEVERAGED PLANNING® SOLUTION	AFTER LEVERAGED PLANNING® SOLUTION
Policy Death Benefit	\$2,019,670	\$4,097,976
CSV	\$93,324	\$2,497,207
Outstanding policy loan balance	\$2,335,702	\$0
Annual loan service to Carrier	\$105,075	\$0
Annual premium payments (out of pocket)	\$28,711	\$0

Mr. Wynkoop's choice to work with his advisor and GFD to implement a policy loan rescue enabled him to reduce the impact of the loan he'd taken earlier and keep his financial plan working to accomplish his financial goals.

GFD provides advisor clients with unique expertise and abilities in crafting "rescue" loans for life insurance policies with strong fundamentals but significant current encumbrances.

Do you have a client with similar needs to Mr. Wynkoop? GFD can help design a plan to preserve their life insurance while keeping their financial goals in place. Call GFD at 800-515-2599 today to discuss these insurance financing solutions – and the many others – that GFD can offer.

- GFD does not provide tax advice. All clients must confer with their financial and tax advisors on matters of deductibility or tax treatment.
- Policy growth assumed as illustrated.
- The client's loan utilized a variable interest rate based on the 1 year LIBOR rate plus spread assumed to be the same in all years.
- Additional collateral may be required in future years.
- Mr. Wynkoop is a hypothetical client, plan specifics are based on actual loan and insurance policy illustrations, and subject to the terms of the definitive executed plan documents.

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