



Conversation starters

How to approach clients about life insurance premium financing

High net worth clients need innovative ways to protect, build, and transfer wealth. A premium financing strategy may be useful to high net worth individuals who don't want to liquidate assets and could benefit from leveraging life insurance for legacy and business planning.

Who are these clients?	What are they concerned about?
<ul style="list-style-type: none"> • High net worth individuals, corporations, trusts and partnerships in need of substantial life insurance coverage • Business owners and individuals with assets tied up in their enterprise or profitable investments • Individuals who make maximum retirement contributions 	<ul style="list-style-type: none"> • Estate planning • Finding tax-efficient ways to protect, build and transfer wealth • Employing business capital for existing or future use • Having to liquidate assets to pay premiums • Being able to supplement a future retirement income shortfall • Want to avoid liquidating assets tied up in their business or profitable investments • Facing capital gains tax triggered by selling off assets to pay premiums

Start a conversation based on your client's needs

Client need	1. Open the discussion with these questions	2. Review how they could benefit from commercial premium financing
Keep profitable assets productive	<ul style="list-style-type: none"> • Are you accustomed to borrowing, or do you like the idea of leveraging assets? 	<ul style="list-style-type: none"> • Premium financing enables you to leverage your current assets to obtain the amount of coverage you need. • By paying interest instead of premiums, your out-of-pocket costs could be significantly less than a traditionally purchased life insurance policy.
Minimizing tax exposure and gaining tax advantages	<ul style="list-style-type: none"> • Would you have to sell assets to buy the amount of life insurance you need? • Would you be exposed to capital gains taxes if you sold assets to pay premiums? 	<ul style="list-style-type: none"> • Premium financing can help you use more of your annual gifting exclusions and preserve your lifetime exemption. • You can leverage annual gift tax exclusions or lifetime exemption by transferring assets out of the estate. • You could potentially access tax-advantaged income in retirement.
Retaining capital for a business or estate liquidity	<ul style="list-style-type: none"> • Do you have liquid assets to pay premiums? • Is your capital tied up in business investments? • Would you miss out on significant returns if you liquidated investments to purchase life insurance? 	<ul style="list-style-type: none"> • Many successful individuals, like you, earn double-digit returns on their investments. Premium financing can allow you to keep your money working in those high-returning assets. • Premium financing gives you cost-efficiency by freeing up cash flow for other purposes. • As a business owner, you can rely on premium financing to help you fund key person, buy-sell, and other business-planning strategies.
Achieve greater internal rate of return on your policy	<ul style="list-style-type: none"> • Have you considered ways to maximize the return on a life insurance policy? 	<ul style="list-style-type: none"> • With premium financing, your outlay is reduced in the early years and you experience an increasing long-term internal rate of return on your policy. • The internal rate of return on the death benefit is typically much more attractive with premium financing.

Insurance products issued by:
 The Lincoln National Life Insurance Company
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Things to consider

Premium financing will not work for everyone. To qualify for coverage with premium financing, your client should consider the following:

Collateral	Premium affordability	Loan rate	Policy management
<ul style="list-style-type: none"> • Fluctuations in policy crediting can cause additional collateral requirements on the loan • If additional collateral is required, client may consider liquidating assets and could trigger a taxable event • Clients can mitigate the use of personal assets as collateral with high early cash value riders 	<ul style="list-style-type: none"> • The proposed insured must exhibit the capacity to pay the minimum annual level premium (nonfinanced premium) • Premium amounts must fall within reasonable income and net equity ratios • Based on policy performance, additional premiums may be required to keep policy in-force 	<ul style="list-style-type: none"> • Changes in lender loan rates could impact out-of-pocket costs • Requalification of loan could be required by the lender and loan rates could reset • If policy does not perform as originally illustrated, additional collateral could be required 	<ul style="list-style-type: none"> • Automated in-force illustrations • Policy change reminders provided • Enhanced IUL annual statements

Use these resources to help with your premium financing cases

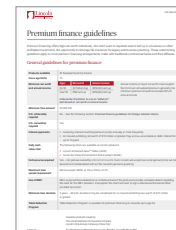
Not a deposit
Not FDIC-insured
Not insured by any federal government agency
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May go down in value



Turnkey opportunities flier



Premium financing case study



Underwriting guidelines



Support after the sale Post-issue policy management

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