

Leverage assets to protect and create wealth

A strategy for commercial premium financing



His goals



Wealth-focused solutions

Louis needs tax-advantaged death benefit protection to provide a legacy to his heirs and participate in the market.



Efficient use of capital

He wants to use his liquid assets for his business ventures and is focused on safeguarding his capital should he need quick access to it.

High-net-worth individuals and business owners need comprehensive ways to protect, build and transfer wealth. A premium financing strategy may be useful when you want to leverage life insurance for legacy and business planning, but don't want to liquidate assets tied up in a business or in other profitable investments.

Meet Louis

Age 50, a healthy nonsmoker, married with two children.

Louis is a high-net-worth entrepreneur who runs several different venture capital firms. His business has a healthy balance sheet along with \$75M net worth. Louis wants to make the most efficient use of his capital by keeping it invested in accounts that may offer optimized returns.

The commercial premium financing strategy

Louis' financial professional recommends an indexed universal life (IUL) insurance policy. To avoid tying up capital, the financial professional suggests that Jeff use collateral to purchase the policy. He can also add a rider to the policy, for an additional charge, that is designed to create high cash surrender value in the early policy years, should Louis' needs change.

Lincoln WealthAccumulate® 2 IUL (2020) is a performance-driven protection strategy that allows Louis to help grow his wealth and provide a legacy. Louis secures his policy with collateral to create a substantial legacy for his family. He's able to explore growth opportunities through the indexed accounts while maintaining control over his other assets and business investments.

The outcome

- Louis puts up collateral to cover the cost of the life insurance policy.
- The lender pays annual policy premiums to the life insurance company for 10 years.
- The policy gives him tax-deferred growth opportunities and downside protection.¹
- Louis is able to use his liquid assets to continue investing in business ventures and add performance-driven death benefit protection with minimum out-of-pocket costs.

¹ Policy charges remain in effect and could reduce your policy value.

Things to consider in a premium finance strategy

- Premium financing loan interest rates may increase, resulting in higher loan interest payments.
- Policy crediting rates can fluctuate and may perform better or worse than anticipated, resulting in the potential for additional collateral.
- You may need to pay additional premiums to maintain the policy.



Want a customized illustration?

Ask your financial professional about premium financing life insurance and for your own personalized illustration.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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