



Insurance Premium Financing

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October 25, 2022

Investment products and services are:

NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE •

NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

What is Insurance Premium Financing (IPF)?

Insurance Premium Finance **IS**:

- ✓ Part of a well-rounded estate plan
- ✓ A useful tool to finance large life insurance premiums when the insured is able to qualify for the loan
- ✓ Means to provide liquidity to an illiquid estate or help with charitable planning

VS.

Insurance Premium Finance **IS NOT**:



Means to sell more insurance



A pure wealth creation or wealth accumulation strategy



A strategy where the only source of repayment of the loan is the death of the insured

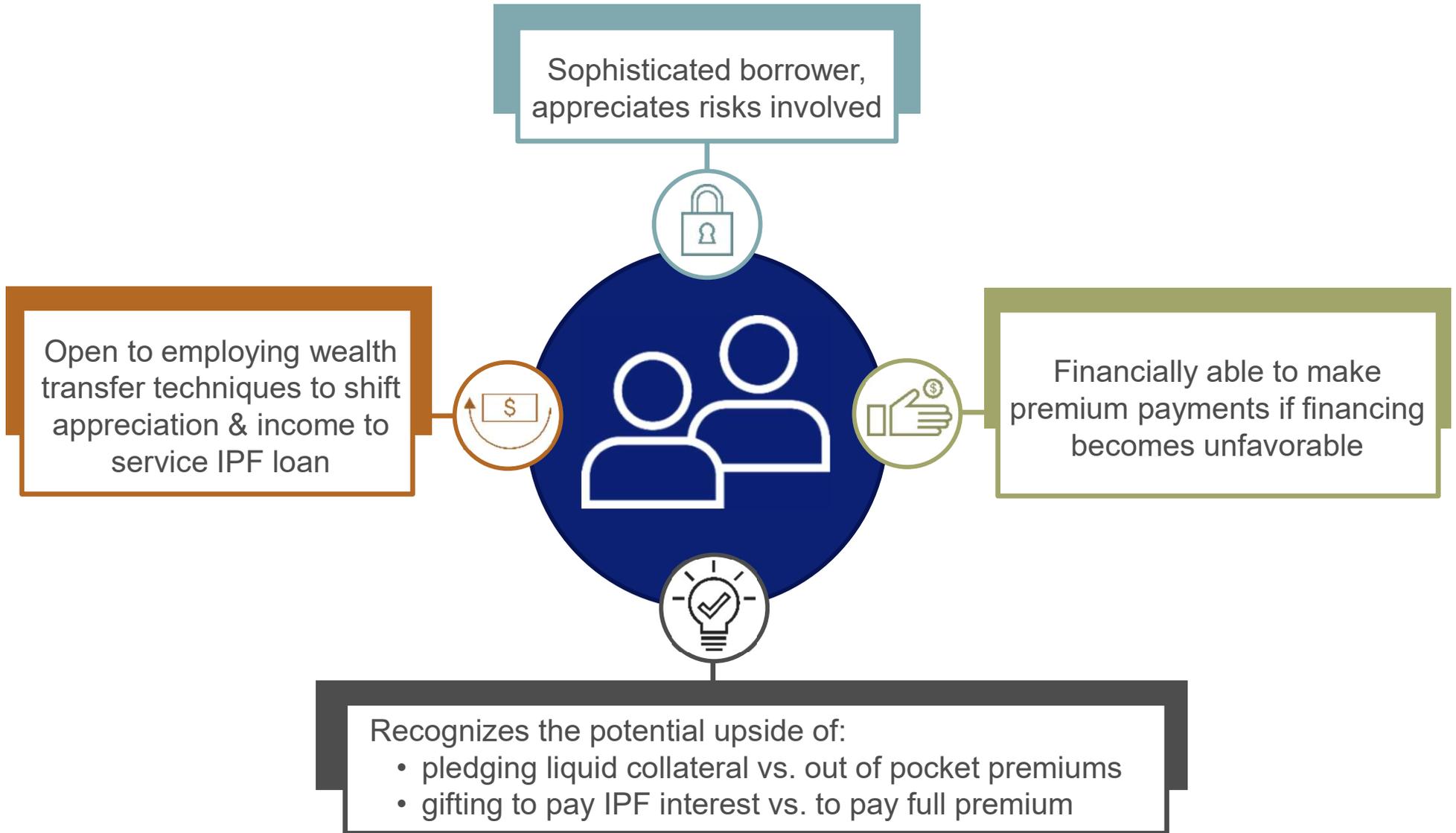


An interest rate arbitrage



Likely to be appropriate for clients without a taxable estate

When is IPF useful?



Who makes a good candidate for IPF?



Has net worth in excess of **\$30MM**



Owns illiquid assets (real estate, closely-held business) but has ample liquid assets to meet both gap collateral and cash flow coverage requirements



Wants to preserve assets for family or charitable intentions



Estate taxes due 9 months after death; IRS only accepts cash



Sees value of life insurance



Reluctant to divert income or sell assets to pay premiums (focused on growth & accumulation)



Gift tax issues: already used gift exemption; substantial insurance need

IPF risks

With any advanced wealth planning strategy that involves substantial benefits, there are risks to consider when evaluating IPF.

When discussing IPF with clients, these topics should be addressed



Collateral impairment



Interest rate risk



Loan renewal risk



Estate & gift-tax implications

IPF factors to consider

- Type of Insurance
- Size of Premiums
- Net Worth
- Income History
- Overall Liquidity
- Suitable Collateral
- Loan Term (Duration)
- Fixed or Floating Rate
- Exit Strategy



IPF strategy implementation



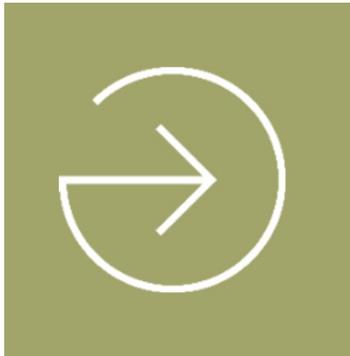
Engage

When your clients choose to borrow, it's important that they work with experienced professionals who know the finer points of lending and can provide advice on a wide array of options.



Design

We specialize in advising wealthy clients and crafting customized premium finance strategies to meet their unique needs.



Implement

With U.S. Bank's Insurance Premium Finance team, you can count on a highly qualified team to provide personalized service and a sophisticated lending experience for your clients.



Impact

Credit can play a key role in the success of a client's overall wealth strategy. A comprehensive understanding of how to leverage credit within the context of their financial plan can benefit them in working toward their goals.



Clinton Hodges

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Clint is a Senior Vice President for Private Wealth Management at U.S. Bank advising private business owners and multi-generational families on investments, tax mitigation and risk management strategies.

After taking time to understand his clients' needs, Clint introduces a team of U.S. Bank specialists who provide customized strategies for Investment Management, Private Banking, and Trust & Estate Services.

Prior to joining U.S. Bank, Clint was a Senior Director at EFG Capital Asset Management and a Wealth Management Director at the Bank of New York Mellon. Although Clint does not practice law for U.S. Bank, he previously was an attorney for the Estate and Gift Tax division of the Internal Revenue Service. Clint is a licensed attorney by the State of California and the United States District Court for the Central District of California.

Clint holds undergraduate degrees from the University of Southern California, an MBA in international business from the Ecole Nationale de Ponts et Chaussées, and a JD from the University of West Los Angeles.

Clint is a current member of the Society of Trust and Estate Practitioners, the Beverly Hills Bar Association, and the Los Angeles County Bar Association.

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Important Disclosures

U.S. Bank and its representatives do not provide tax or legal advice. Each client's tax and financial situation is unique. Clients should consult their tax and/or legal advisor for advice and information concerning their particular situation.



Loan approval is subject to credit approval and program guidelines. Not all loan programs are available in all states for all loan amounts. Interest rate and program terms are subject to change without notice.

Credit products are offered through U.S. Bank National Association. Deposit products are offered by U.S. Bank National Association. Member FDIC.