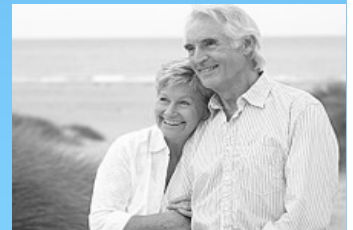




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# Life Insurance Arbitrage Strategy (LIAS)



# What is the LIAS ?

- **LIAS is the funding of an indexed universal life insurance policy and subsequent borrowing of the cash value from the policy**
- **The arbitrage is between 140% of the annual return of the S&P 500 for all premium deposits (crediting rate) versus the short term borrowing cost of loans from the life insurance policy**
- **The crediting rate has a 0% floor and an 11% cap. Thus if the S&P does 6% the crediting rate is 8.4%**

# What are the Goals of LIAS ?

- **To provide lifetime permanent insurance coverage**
  - Estate Planning
  - Key-Man
  - Funding Partner Buy/Sell Agreements
- **To minimize premiums paid into the policy**
  - **~90% savings versus traditional policy funding**
- **To have a period of guaranteed coverage regardless of market performance**

# Who qualifies for LIAS?

- **Individuals or married couples with \$5,000,000+ Net Worth**
- **Medically Insurable**
- **Financially Qualified for the loan if seeking bank financing for the premiums**

# How is LIAS funded?

- **Most common funding structures are a single premium or a 5-Pay into the policy**
- **The insured/policy owner can fund the premium or a publicly traded bank will lend the desired premiums**
- **Bank loan commitments are typically for 5 Years with no prepayment penalties. Rates are dependent on the size of the loan and financial strength of the borrower. The cash value of the policy typically covers 80-90% of the loan guarantee.**

# Loan Structure Overview

## ➤ **Bank Premium Finance Loan**

- 5-Year Loan; float annually or fixed rate
- Interest paid annually upfront
- Repayments in 1-5 years from policy cash value or other assets
- Cash in policy guarantees loan; any delta is guaranteed by the insured or owner

## ➤ **Life Insurance Policy Loan**

- Loan resets annually and capped by carrier
- All principal and interest is accrued. No payments required
- No personal guarantee, loan balance is subtracted from the death benefit proceeds

# See the Value Proposition!!

***PLEASE CONTACT A PATRIARCH FINANCIAL AGENT  
TO RECEIVE A PERSONAL PRESENTATION OF HOW  
THE STRATEGY CAN BENEFIT YOU.***

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