



SCHECHTER

COMBO PLAN: Option Design & Premium Financing

A unique strategy combining death benefit protection and cash accumulation



Client Profile

- 52-year-old successful entertainment executive and her producer/writer husband, age 61
- Net-worth more than \$30M and growing rapidly
- Seeking death benefit protection for estate planning
- Interested in attractive internal rates of return, maximum protection and design flexibility



The Challenge

- Designing an insurance structure that provides current death benefit protection and allows for future growth to keep pace with their growing estate projections
- With a ten-year age gap between husband and wife, creating a solution that will maximize their joint/individual insurability and provide design flexibility



The Solution

- Schechter designed a “Combo” strategy that combines a second-to-die IUL policy with a single life premium financed policy on the younger spouse
- The SIUL policy is a highly efficient protection product funded with five initial payments of \$200,000 and a level \$20,000,000 death benefit. At current projections, 30 years of premiums can be skipped
- The single life IUL policy is a minimum non-MEC premium financed design funded with seven payments of \$2,000,000 and an initial death benefit of more than \$30,000,000
- If either spouse is alive in 35 years, the single life IUL policy will have enough cash value to maintain the “catch up” premiums due on the SIUL policy in year 36⁺
- At the death of both insureds the combined SIUL and IUL strategy provides significant death benefit protection and IRR performance that far exceeds a traditional approach



The Results

The client and advisor loved the creative solution that combined two policies with targeted objectives, minimized annual insurance outlays, leveraged a highly efficient premium financing design with attractive borrowing terms, and provided tremendous flexibility for the future as their estate planning needs accelerate



Contact Schechter to create a “Win-Win” for you and your client.