

Leveraged Planning®:

RETIREMENT/ESTATE PLANNING

THE SITUATION: Olympic Gold Medalist, 25 Needs a reliable stream of income during retirement and a significant deathbenefit to insure the financial stability of the client's heirs.

THE SOLUTION: Leveraged Planning®
The Leveraged Planning strategy entailed the use of the client's corporate entity as the borrower in a \$1,000,000 loan transaction through GFD's dedicated lending affiliate. The proceeds of the loan were used to fund the three required premiums on a life insurance policy, the face value of which was over \$16,000,000 (see box at right for specific details and amounts).

The loan interest was paid by the borrowing corporate entity while the client was named as the owner of the policy. Loan payoff would be made using non-policy funds. At the age of 61, the client will have sufficient cash value in the policy to begin taking distributions of over \$300,000 per year until age 91, when the client would still have nearly \$4,000,000 in death benefit remaining.

Initial Face Amount: \$16,346,000

Total premium loan amount: \$1,000,000

Loan interest rate: 4.65%¹

Policy Crediting Rate: 6%

Premium Payments: 3

Age Distributions Begin: 61

Annual Distribution Amount: \$330,000

Years of Distributions: 30

Death Benefit at age 91: \$3,847,000²

¹ The client's loan utilized a floating interest rate based on the 1 year LIBOR rate plus spread.

² The client chose to forego a guaranteed death benefit in this policy.

³ All clients must confer with their financial and tax advisors on deductibility or tax treatment matters. GFD does not provide tax advice.

- Policy growth assumed as illustrated

- Results will vary depending on interest rates and policy crediting rates. This is based on a hypothetical client, plan specifics are based on actual loan and insurance policy illustrations.



Using borrowed funds, this athlete was able to secure a retirement income stream for 30 years with nearly \$4,000,000 of death benefit remaining at the end of the distribution period. Their CPA felt comfortable taking a tax deduction for a business expense associated with the annual interest payments.³ The client was secure in the knowledge that both future income needs and the needs of the estate were met using a Leveraged Planning strategy from GFD.

For more information, contact:

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