Innovative Solutions For Seniors

Now Seniors have the opportunity to improve their financial situation through the creation of a Life Insurance Asset, often without any out of pocket expenses.

Seniors ages, 55 to 85, can now use their insurance eligibility to secure life insurance coverage with different plans and options that provide the flexibility to meet the ever changing needs and goals of the Senior Market.

Policy options include Wealth Creation Planning, Permanent Financing for Permanent Life Insurance, and Fixed Term Premium Financing. At last you have the ability to choose a plan that works for you.

Premium Financing Done Right
“Asset Creation Planning” Enables Seniors to Create Assets and Build Wealth
Advantages of Asset Creation Planning (“ACP”)

ACP programs are designed to minimize the impact on financial liquidity, while maximizing a Senior's ability to secure the optimal life insurance coverage desired and/or available. ACP programs are also structured to manage the risks and costs associated with owning life insurance. Other benefits include:

- Protect and Create more wealth for your family, heirs and loved ones.
- Fully fund inter-generational Trust planning.
- Create new gifting opportunities for Charitable Foundations and/or Endowment giving.
- Retain cash and other capital assets for investments, savings, a second home, and/or leisure, while still securing life insurance.
- Reduce or eliminate gift taxes associated with premiums paid on Life Insurance policies.

What is Premium Financed Life Insurance?

Premium financed life insurance is simply an alternative for funding the payments associated with purchasing a life insurance policy with cash assets. When financing an insurance policy the insured enters into a contract with a lender, the lender agrees to pay the insurance premiums to maintain the policy and the policy itself is generally pledged as collateral. Additional collateral may be required (see program details). Some loans are designed to be paid from the life insurance proceeds upon death. Other future payment options may also become available to the insured, if the original policy and loan contracts are properly designed.

Program Structure

There are many variations of premium finance life insurance, several of which have been specifically designed for Seniors, some of these programs will be discussed in this brochure, others can be discussed on a one on one basis. Options often depend on the age and health of the insured, as well as the desired intent of the policy within their personal, family and/or estate planning strategies.

Defining a Suitable Candidate

Premium Finance Life Insurance programs are not suitable for everyone. A moderate level of financial, insurance and Trust sophistication is needed to understand available programs. The following guidelines define a suitable candidate for Asset Creation Planning.

Guidelines

- Maximum age limit is 85
- The minimum net-worth requirement is normally $1,000,000 (excluding the value of the insured’s primary residence).
- Insured must be medically underwritten and healthy enough to qualify for the purchase of a Life Insurance policy.
Wealth Creation Planning

Wealth Creation Planning ("WCP") is an innovative, standardized approach to Traditional Premium Finance Life Insurance that performs extremely well for seniors under age 65 and for legacy planning up to age 80. This program allows financially qualified individuals to secure permanent life insurance by using collateral (normally provided through a letter of credit) to secure bank financing to pay all of the required policy premiums. Our program is designed to locate a balance between a desired amount of life insurance coverage and a suitable "corresponding" assignment of collateral, appropriate to the client’s current financial situation and life insurance needs.

Wealth Creation Planning is a strategy that can assist Seniors in doubling, or even tripling, the value of their current estate value, without spending current cash or other assets normally associated with buying life insurance. This program utilizes a new, "standardized" Bank approved, premium finance structure to secure permanent life insurance for estate planning needs and/or loved ones directly. The program eliminates the impact on financial liquidity (using cash reserves or selling high performing investments) to pay policy premiums. Wealth Creation Planning allows for financial and insurance objectives to be realized without affecting other financial strategies. Using someone else’s money to Create More Wealth, while keeping invested assets working, is smart planning by any anyone’s standards.

Financial Leverage at its Best

The immediate financial leverage created through WCP can be quite remarkable, depending on the client/insured’s age and health class. In fact, life insurance is one of the only financial instruments that once placed in force guarantees its beneficiaries (heirs) a financially certain liquidity event (death benefit) day one, dollar one! For example, if a client wanted to set aside $250,000 in cash for his grandchildren and died one week later, his grandchildren would receive $250,000 and some change. If that same client utilized the same $250,000 as the collateral component and secured a $1 million life insurance contract under our Wealth Creation Planning program and died one week after the policy was issued, his grandchildren would receive approximately $1 million dollars and the collateral, (the $250,000) would go back to his estate; Now this is financial leverage at its best! The following chart provides additional examples of the potential leverage per $1 million in life insurance face that can be produced through Wealth Creation Planning, listed by starting age and ending at age 85, an assumed life expectancy for client/insured males at the ages listed below:

<table>
<thead>
<tr>
<th>Age</th>
<th>Estimated Collateral</th>
<th>Day One Leverage</th>
<th>Net Death Benefit @ Age 85</th>
<th>Leverage @ Age 85</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>$155,000</td>
<td>645%</td>
<td>$2,232,211</td>
<td>1440%</td>
</tr>
<tr>
<td>60</td>
<td>$223,000</td>
<td>448%</td>
<td>$1,615,000</td>
<td>724%</td>
</tr>
<tr>
<td>65</td>
<td>$272,000</td>
<td>367%</td>
<td>$1,153,055</td>
<td>423%</td>
</tr>
</tbody>
</table>
Determining the Death Benefit for WCP

The primary purpose for Wealth Creation Planning is to provide a life insurance death benefit to the designated heirs (or other chosen beneficiaries) of the client/insured. In nearly every case, unless specifically designed otherwise, WCP utilizes an increasing death benefit option. This option sets the minimum life insurance face amount at the original coverage amount being applied for (as determined by the client/insured’s needs, balanced by the collateral requirement) and increases as premium payments are made and cash values grow, which are based on the policy’s performance.

To illustrate how this policy option works, please refer to the hypothetical example below for a $5,000,000 base policy, on a 60 year old male. As shown, Year 1 reflects a **Premium Financed Payment** of $450,820. The **Gross Death Benefit** after year 1 reflects an amount of $5,250,235 (the base face amount of $5 million, plus total cash value of $250,235, which includes a premium payment, contract performance, minus policy costs). If the client insured were to die at the end of Year 1, the Trustee of the Irrevocable Life Insurance Trust would first pay off the **Total Loan Balance** of $472,230 and the **Net Death Benefit** of $4,778,005 (plus the collateral component) would be distributed to the named beneficiaries in the ILIT. Looking further into the plan, at age 85* (the estimated life expectancy of a male, age 60), the net Death Benefit is projected to be $7,958,440, a significant amount to heirs (named beneficiaries) considering it was all accomplished with a collateral pledge of only $1,115,000 and smart financing; **Wealth Creation Planning at its pinnacle!**

The calculation of the Net Death Benefit may be accomplished under this process for all other years, as reflected in the table below . . .

<table>
<thead>
<tr>
<th>Yr</th>
<th>Age</th>
<th>Premium Financed Payments</th>
<th>Gross Death Benefit</th>
<th>Total Loan Balance</th>
<th>Net Death Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>61</td>
<td>$450,820</td>
<td>$5,250,235</td>
<td>($472,230)</td>
<td>$4,778,005</td>
</tr>
<tr>
<td>2</td>
<td>62</td>
<td>450,820</td>
<td>5,505,230</td>
<td>(966,895)</td>
<td>4,538,335</td>
</tr>
<tr>
<td>3</td>
<td>63</td>
<td>450,820</td>
<td>5,939,180</td>
<td>(1,485,050)</td>
<td>4,454,125</td>
</tr>
<tr>
<td>4</td>
<td>64</td>
<td>450,820</td>
<td>6,382,035</td>
<td>(2,027,825)</td>
<td>4,354,210</td>
</tr>
<tr>
<td>5</td>
<td>65</td>
<td>450,820</td>
<td>6,959,455</td>
<td>(2,596,375)</td>
<td>4,363,075</td>
</tr>
<tr>
<td>6</td>
<td>66</td>
<td>450,820</td>
<td>7,547,165</td>
<td>(3,257,450)</td>
<td>4,289,715</td>
</tr>
<tr>
<td>7</td>
<td>67</td>
<td>450,820</td>
<td>8,221,230</td>
<td>(3,964,140)</td>
<td>4,257,090</td>
</tr>
<tr>
<td>8</td>
<td>68</td>
<td>450,820</td>
<td>8,907,020</td>
<td>(4,719,590)</td>
<td>4,187,430</td>
</tr>
<tr>
<td>9</td>
<td>69</td>
<td>450,820</td>
<td>9,603,335</td>
<td>(5,527,165)</td>
<td>4,076,175</td>
</tr>
<tr>
<td>10</td>
<td>70</td>
<td>450,820</td>
<td>10,515,435</td>
<td>(6,390,460)</td>
<td>4,124,975</td>
</tr>
<tr>
<td>20</td>
<td>80</td>
<td>0</td>
<td>18,453,360</td>
<td>(12,454,010)</td>
<td>5,999,345</td>
</tr>
<tr>
<td>25</td>
<td>85*</td>
<td>0</td>
<td>25,344,365</td>
<td>(7,385,575)</td>
<td>7,958,440</td>
</tr>
<tr>
<td>30</td>
<td>90</td>
<td>0</td>
<td>35,630,040</td>
<td>(24,270,925)</td>
<td>11,359,115</td>
</tr>
<tr>
<td>40</td>
<td>100</td>
<td>0</td>
<td>72,817,700</td>
<td>(47,300,245)</td>
<td>25,521,455</td>
</tr>
</tbody>
</table>

(*Estimated Life Expectancy)
Permanent Financing for Permanent Life Insurance

This strategy allows seniors the opportunity to utilize their insurance eligibility to create a permanent life insurance death benefit with little, or no, out of pocket expense and a significantly reduced collateral requirement, as compared to WCP. However, due to the structure of the lender, the death benefit is shared to allow for Premium Financing to occur.

Permanent Life Financing provides financing arrangements for the entire life of the Insured. Lenders offer different financing choices to allow the insured to manage and tailor the expected net death benefit under the loan transaction by taking into consideration financial liquidity and specific tolerance in relation to the risks, costs and obligations associated with a life insurance policy.

First, an Irrevocable Life Insurance Trust (the “Trust” and “Borrower”) is established. The Trust then applies for a life insurance policy, once the policy is issued the Trust pays the premiums using funds borrowed from a premium finance lender utilizing a Lending Trust structure that has been established to provide specialized financing of the premiums. The costs and benefits associated with this form of financing vary, and are a function of the risk tolerance of the insured associated with the policy and the benefits achieved. The Trust’s obligations are collateralized by the policy and an additional collateral pledge during the first 5-years of the transaction by the insured (The Grantor of the Trust). The collateral can be in the form of cash, a personal guaranty or a letter of credit which can not be financed or placed by a third party. The benefits to the heirs are equal to the net proceeds of the policy after the full repayment of the financing (see exhibit below) has been accomplished. All Permanent Financing for Permanent Life Insurance cases will have a different projected outcome based on age, health category and Life expectancy.

The chart below represents an example of a Universal Life Insurance policy issued to a Female age 76, with an estimated life expectancy of 9.6 years, for a policy face amount of $10,000,000, with an annual premium $500,000. The collateral requirement for this exhibit is $81,743. The collateral paid can be as much as 25% of the premium lent, plus interest in the first five years.

### Permanent Financing for Permanent Life Insurance Projected Benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Benefit</th>
<th>Year</th>
<th>Projected Benefit</th>
<th>Year</th>
<th>Projected Benefit</th>
<th>Year</th>
<th>Projected Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1,875,000</td>
<td>6</td>
<td>822,516</td>
<td>12</td>
<td>549,462</td>
<td>18</td>
<td>348,316</td>
</tr>
<tr>
<td>1</td>
<td>1,261,051</td>
<td>7</td>
<td>430,032</td>
<td>13</td>
<td>503,965</td>
<td>19</td>
<td>326,525</td>
</tr>
<tr>
<td>2</td>
<td>1,056,401</td>
<td>8</td>
<td>783,535</td>
<td>14</td>
<td>464,534</td>
<td>20</td>
<td>306,810</td>
</tr>
<tr>
<td>3</td>
<td>954,076</td>
<td>9</td>
<td>740,551</td>
<td>15</td>
<td>430,032</td>
<td>21</td>
<td>272,522</td>
</tr>
<tr>
<td>4</td>
<td>851,751</td>
<td>10</td>
<td>665,273</td>
<td>16</td>
<td>399,589</td>
<td>22</td>
<td>257,521</td>
</tr>
<tr>
<td>5</td>
<td>822,516</td>
<td>11</td>
<td>602,542</td>
<td>17</td>
<td>372,528</td>
<td>23</td>
<td>243,720</td>
</tr>
</tbody>
</table>
Fixed Term Premium Financing

Fixed Term Premium Financing offers a simple solution to clients’ insurance financing and estate planning needs. Fixed Term Programs generally offer contract terms and collateral requirements that are less complicated and time consuming than the other Premium Finance Life Insurance alternatives.

Fixed Term Financing is also designed to minimize the impact on financial liquidity while maximizing the ability to initiate a life insurance policy. The premium financing terms are generally between 2 to 5 years. When the financing term ends the insured may consider the following options: 1) pay off the loan and continue to make the required premiums, thereby achieving total ownership of the policy and the policies death benefits: or 2) convert the policy into a discretionary income producing Asset their by satisfying the loan.

This structure also requires the use of an Irrevocable Life Insurance Trust or (“ILIT”). The ILIT will receive cash advances annually to pay the life insurance policy premiums, as set forth in the loan agreement. The loan will be collateralized by the policy and usually requires additional outside collateral up to 25% of the outstanding loan balance. Acceptable forms of collateral include a personal guaranty, letter of credit, cash, or marketable securities. Some programs have a prepayment penalty of up to 5% of the outstanding loan balance if the ILIT prepays the loan for any reason prior to the maturity date.

Main Loan Terms

- Generally the loan terms are between 2 and up to 5 years.
- Programs offer reduced collateral lending solutions.
- Interest Rate on financing is based on the 1 year LIBOR rate plus a fixed spread of 1% - 3%.
- Minimum life insurance face amount is $ 100,000 over the life of the loan.
- Maximum life insurance face amount is up to $ 5,000,000.
- Clients have the option to capitalize the interest or pay the interest annually in arrears.
- Suitable for high net worth clients, ages 70 and over with estate or business planning needs.
- The loan is collateralized by the policy, however additional outside collateral may be required.
- Some programs require an initial premium contribution.
- Each policy must be a pre-accepted and fully underwritten Universal Life policy.
Subsidiaries

**Capital Growth Resources**

**Capital Growth Planning Advisors, Inc.**

**Capital Growth Insurance Services, Inc.**

**Capital Growth Realty, Inc.**

**Capital Administrative Services, Inc.**

**Capital Life Assets, Inc.**

**Insured Capital Management, Inc.**

**Life Funding Partners, Inc.**

Affiliated Company

**CGP Founders Group, LLC**

**Capital Protection, Inc.**

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**Capital Growth Planning, Inc.**
A Diversified Financial Services Corporation
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405 East Lexington Avenue, Suite 201, El Cajon, California 92020
(800) 440-1023  ●  (619) 440-7023  ●  FAX (619) 579-6378

Web Site - www.cgpfinancial.com  ●  Email - answers@cgpfinancial.com

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