Case Study: Our Solutions to a Fund Founder Client

Boulevard works in concert with sophisticated advisors to deliver some of the most advanced marketplace advice. Our assisted sales model can be tailored to the client relationship as the advisor sees fit, either in a consultancy capacity to the advisor or fully outsourced directly to the client. By leveraging our network, expertise, and negotiating power, sophisticated advisers can offer groundbreaking liquidity, investment, and estate planning solutions to their clients.

Net Worth:	$400+ Million
Age:	61 Years Old
Pain Point:	Lacking Holistic Insurance Advice

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Client background

Sophisticated investor and owner of an investment fund was introduced to BIS by his financial advisor to review insurance designs from multiple professional insurance producers the client had engaged. The financial advisor did not have insurance advisory within his practice and was looking to ensure his client received best advice.

Case design notes

- The clients existing life insurance was a portfolio of ineffective insurance owned by his ILIT for estate liquidity needs. He was concerned about the growing deficiencies of the term insurance portfolio with increasing wealth and age.

- His large estate comprised of illiquid business assets and real estate. BIS noted that although substantial estate planning objectives had been addressed with the ILIT, there remained an income tax issue with those assets held in the ILIT and no basis step up at death. This needed to be addressed.

Initial Assessment

- In addition to reviewing the clients estate BIS also undertook a review of current proposals the client had received. There were some immediate takeaways; Other insurance professionals had a sole focus on product only, not advice. Further, those product proposals had been made with no consultation with stakeholders including the clients legal and accounting teams.

- Other proposals were strictly bi-lateral between carrier and the individual, limiting the scope and capacity of outcomes.

- The individual did not have a clear understanding of fees and charges.

- BIS moved the lens of needs analysis from a myopic quest for “most insurance for premium paid” to a holistic understanding of the client’ s business, family and total balance sheet, both in and out of the estate, overlaying this with their legacy goals, to understand what insurance they actually needed and how to most efficiently solve for this. The narrative moved from a single sale to an ongoing advisory relationship.

Path to Success

Next steps & strategy

- Once the client' s total situation had been assessed and legacy goals had been agreed on BIS then went to the marketplace to negotiate with multiple carriers for the desired coverage. BIS operated with full disclosure and transparency to the client, explaining fees and projected outcomes.

- Suitability analysis of the existing term insurance policies was undertaken, including incorporating them into new permanent case designs.

- The existing in-force insurance exceeded the Jumbo limit for most carriers; therefore, it was deemed to be optimal to engage multiple carriers for a portfolio of policies rather than just one. The reasons for doing this were simple, carriers gave better underwriting terms on small policies utilizing their retention.

- End result is a portfolio of diversified products, Whole Life, Indexed Universal Life, and Private Placement VUL, all designed at a conservative rate of return as agreed upon by the client and trustee, and with an increasing face amount to track the growth of the estate.

- The second tier of diversification is by carrier, several quality carriers were implemented to spread concentration of a single policy with just one carrier.

Final Outcome

- In summary, a portfolio of permanent products implemented creating a ladder of diversified carriers and product type. $65M of new death benefit paid via $2.1M of premium. This was significantly more coverage for less premium than the competing insurance professionals had shown originally.

- Client and all their advisors had a clear understanding of the projected outcomes, fees and strategic intent of the policies.

- Client was relatively illiquid and did not want to utilize cash flows from other areas of their balance sheet to cover premiums. A bridge loan was organized to cover the initial premium payments until cash flows could be redirected at an appropriate time.

- Other points to note, these products were designed in favor of the client and not revenue focused for BIS. For example many retail products utilize high early cash value riders in favor of policy performance. BIS renegotiated these to be paid over time, increasing the upfront value to the clients policy. PPVUL fees were in-line with agreed upon management and allocation responsibilities of underlying funds.

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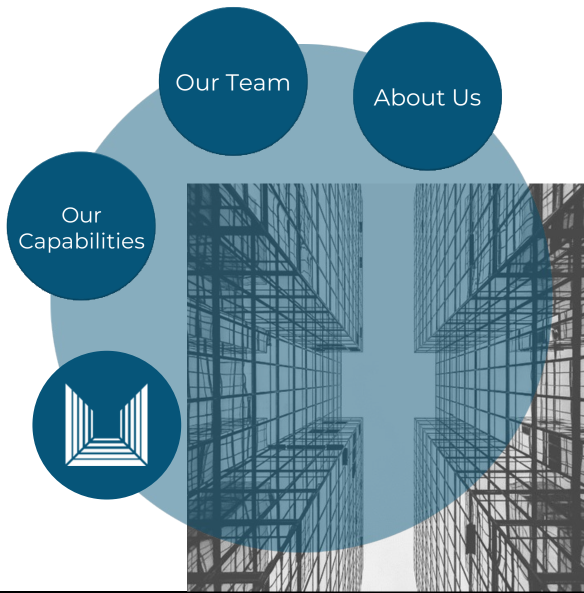

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