

**WELLS  
FARGO**

**Wealth & Investment  
Management**

Custom Credit Solutions

*Offered through Wells Fargo Bank, N.A.*

Life insurance  
premium financing



**Investment and Insurance Products are:**

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

# Life insurance premium financing

## Helping to prepare family and preserve capital

The custom credit specialists customize lending solutions available through Wells Fargo Bank, N.A. to fund life insurance premiums. Our specialists help clients:

- Prepare family from the unexpected
- Preserve financial legacy with future generations and important charitable causes
- Achieve wealth transfer objectives in wealth planning and charitable giving
- Structure assets for tax efficiency
- Diversify long-term wealth planning strategies accumulating wealth on tax benefits
- Preserve cash flow, potentially meeting personal and estate liquidity needs



# Life insurance premium financing

## Helping to keep your estate whole

Establishing an irrevocable life insurance trust is often an effective way to help preserve your estate and generate cash flow to pay death-related taxes. Please discuss this strategy with your legal or tax advisor.

### Potential benefits of an irrevocable trust funded with life insurance:



#### SIMPLICITY

Mitigate the need for complex, time-consuming, and costly asset sales by replacing wealth lost through estate taxes and fees.



#### LIQUIDITY

Provide liquidity when cash is needed or on the death of the insured to pay taxes, settle debts, and/or fulfill bequests.



#### TAX SAVINGS

Improve after-tax returns when life insurance proceeds are properly structured to be tax-exempt.



#### LEVERAGE

Provide a competitive ratio of cost to ultimate benefit, preserving wealth planning options.

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## How it works

Wells Fargo Bank, N.A. offers life insurance premium financing that may be a valuable component of your wealth plan, when structured efficiently.

1

Client works with their legal and tax advisors to establish an irrevocable life insurance trust (ILIT). ILIT trustee applies for life insurance on behalf of client and/or spouse.

2

ILIT trustee applies for a loan from lender which will be used to pay annual premiums over an agreed upon term. Loan will be secured by the life insurance policies and may require supplemental collateral to cover the expected loan balance (can be pledged from the trustee or client as a third-party).

3

Trustee (or client if applicable) transfers/pledges supplemental collateral to lender if needed, retaining control over how the collateral is invested.

4

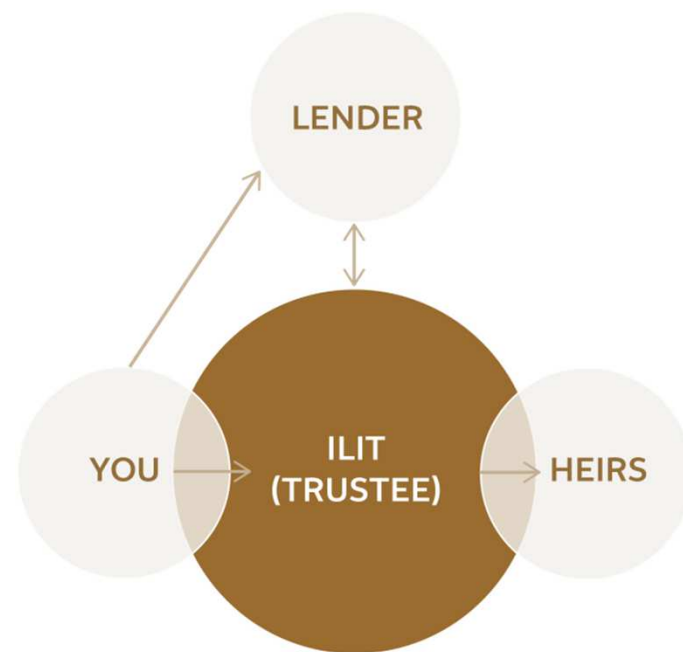
Lender sends loan proceeds directly to insurance carrier to pay premiums when due. (Lender may also advance proceeds for the payment of interest when due, if applicable).

5

ILIT trustee agrees to repay principal (plus interest if applicable) to lender, according to loan terms, trust agreement, and wealth plan typically from policy proceeds.

6

Net proceeds distributed as stated in the ILIT.



# Life insurance premium financing

A leader in providing custom life insurance premium financing options, Wells Fargo has the resources to support your goals.

- Flexible loan terms customized to your specific needs
  - Up to 10-year loan commitment with no annual requalification requirement
  - Multiple collateral options
  - Interest rate preservation strategies available\*
- Specialized lending professionals
  - Knowledgeable about developing premium financing strategies
  - Experienced in analyzing and implementing estate plans
- Ability to use high-quality life insurance policy carriers

\*For eligible contract participants (ECP) and is subject to Dodd Frank ECP qualification



# Life insurance premium financing

## A scenario: Tailoring a tax-efficient wealth transfer solution

- John is a newly retired CFO of a publicly traded company. His goal: help protect his family's finances from future estate tax exposure while continuing to support a charitable cause that has great meaning for them.
- Having exhausted his lifetime gift tax exemption, John needs a tax-efficient wealth transfer option. Potential solution: an irrevocable life insurance trust (ILIT) which owns his and his wife's life insurance policies.
- Wealth planning, banking, and insurance specialists can work closely with John's estate attorney and tax advisor to provide a custom premium finance credit solution that helps to fund the policy premiums and lower future gift tax exposure.
- The net insurance death benefit could be excluded from John's gross taxable estate.
- What makes this possible? A deep understanding of John's financial situation, a comprehensive approach to the plan, and specialized resources for efficient execution. The result: potentially significant dollars saved in future estate taxes.

## The goal

Help protect family and charitable causes from estate tax burdens.



## The strategy

An irrevocable life insurance trust (ILIT) to finance life insurance policies.



## The result

Potentially significant savings with future estate taxes.

# Disclosures

Wells Fargo and Company and its Affiliates do not provide tax or legal advice. This communication cannot be relied upon to avoid tax penalties. Please consult your tax and legal advisors to determine how this information may apply to your own situation. Whether any planned tax result is realized by you depends on the specific facts of your own situation at the time your tax return is filed.

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