



Trust Owned Life Insurance

A Turnkey Solution for an Untapped Market

It has been estimated that between 70% and 95% of irrevocable life insurance trusts (ILITs) have no servicing agent, 83.5% of professional ILIT trustees have no guidelines or procedures for handling trust policies, and 71% of nonprofessional trustees have not reviewed their policies within the last five years.¹

Extraordinary opportunities exist in the untapped world of Trust Owned Life Insurance (TOLI). Your target markets are limitless: accountants, attorneys, & investment professionals; local & national banks; nonprofessional trustees, grantors & trust beneficiaries.

Performance Evaluation for Trust Owned Life Insurance

is a turnkey process focused on risk assessment,
needs analysis and product efficiency.

Trust objectives change over time. Products improve in design and efficiency.
Conduct a *Performance Evaluation* on their life insurance portfolio every 24 to 36 months.

Performance Evaluation. An expected service. A fiduciary process.

Uniform Prudent Investor Act

The adoption of the Uniform Prudent Investor Act (UPIA) has dramatically affected trust drafting and administration. It sets standards for trustees in managing and investing trust assets as any prudent investor would.

One often-overlooked consequence of the UPIA is the administration of trust owned life insurance (TOLI). Life insurance, a sophisticated financial asset, is often times the sole asset of these trusts. The trustee has a duty to appropriately manage risk and document fiduciary evaluation of all trust assets. Failure to do so can expose fiduciaries to breach of trust liability.

For a complete copy of the UPIA, state adoptions and other facts, please visit the National Conference of Commissioners on Uniform State Laws (NCCUSL) website at <http://www.nccusl.org>. Final Acts & Legislation > Prudent Investor Act



¹ Teitelbaum. "Trust-Owned Life Insurance: Issues Trustees Face; Decisions Trustees Need to Make," J. of Financial Service Professionals 38 (July 2005)

Russell Stone, JD, CPA, is founder and President of Stone Advisory Group, LLC, an accounting and investment management firm focused on the complex tax and wealth preservation issues faced by the mass affluent. As part of his overall services, he often recommends and drafts trust strategies, including irrevocable life insurance trusts. Mr. Stone serves as Trustee for a select number of the trusts he puts in place.

A life insurance professional and respected center of influence of Mr. Stone's presented *Performance Evaluation for Your Trust Owned Life Insurance* as a turnkey process to review the life insurance assets in Russell's care.

Mr. Stone never truly looked at life insurance as an asset class. Although he knew of the Uniform Prudent Investor Act, he was unaware of the changes in fiduciary responsibilities set forth by the Act. The two professionals devised a business plan that systematically reviews the life insurance contracts within Mr. Stone's block of business as well as a cooperative marketing strategy to attract new business opportunities.

Performance Evaluation Report

Policy: A+ Life Insurance Co. ▪ Survivor UL policy #123456789 dated 1/1/1994

Owner: The Adler Family Irrevocable Life Insurance Trust dtd 1/1/1994, Russell Stone, Trustee

Grantor(s): Malcolm Adler ▪ Male ▪ 6/23/1942; Hope Adler ▪ Female ▪ 04/23/1946

Trust Beneficiaries: Lawrence Adler; Robyn Heina; Scott Adler

Trust Goals: **Wealth Transfer; Estate Preservation; \$66,000 Annual Gifting Strategy**

Death Benefit: \$5,000,000; Level Death Benefit Option

Policy Performance as of 7/1/2007

Premium Outlay		Cash Surrender Value*			Death Benefit		
Annual	Years	Current	10 years	25 years	Face Amount	Guaranteed	Projected*
\$ 66,000	34	\$762,453	\$ 1,563,478	\$ 3,348,675	\$ 5,000,000	9 years	to Maturity

Proposed Alternative Policy

Virginia Life Insurance Co. ▪ Survivor UL with Lifetime No-Lapse Guarantee Death Benefit utilizing a §1035 cash value exchange of \$762,453 from current in-force policy

Premium Outlay		Cash Surrender Value*			Death Benefit		
Annual	Years	Year 1	10 years	25 years	Face Amount	Guaranteed	Projected*
\$17,105	34	\$ 361,905	\$ 375,537	\$ -	\$ 5,000,000	Lifetime Guarantee	for Life
\$66,000	5	\$ 402,200	\$ 549,740	\$ -	\$ 5,000,000	Lifetime Guarantee	for Life
\$ 66,000	34	\$ 196,467	\$ 391,857	\$ -	\$ 8,667,719	Lifetime Guarantee	for Life

The Numbers

Trust Goal: \$66,000 Annual Gifting Strategy

73% greater Death Benefit; **Lifetime Death Benefit Guarantee**