



PRP

PRIVATE RISK
PARTNERS, LLC

PRIVATE PLACEMENT
LIFE INSURANCE (PPLI)



PRIVATE RISK PARTNERS GROUP IN BRIEF

Private Risk Partners and Bespoke PPLI

Supporting legal counsel in the design and implementation of customized insurance strategies.

Customized Solutions for High Net-Worth Clientele

Domestic, International, and Non-Resident Aliens.

Seasoned and Experienced Team of Proven Professionals

With a background in the legal, finance, accounting, actuarial, asset management, and advanced tax planning.

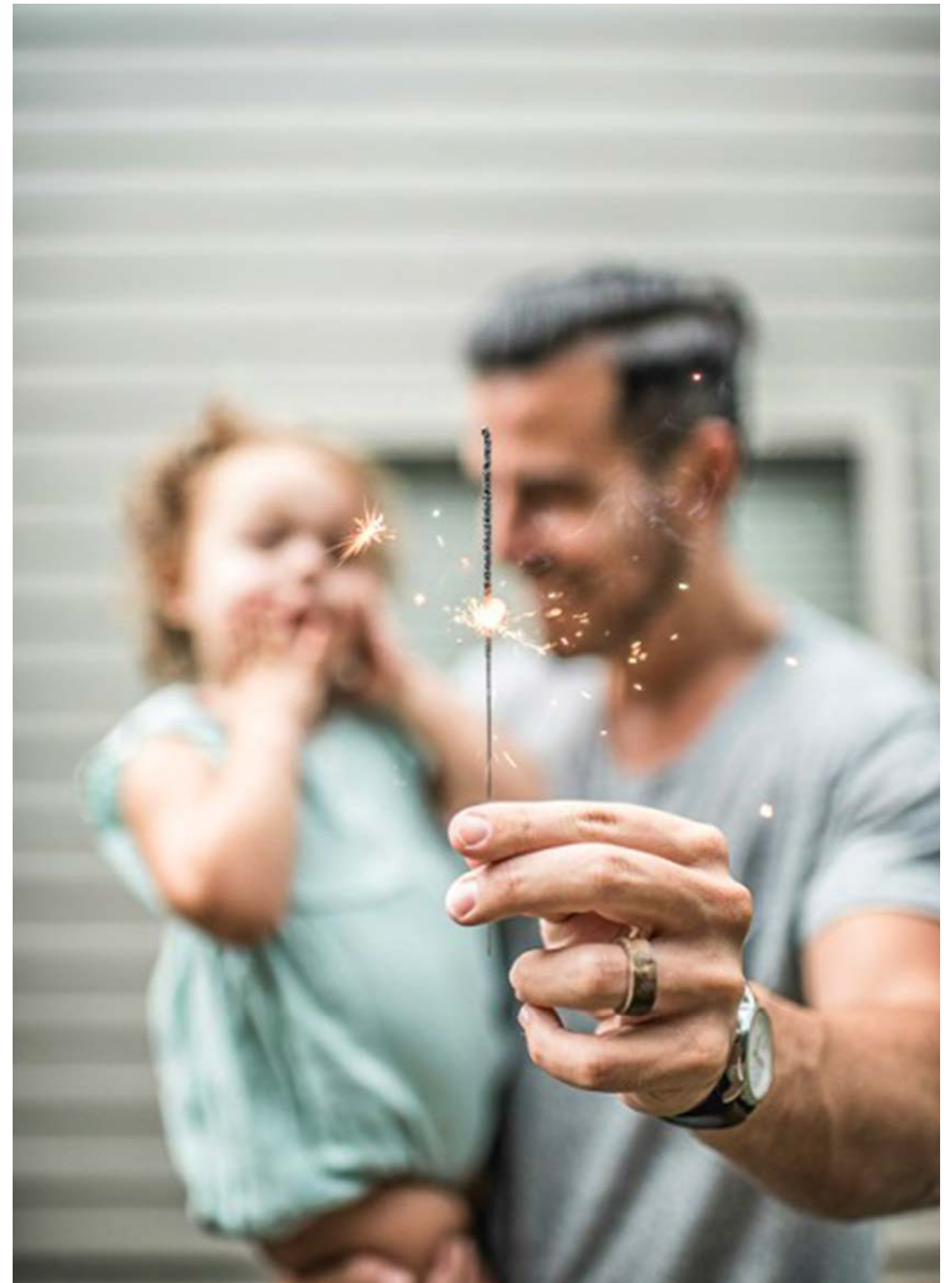
Highly Experienced in Working as an Outside Consulting Firm for Law Firms, Accounting Firms and Leading RIA's.

PRIVATE PLACEMENT LIFE INSURANCE - WHAT IS LIFE INSURANCE ?

Life Insurance typically serves two major purposes:

1. To maintain a families' income/quality of life if the insured life dies, and
 2. To obtain favorable tax treatment* of invested assets.
- Life Insurance is a contract for performance with premium being the consideration for the contract and the life insurers promise to pay a benefit that completes of the obligation
 - The policy holders buy insurance cover (death benefit) from an insurance company and pay specific periodic amounts (premiums) for the term (duration or life) of the policy
 - Virtually all jurisdictions around the world have some form of life insurance legal definitions and statute support

* Where jurisdictionally applicable



WHAT IS PRIVATE PLACEMENT LIFE INSURANCE?

Private Placement Life Insurance (PPLI) is a specialized form of life insurance available to High-Net-Worth or Ultra High-Net-Worth individuals:

- The policy death benefit plays a crucial role in wealth protection and philanthropy.
- Provides the same tax and non-tax advantages as traditional cash value life insurance.
- Investment options are extremely flexible.
- Additionally, bespoke PPLI offers transparent and institutional pricing (low-cost).

By utilizing a properly structured PPLI policy, investment growth inside the policy is eliminated of any income tax (both capital gains and ordinary income):

- If owned inside a trust, can transfer wealth both income and estate tax-free

Only available to accredited investors and qualified purchasers.

BOTH COMMERCIAL & PPLI STRUCTURES

PPLI also provides the same tax advantages of commercial life insurance:

- Tax- deferred growth of internal cash value.
- Income tax - free payment of death benefit.
- Elimination of K-1s to clients on cash value.
- Ability to access cash value through withdrawals and tax-free loans.
- Ability to manage or mitigate estate taxes (if applicable)
- Substantial protection at the death of the insured.

ADDITIONAL BENEFITS OF PPLI

- Customized investment selection.
- Fee transparency.
- Low or no surrender charges.
- Creditor Protection (from both creditors of the individual (subject to individual state law) and the insurance carrier, depending on structure.
- Fully customized to meet client objectives.





BESPOKE PRIVATE PLACEMENT LIFE INSURANCE - WHY BESPOKE PPLI?

The most significant distinction between traditional life insurance and curated PPLI is the flexibility of investments and independent investment management.

Can provide the same lifetime and death benefit advantages of traditional cash value life insurance while invested in:

- Hedge Funds/Alternative Asset Classes
- Private Equity
- Real Estate/Physical Assets
- Intellectual Property
- Art
- Yachts and Private Jets
- Alternative Currency Denominations

PPLI planning can be an essential component integrated with comprehensive wealth planning.

PRIVATE PLACEMENT LIFE INSURANCE -
CLIENT PROFILE CASE STUDY

Client Profile Example - Male - 50 Years Old - Good Health (preferred rating)	Initial Investment	\$10 Million
	Time Horizon	25 Years
	Net Return	8%
	*After fund expenses (manager fees, success fees, etc.)	

1 Investment Option
100% Long-Term Capital Gains

2 Investment Option
75% Short-Term Capital Gains;
25% Long-Term Capital Gains

3 Investment Option
Private Placement Life Insurance Policy

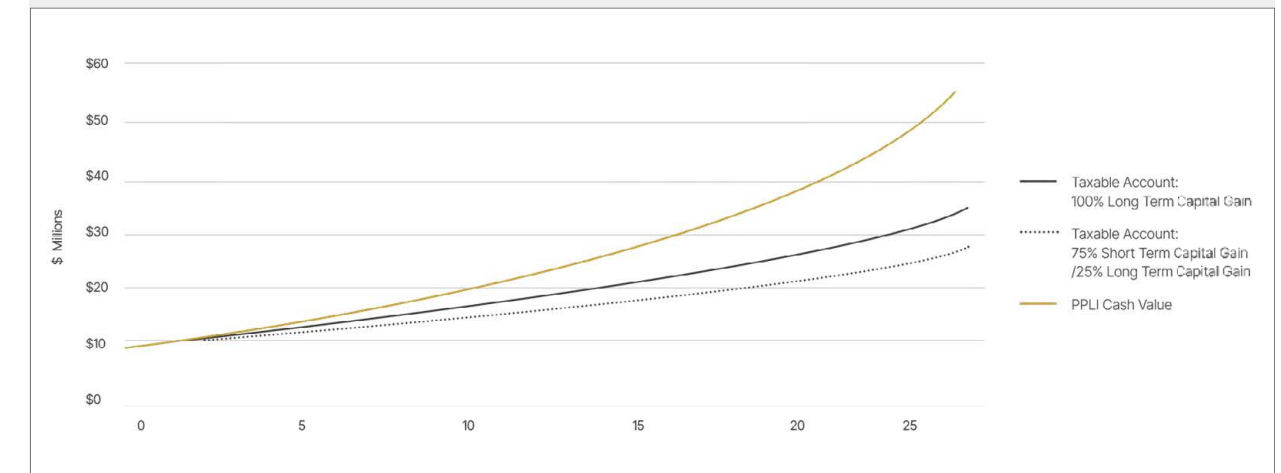
Highest Tax Rate

- 35.20% Federal Income Tax Rate
- 20% Long Term Capital Gain Tax Rate
- 3.80% Medicare Tax Rate
- 12.70% State Income Tax Rate

Assumes upfront policy fees (DAC, etc.) and annual policy expenses (admin/M&E, cost of insurance)

PRIVATE PLACEMENT LIFE INSURANCE -
CASH VALUE OF \$10M OVER 25 YEARS AT 8% GROWTH RATE.
ADDITIONAL POLICY DEATH BENEFIT: \$10,000,000

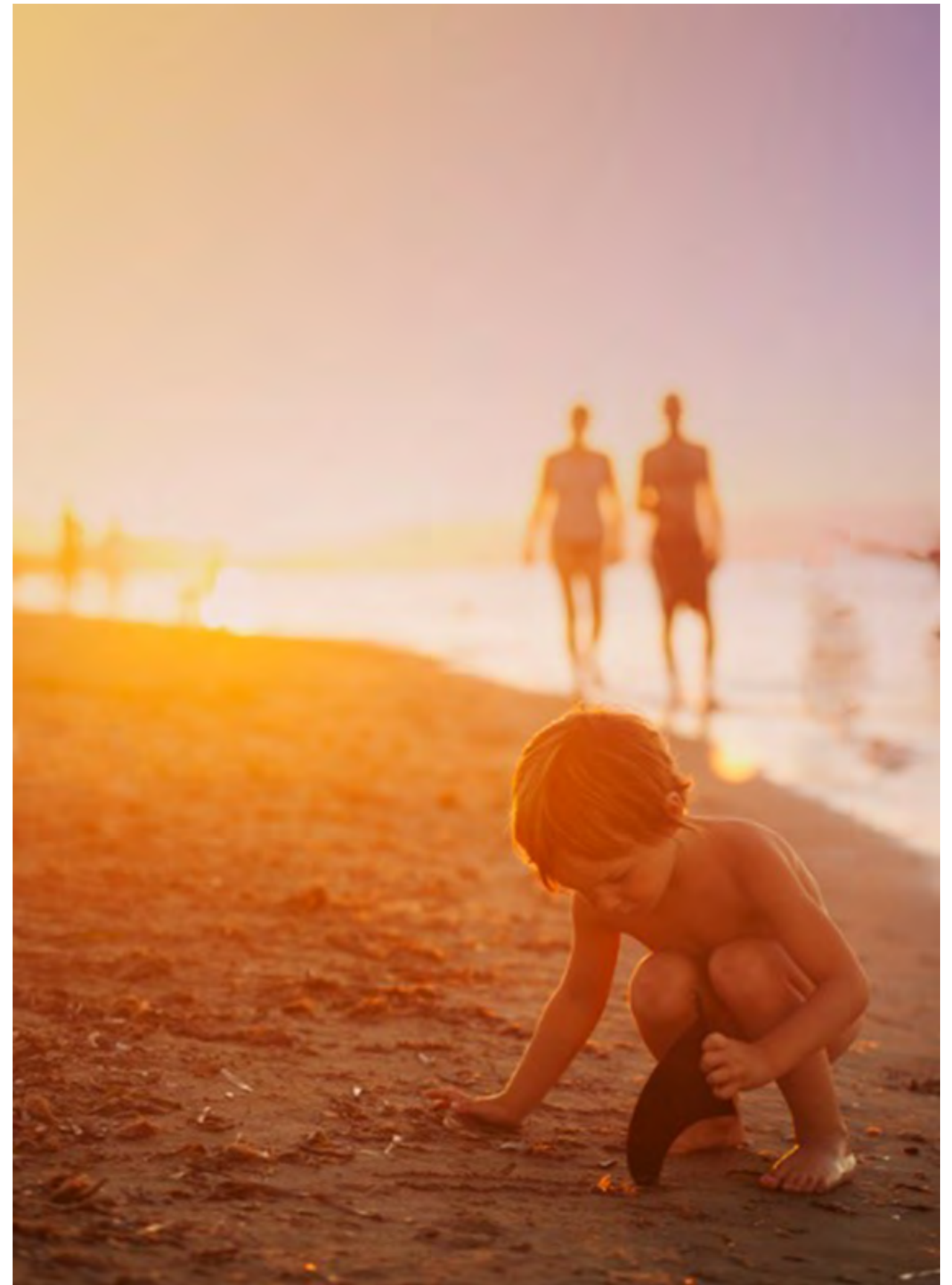
	10 Years	20 Years	25 Years
75% Short Term Capital Gain	\$15,043,305	\$22,630,102	\$27,756,081
25% Short Term, 75% Long Term Capital Gains	\$16,413,479	\$26,940,229	\$34,514,501
PPLI Cash Value	\$17,028,172	\$33,754,584	\$54,493,924



WHY PLACEMENT VARIABLE ANNUITY?

PPVA provides similar benefits compared to PPLI:

- Tax deferred growth
- No capital gains taxes (elimination of K-1s, 1099s, etc.)
- No income taxes
- Fee transparency
- Cost effective
- Low or no surrender charges
- Tax-free death benefit if left to charity/foundation
- Creditor protection (individual protection varies with state jurisdiction, however always protected from the carrier's creditors)



PRIVATE PLACEMENT VARIABLE ANNUITY - KEY DISTINCTIONS BETWEEN PPLI & PPVA

Private Placement Life Insurance:

- Tax deferred growth with tax-free access to cash value (via loans)
- Tax-free death benefit
- Proceeds also pass estate tax-free (if structured in ILIT)
- Underwriting required (medical exam required)
- Must adhere to IRC 7702 MEC rules
- Potential constraints around timing and amount of contributions (premium)
- Additional fees (cost of insurance, DAC, etc.)

Private Placement Variable Annuity:

- Tax deferred growth
- Lowest cost (no additional fees)
- Fast/easy implementation (no medical required)
- No capacity/design constraints (can contribute at any time)
- Withdrawals over basis are taxed at ordinary income (gains first)
- Additional 10% withdrawal penalty before age 59 ½
- Death benefit can be tax-free if left to charity (otherwise taxed at ordinary income over basis)

PRIVATE PLACEMENT VARIABLE ANNUITY

Key Distinctions	PPLI	PPVA
Underlying Life Insurance Policy	Yes	No
Segregated Account / Protection from Creditors	Yes	No
Income Tax Free Death Benefit	Yes	No
Favorable Tax Treatment on Loans and Withdrawals	Yes	No
Capacity Constraints	Yes	No
Medical Exam Required	Yes	No
Able to be Shielded from Estate Tax	Yes	No
Charitable Beneficiaries Receive Tax Free Treatment	Yes	Yes

MARKET AND LEGAL CONSIDERATIONS

Considerations of PPLI/PPVA

- PPLI and PPVA can be powerful tools for wealth accumulation, protection, and philanthropy.
- While their benefits are significant, it is important to be aware of the limitations of these policies as well. Clients should work with their professional advisors to determine if, how, and when a private placement insurance policy best integrates into their wealth and estate plan.

Investors Control Doctrine

- When a client purchases a PPLI policy or PPVA, the funds are held in a segregated account and protected from creditors of the insurance company and other policyholders. The account is managed by an independent manager who the client nominates. The client selects an investment mandate.
- The investment manager has complete discretion over investments in the policy. The policy owner cannot direct the manager to which specific investments to make within the investment mandate.
- However, the policy owner can modify their investment mandate and can select alternative managers.

Diversification of Requirement

- **A compliant PPLI policy must have at least five different investments.**
(No more than one investment can be overweight by 55%; no more that two overweight by 70%, no more than three 80%, no more than four 90%.)
- When a policy owner invests into an Insurance Dedicated Fund (IDF), that fund is certifying that they are properly diversified. Additionally, an experienced SMA manager will ensure that the policy meets diversification requirement.



DEEP EXPERIENCE - IN THE US AND AROUND THE WORLD

Our experienced advisors and global reach are what sets us apart.

We maintain leadership across North and South America, Europe, and the Middle East.

Our commitment to understanding clients' needs, legal frameworks, and regulatory governance ensures exceptional service delivery

Our expertise is fortified by a proficient team specializing in overcoming wealth planning challenges and advanced domestic and global financial structures.



- Advanced Private Placement Life Insurance designs are not a product. They are a part of a comprehensive solution that enables families to gain a comprehensive view of their full range of opportunities and challenges, allowing them to uncover the subtle yet crucial details that allow new and more impactful solutions to emerge.
- PPLI-based solutions are developed and implemented by expert legal insurance counsel.
- Departing from conventional wealth advisory practices, our worldview implements and oversees timelines and benchmarks for preliminary strategy development and ongoing oversight.
- This systematic approach, which supports law firms and other professional advisors, persists throughout clients' lifetimes and the duration of their implemented strategies.



Legal, Investment and Tax Notice

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