

FS
FORTUNE STRATEGIES™



Premium Financing

Premium Financing Platform

Through strategic alliances, we offer financing options for purchasing new insurance, as well as refinancing loans on existing insurance. We work with the client and their advisors to create a premium financing package tailored to the client's needs and circumstances. The various premium financing packages available can be classified into three loan types:

Traditional Bank Financing:

These financing opportunities are with relationship lenders who typically look for personal guarantees and some type of additional business-any product or service that creates a deeper relationship. This strategic positioning has two major values for the client. First it brings far more cost effective solutions, which is a major consideration to the success of a financing arrangement. Second by deepening the relationship, the client has also created a much more stable financing environment; also very important over time.

Our primary value added in this process to your client is the ground-up customization of our approach, and access to many large regional and national banks.

Institutional Lender Financing:

Through some of our alliances, we also offer an institutional source of capital that is modeled similar to a conduit program. This offering is extremely unique to the market in that a retail borrower (legal entity) has access to term financing at very attractive rates, without personal guarantees. It also offers up to 100% advance rates against cash value of policies (depends on financial strength of the carrier). This program is based on an S&P rating of the loan offering, which provides for the attractive terms. Any gap collateral required-interest carry, capitalization of closing costs, or CSV less than premium financed, is handled through a posted letter of credit.

Concept Financing:

Some of our strategic partners bring original, market leading concepts to the premium financing market. Some of the concepts include:

- A stock-loan program; a structured non-guaranteed margin loan
- Capital split dollar; a turnkey deferred comp solution for key employees of private companies
- IRA rescue plans

Premium Financing Comparative Structure

	Typical Bank Transaction	Relationship Bank Transaction	Institutional Lender Transaction
Borrower	ILIT	ILIT	ILIT/Entity
Term	3-5 Years	3-5 Years	5-10 Years
Pricing (30 day* LIBOR+) plus spread	*	*	*
Advance Rate Against Cash Value	90-95%	95%	100%
Personal Guarantee/Recourse	Yes	Yes	No
Relationship Requirement	No	Yes	No
Fees	1% +/-	0-.5%	1%
Closing Costs	\$10,000 est	\$0-2,000	\$15,000 +/-
Amortization	Yes, but deferred	Yes, but deferred	No
Financial Covenants	Yes	Yes	No
Fixed Rate Options	Possibly	Yes	Yes
Interest Rate Risk Management through hedging	Yes	Yes	Yes

*Spreads with Relationship Bank transaction are generally lower. We can also lock in loan interest rates for 5 or 10 years with some lenders.

Case Study

Dave, age 58, is a real estate developer who has his assets and resources committed to real estate developments that typically yield him double digit returns. He wants insurance to protect his family, but he does not want to give up the investment opportunity by using his own money. Here are some different scenarios for Dave to consider:

Self-funding:

Male age 58, preferred non-smoker

\$10,000,000 Universal Life Policy

Premium of \$150,410/year

Total premiums @ life expectancy (age 86):	\$4,211,480
Total premiums @ 90:	\$4,813,170
Total premiums @ 95:	\$5,565,170
Total premiums @ 100:	\$6,317,220

Premium Financing:

Male age 58, preferred non-smoker

\$10,000,000 Universal Life Policy

Premium of \$728,000 for 7 years borrowed from lender

Dave pay the interest on the loan which is fixed for the first 10 years @3.375%. His first year interest payment is \$24,570*. After 10 years the loan rate is assumed to increase by 25 bips/year. The loan is paid off from a cash value loan in year 16. The collateral for the loan is the cash value of the policy plus personal collateral for the shortfall; the maximum collateral posted by Dave in the transaction is \$444,000.

Total out of pocket costs @ life expectancy (age 86):	\$2,254,980
Total out of pocket costs @ 90:	\$2,254,980
Total out of pocket costs @ 95:	\$2,254,980
Total out of pocket costs @ 100:	\$2,254,980



Fortune Strategies has all of the advantages of a small boutique firm offering customized solutions to clients as well as all of the advantages of the resources of a large firm through their strategic alliances.

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Patricia Tanner, CLU, ChFC, CFP®

Patricia Tanner, founder of Fortune Strategies, specializes in multi-generational wealth transition planning for both personal and business wealth for families that reside in the United States and abroad. Patricia has been creatively and sensitively providing solutions to each client's unique wealth transition concerns for more than 45 years.

Patricia received her Bachelor's degree from Brigham Young University, Provo, Utah and her Master's degree from San Jose State College, San Jose, California. After graduate school, she began her career in insurance and financial planning in San Jose, California.

After many years as a career agent, Patricia served in various positions in agency management with Metropolitan Life and Northwestern Mutual Life. Between 1982 and 1991, Patricia lived and worked in Europe and maintained offices in Lugano, Milan, Florence and Rome dealing with international estate planning issues and insurance planning for families with assets in more than one country.

Upon returning to the states, Patricia located her practice again in the San Francisco Bay Area; initially she developed a network of associated attorneys and CPAs who jointly offered "Beyond the Living Trust" seminars and workshops. Eventually her practice evolved into a referral from advisor (CPA and attorneys) practice only.

Recognized as an industry leader, Patricia has given scores of lectures on the subject of estate planning, business succession planning and wealth transition to groups in Milan, Paris and Brazil in addition to those given in the United States. Patricia has been a presenter at the International Forum on such topics as developing alliances with CPA's, attorneys, and professional advisors. She has taught a number of continuing education workshops for CPA's and attorneys.

Today, Patricia continues to work with families in the United States and abroad through her offices in Walnut Creek, California and Miami, Florida.

Patricia resides in Alamo, California with her husband Bill. Bill and Patricia are avid scuba divers and travel the world pursuing their hobby.

experience

"Experience is the hardest kind of teacher. It gives you the test first and the lesson afterward." - Anonymous



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