7 WAYS TO USE LEVERAGED INDEX ARBITRAGE

Individual Tax-Efficient Wealth Accumulation

High-Net Worth individuals will often utilize the *Leveraged Index Arbitrage (LIA)* program not only for the life insurance death benefit to satisfy future estate tax liability, but also for the mathematically indisputable superior cash value returns.

We can illustrate historically back-tested returns comparing the *LIA* program to virtually every alternative investment, including but not limited to managed investment accounts with balanced equity/bond portfolios, non-financed cash value life insurance policies and qualified retirement plans.

Traditionally, this strategy was developed for individuals with net worth amounts north of $25 million, however we have opened access to individuals with net worth amounts below $1 million with a minimum annual income of $250,000. In this *lower* (but much larger) demographic, ideal clients include but are not limited to physicians, attorneys, corporate executives and small business owners.

Replacement Of Underperforming Policies

For clients that have existing IULs, VULs, GULs and Whole Life insurance policies, the Cash Surrender Values can be transferred to satisfy the first-year premium in the *Leveraged Index Arbitrage* program. One of our clients 1035'd their CSV from their current Whole Life policy into the *LIA*, and their initial face amount increased 5x and the projected CSV at age 65 increased 3x.

Institutional Carve-Out Funds/Portfolios

Privately held corporations, 501(c)3 Non-Profit Organizations and Universities can utilize the *Leveraged Index Arbitrage* strategy as a cash accumulation tool due to the stop loss safety feature of the 0% Protective Floor.

Whether a for-profit corporation is looking for a strategy to leverage better net returns on a tax-free basis for their corporate fund… or a non-profit organization is in search of a more efficient vehicle to accumulate unrestricted funds… or a university is open to exploring alternative ways to structure their endowment funds, the *LIA* program can be utilized to produce greater financial outcomes for these institutions.

Buy-Sell Agreements

Many Buy-Sell Agreements are either under-funded, funded with term insurance, or not properly funded at all. Utilizing the *Leveraged Index Arbitrage* program can often times kill 2-3 birds with one stone, creating both a buy-out/exit strategy for the partners, a growing corporate asset, and a fund that can be transferred from being company-owned to being personally-owned for golden parachute purposes.

ESOP Repurchase Funding & Rescuing

Whether a client is starting an ESOP and needs to plan to fund the repurchase obligation, or they're in the process of unwinding or terminating their ESOP, the *LIA* program offers creative strategies that maximize outcomes and minimize cash outlays. We have strategies that can defer the employees' tax liability through a series of 5-year and 10-year note swaps, as well as relieve the ESOP trust of lump sum payouts that may or may not be possible due to limited cash flow.

Non-Qualified Leveraged Deferred Comp

Utilizing the *LIA* program as a *Golden Handcuffs* tool not only fulfills a key-employee insurance need, but it also creates a leveraged fund to be used to execute the future payout. The tax-advantaged nature of the life insurance chassis obviously works to the employer's advantage, but the leverage and positive arbitrage that is created by the *LIA* turbo-charges the index account and maximizes the outcome for a much smaller cash flow outlay requirement. Based on the client's CPA and their interpretation and fluency of IRC Section 264, the employer may enjoy tax-deductible interest payments, whereas non-financed life insurance premiums would NOT be tax-deductible under any circumstance.

Crowd-Funded Charitable Planned Giving

Utilizing the proper trusts and Charitable Planned Giving pledge schedules, the *Leveraged Index Arbitrage* program can not only give the charitable donor an immediate tax deduction, but it can also create a larger legacy gift from the individual to the charity. Small (or large) groups of individuals can leverage charitable planned gifts to create a multiplier effect by maximizing leverage and creating an arbitrage between simple interest and leveraged compounding tax-free returns.