

CAPITAL MAXIMIZATION STRATEGY

Maximizing the Flexibility of Your Client's Life Insurance Portfolio



PACIFIC LIFE



SUCCESSION CAPITAL
ALLIANCE™

Helping Your Client Build and Protect Their Legacy

Once your client's family or business has achieved a certain level of success, maintaining and securing it becomes critical. With death benefit protection and the potential to accumulate cash value, life insurance can help protect what they have built during their lifetime and help transfer their legacy to future generations.

Because your clients have more to protect, they may have large life insurance needs. Paying the substantial premiums required for large life insurance policies may require them to sell assets such as real estate, equities, or bonds. Prevailing market conditions and tax consequences may impact the sale of these assets. Additionally, it may require their business to use cash flow which could be better suited for other investments or purposes.

Life insurance is an important part of protecting all that your clients have built during their lifetimes. How can the Capital Maximization Strategy help your clients acquire it without impacting the assets they worked so hard to build?

Client Profile

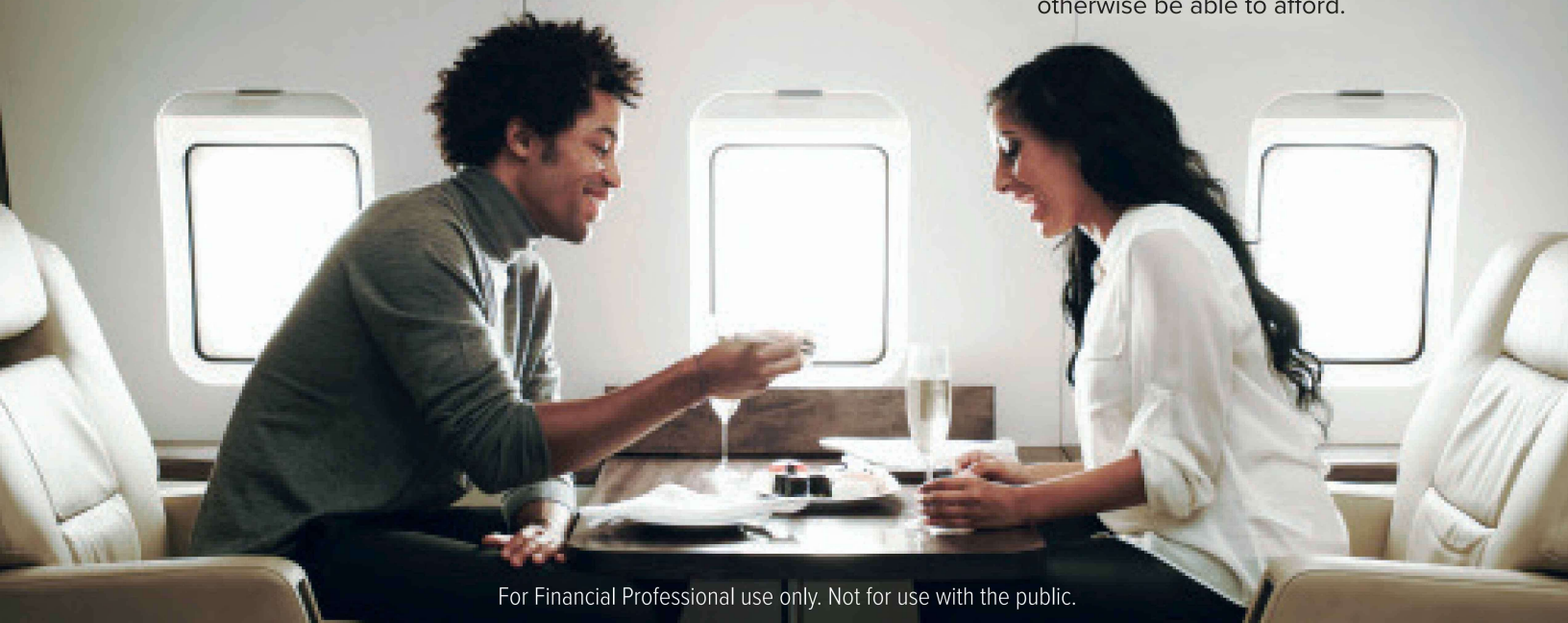
Target clients: Affluent individuals, corporations, trusts, and partnerships

Financial qualifications: A minimum net worth of \$7.5 million and ability to afford at least \$100,000 of annual premiums

Goals: A desire or need to maintain current assets or reduce the impact of life insurance premiums on current cash flow.

Additional qualifications: Able to qualify both financially and medically for the life insurance policy.

Premium financing should not be used to help clients obtain life insurance coverage that they would not otherwise be able to afford.



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Harness the Power of Life Insurance Without Liquidating Assets

WHAT IS THE CAPITAL MAXIMIZATION STRATEGY?

The Capital Maximization Strategy (CMS) is an innovative premium financing process that provides your clients or their business with the funds to pay their life insurance premiums without liquidating assets to cover the full premiums.

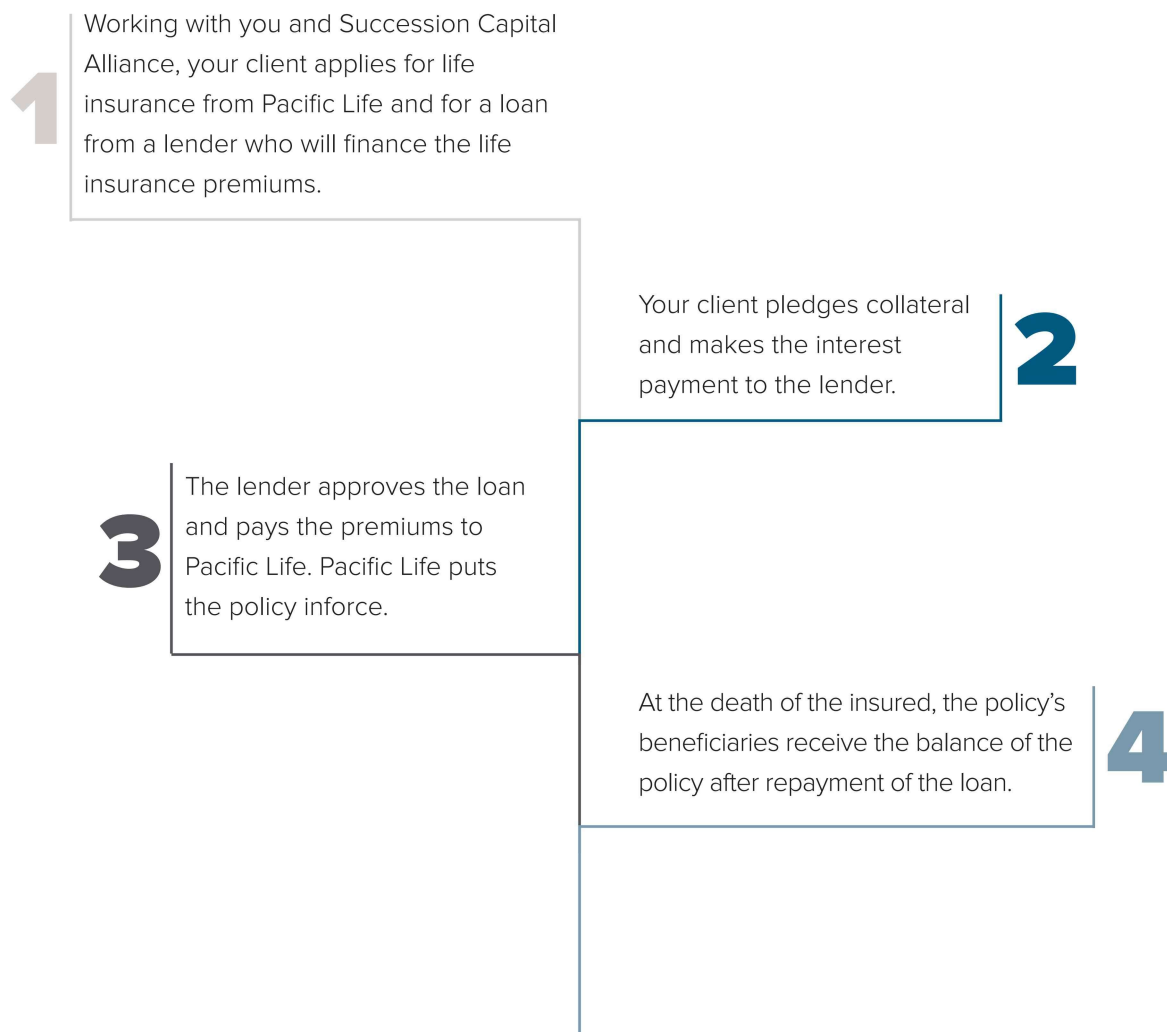
With CMS, funds are borrowed at competitive interest rates to pay their life insurance premiums. The clients provide collateral to secure the loan through the policy's cash value and other performing liquid assets. The policy death benefit is assigned to the lender to cover the outstanding loan balance in the event of death prior to the loan repayment. The remaining death benefit is paid to the beneficiaries.

THE CAPITAL MAXIMIZATION STRATEGY CAN BE USED FOR:

- *Estate Planning* – without proper planning, clients may end up giving a significant portion of their hard-earned assets to the government in the form of transfer taxes.
- *Business Continuation Planning* – the sudden death of a business owner or key employee may have a devastating impact on the business, the business's employees, and the other owners of the business.
- *Potential Asset Accumulation* – using personal or business assets/cash flow to purchase large life insurance policies could have an impact on their potential for asset accumulation.
- *Asset Protection* – assets clients want to leave to their heirs could be subject to creditors, without suitable preparation.
- *Existing Life Insurance* – a lack of ongoing management could leave an existing life insurance policy unsuitable for your client's current and future needs and objectives.

When considering premium financing to solve these needs, success can depend on working with a team that has expertise and experience using this strategy. Succession Capital Alliance (SCA) is the exclusive provider of CMS.

How Does CMS Work?



What Are Some of the Benefits and Considerations of CMS?

BENEFITS

- Can help your clients increase financial flexibility by utilizing third-party funding to pay their life insurance policy premiums.
- Minimizes up-front “out-of-pocket” expenses to secure life insurance coverage.
- Reduces the impact on current assets of purchasing large life insurance policies.
- May mitigate gift tax exposure for trust-owned policies.

CONSIDERATIONS

- Increases in loan interest rates will result in higher interest payments.
- If the life insurance policy does not perform as anticipated, the policy owner may need to borrow additional premiums to fund the policy. Increasing the loan amount could result in additional collateral requirements or cash payments.
- Loan default may occur if the required collateral is not maintained or other loan requirements are not met.



Answers to Your Important Questions

WHAT DOES YOUR CLIENT NEED FOR COLLATERAL?

Lenders reserve the right to change the valuation and nature of the collateral over the life of the loan. Lenders will first require your client to assign the life insurance policy to secure the loan. In addition, lenders will require them to put up additional collateral in the form of liquid assets to the extent that the policy cash surrender value is insufficient. Lenders may change valuations on collateral based on market conditions or a client's portfolio. Also, in order to renew and/or maintain the loans over time, the client must qualify financially with the lender.

DO YOUR CLIENTS HAVE TO QUALIFY EVERY YEAR?

Some lenders offer an extended loan commitment and a streamlined annual review process to borrowers who qualify. Lenders perform collateral review prior to the annual funding of the life insurance premiums.

CAN YOUR CLIENTS DEFER THE INTEREST?

No. Interest payments may not be capitalized into the loan. The interest payments must be paid out-of-pocket annually.

WHEN AND HOW IS THE LOAN TYPICALLY PAID BACK?

Repayment depends on the lender and the terms of the loan. The death benefit will be used to pay back the loan if death occurs prior to the maturity of the loan. Based on a review of future additional and updated financial requirements, the lender may approve to extend the maturity of the loan over time. In addition, it may be possible and desirable, in certain situations, to pay the life insurance premiums to such an extent that you can use the policy's cash value to pay off the loan in the future. It may also be prudent to implement a strategy to transfer assets into the hands of the policy owner that can be used to repay the loan during the insured's lifetime.



Advisor to Advisors

We work as advisor to advisors. Premium financing is a simple idea, but complex in practice. It requires access to sophisticated lenders and carriers, intimate understanding of lending markets—and unique communication skills for client presentations.

Working with Succession Capital Alliance gives you the support of a deeply experienced team—and exclusive access to an extraordinarily effective program that exists nowhere else in the industry:

- A proven approval process that provides your client the Power of ChoiceSM.
- Solid relationships with major carriers experienced with premium-financed business.
- An unmatched lender network with preferential rates.
- Innovative and successful case designs comprehensive advisor support and service.

With Succession Capital Alliance you leverage our relationships and quarter-century of experience to help grow your practice to the next level.

***To connect with Succession Capital Alliance,
call 877-467-4267 or email info@successioncapital.com.***

SUCCESSION CAPITAL ALLIANCE™

Succession Capital Alliance (SCA) is a nationally recognized boutique life insurance firm that offers advanced life insurance planning for high-net worth individuals and businesses. SCA is recognized throughout the insurance industry as the “Gold Standard” provider of Intelligent Leverage with Life Insurance™. Through the Power of Choice, Succession Capital Alliance helps its clients maximize the performance of their life insurance assets.

Succession Capital Alliance is not an affiliated company of Pacific Life Insurance Company.

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POWER OF PACIFIC

For more than 150 years, Pacific Life has helped millions of individuals and families with their financial needs through a wide range of life insurance products, annuities, and mutual funds, and offers a variety of investment products and services to individuals, businesses, and pension plans. Whether your goal is to protect loved ones or grow your assets for retirement, Pacific Life offers innovative products and services that provide value and financial security for current and future generations. Pacific Life counts more than half of the 100 largest U.S. companies as its clients and has been named one of the 2020 World's Most Ethical Companies® by the Ethisphere Institute. For additional company information, including current financial strength ratings, visit www.PacificLife.com.

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Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges.



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Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value