

Insurance Advisory: Life Insurance



At a Glance

The performance of life insurance policies can often differ from original projections.

To ensure that your life insurance policy is continuing to meet your needs, regular — and objective — policy reviews are crucial.

At Bessemer Trust, our experienced insurance professionals can provide you with in-depth and unbiased policy reviews and recommend modifications or alternatives as appropriate. We can also advise on the design, placement, and administration of life insurance coverage.

About Bessemer Trust

Privately owned and independent, Bessemer Trust is a multifamily office that has served individuals and families of substantial wealth for more than 115 years. Through comprehensive investment management, wealth planning, and family office services, we help clients achieve peace of mind for generations.

The Value of Unbiased, Expert Advice

Life insurance policies are complex and dynamic assets, and their performance can often diverge markedly from original expectations depending on economic and market conditions.

If you have a permanent life insurance policy, periodic performance reviews can help you to determine if it is still meeting your tax, investment, wealth transfer, or other needs; if modifications or replacement policies are required; or if another type of asset makes the most sense.

At Bessemer Trust, we do not sell life insurance, so our interests and our clients' interests are aligned. Whether you already have life

insurance or are considering it, we can provide you with objective guidance — uninfluenced by commissions or fees of any kind.

How We Work With You

If you have life insurance, your personal situation may have changed since the time you purchased your policy. Even if your coverage needs haven't altered, it's likely that the economic and market environment has changed, impacting the actual and projected performance of your policy — and probably the premiums you are required to pay.

Policy design and performance.

We analyze the design and performance of your policy in detail and provide guidance regarding

Reviewing Your Life Insurance Policy

Performance

- How is your policy performing? Relative to your expectations? Relative to alternative life insurance policies? Relative to other assets?
- How is your policy likely to perform going forward? What factors will allow for realistic assumptions about projected performance?

Tax Considerations

- What are the possible income, gift, and estate tax implications of maintaining, surrendering, taking withdrawals from, or transferring your policy?

Determine Next Steps

Given your objectives and the performance and outlook of your policy:

- Does it make sense to modify your coverage?
- Should you surrender your policy and seek replacement life insurance coverage?
- Should you terminate your policy and invest in another asset?

coverage amounts, premium funding requirements, and asset allocation. We can evaluate the competitiveness of your policy relative to other policies and asset classes and also assess the tax ramifications of potential policy changes.

Modifications and new coverage. If your policy review indicates that policy modifications or new coverage may be desirable, we can help. We know how to navigate the insurance marketplace, and when appropriate, we can work with your insurer to explore potential policy modifications on your behalf or engage an external broker to explore new coverage.

At the same time, if you don't have life insurance but are considering it for wealth transfer or other purposes, we can serve as a sounding board for any questions you may have and guide you through the policy selection process.

Advanced life insurance planning. Permanent life insurance is often recommended as part of a plan designed to reduce gift and estate taxes, provide liquidity to pay these taxes, or defer income taxes. We provide expert and objective advice on structuring, acquiring, implementing, administering, and when necessary, terminating ownership of life insurance.

For instance, exiting a split-dollar arrangement or life insurance funded deferred compensation agreement, premium finance plan, or other strategy after the sale of a business or retirement can bring up a litany of gift and income tax issues along with the need to manage the remaining insurance policy. Our insurance and estate planning experts work alongside your estate planning, insurance, and tax professional teams in a cohesive manner to optimize your results.

Oversight of trust-owned policies. Where Bessemer serves as trustee of an irrevocable life insurance trust, we may be engaged to conduct in-depth policy and performance reviews to optimize benefits to the trust.

Our due diligence of both new and existing trust-owned life insurance is designed to protect the long-term interests of our beneficiaries.

Private placement life insurance and annuities.

Private placement life insurance (PPLI) and annuities (PPVA) are specialized investment vehicles for accredited investors and qualified purchasers. While PPLI and PPVA have the same tax-favored basis as traditional variable life and annuities policies, they offer fee transparency, institutional pricing, and investment alternatives. They tend to be attractive to individuals and families seeking to reduce or eliminate the tax burden associated with long-term traditional and alternative investing. They may also be useful for pre-immigration, foreign national, and philanthropic planning. If you're interested in a private placement, we can walk you through their potential advantages and disadvantages in the context of your specific situation.

The Bessemer Difference

Our skilled insurance professionals have one objective: to serve your best interests. As an advisory service, we represent our clients exclusively, offering them unbiased advice not influenced by commissions or fees.

Not only do we have extensive industry experience and deep expertise in all areas of life insurance; we are especially well-versed at addressing the often complex life insurance needs of families with substantial wealth.

Finally, we are collaborative. We work closely with you and your other trusted advisors to provide insurance guidance that is fully integrated with your overall wealth management plan.

To learn more about Bessemer's life insurance advisory services, please contact your client service team or your local Bessemer Trust office.

This material is for your general information. The discussion of any estate planning alternatives and other observations herein are not intended as legal or tax advice and do not take into account the particular estate planning objectives, financial situation, or needs of individual clients. This material is based upon information from various sources that Bessemer Trust believes to be reliable, but Bessemer makes no representation or warranty with respect to the accuracy or completeness of such information. Views expressed herein are current only as of the date indicated, and are subject to change without notice. Forecasts may not be realized due to a variety of factors, including changes in law, regulation, interest rates, and inflation.

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