



EQUITABLE

Planning perspective

Commercial premium financing

A life insurance premium payment strategy that can benefit high-net-worth individuals

Your situation

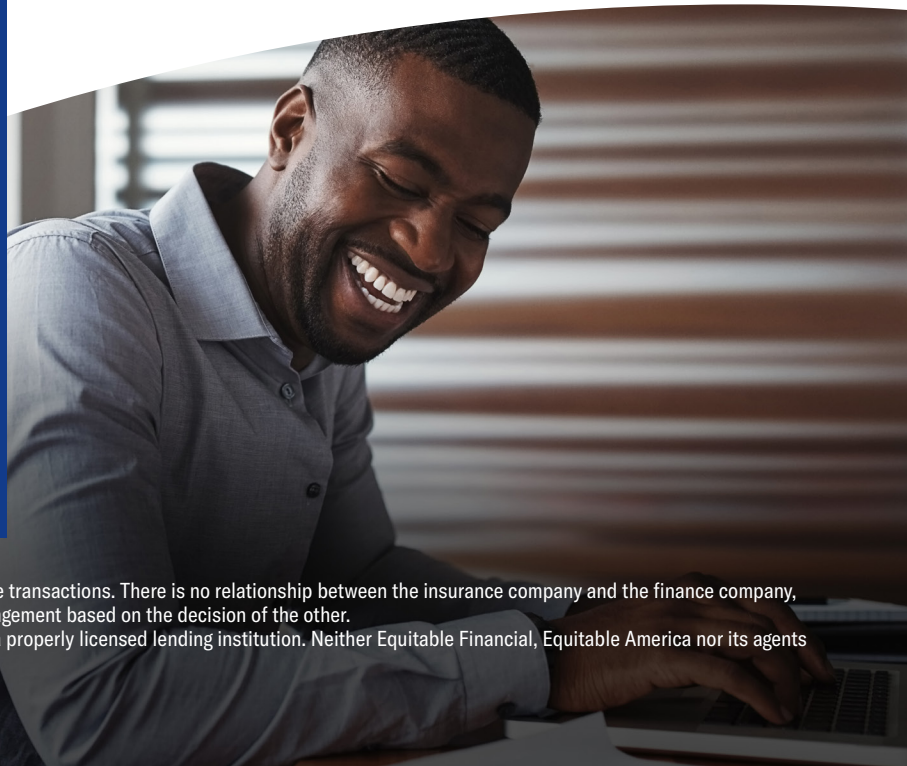
As a high-net-worth individual with a net worth of \$5,000,000 or more, you've taken steps to maximize your wealth. You've invested significant time and effort in managing your money and balancing risk and return objectives. As your wealth has grown, so has your potential need for life insurance. Life insurance can play an important role in helping you transfer federal estate tax-free wealth to your beneficiaries. If you have a significant life insurance need, but prefer not to liquidate potentially high-performing assets or family-limited partnerships to pay for premiums, there may be a better way.

Commercial premium financing is an opportunity to purchase life insurance without disrupting your current investment portfolio.¹ It involves borrowing money from a third-party lender to pay for premiums.² The idea is that you borrow at a loan interest rate that is currently lower than what you expect to earn on investments or other assets. Insurance protection is obtained with minimal disruption to your portfolio, using your assets as collateral. At a time in the future, you pay back the loan principal with a planned rollout technique or, if death occurs earlier, the death benefit will pay the debt.

Commercial premium financing: a closer look

Potential benefits to you

- Currently reduce out-of-pocket cost-of-life insurance premiums.
- Obtain needed coverage and maximize the time value benefits of your money without liquidating high-performing assets.
- Interest rate on borrowed funds may be less than the rate you expect to earn on your investments.
- Potentially beneficial gift tax ramifications, as the grantor will generally need to gift the interest payments only, rather than the entire premium payment.³



¹ The applications for insurance and for premium financing are two separate transactions. There is no relationship between the insurance company and the finance company, and neither are obligated to offer either insurance coverage or a loan arrangement based on the decision of the other.
² Borrowing funds to pay insurance premiums may be completed only with a properly licensed lending institution. Neither Equitable Financial, Equitable America nor its agents are licensed by any state to act as a lender.

Commercial premium financing

Things to consider:

Available to trusts, partnerships, corporations and, on a limited basis, to individuals.

Annual premiums are typically in excess of \$100,000, and your net worth is generally at least \$5,000,000.

The insurance policy is often owned by an irrevocable life insurance trust.

Universal life, indexed universal, survivorship universal and survivorship indexed universal life policies are the available life insurance products.

Loan interest to purchase or carry life insurance is generally not income tax-deductible.³

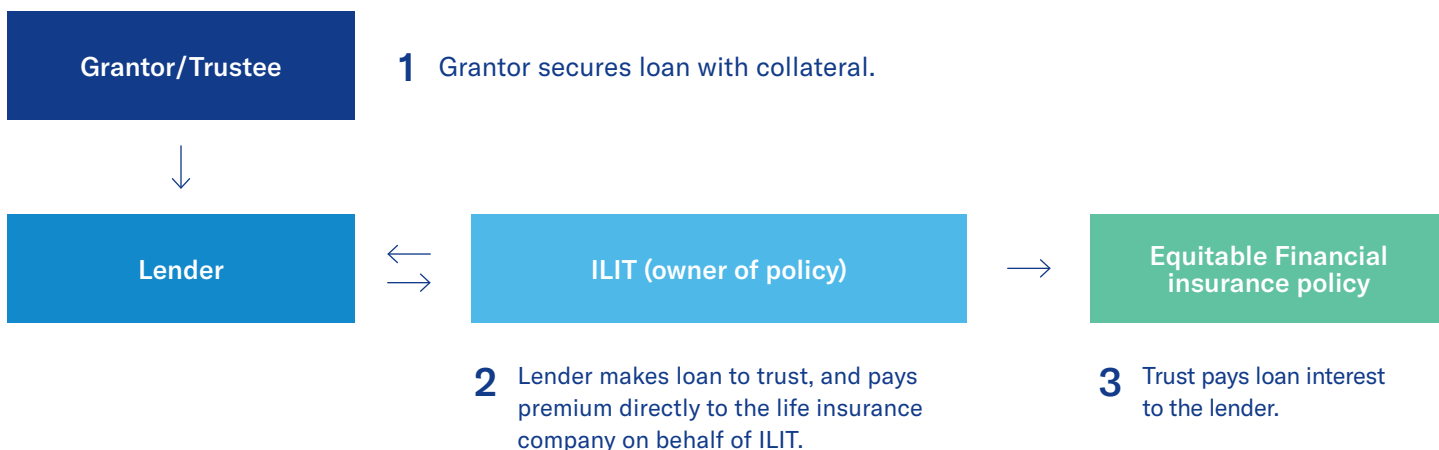
You need to qualify annually for the loan. The lending institution could refuse to make an additional loan or demand repayments before a death claim is made.

You must meet the collateral requirements of the lender.

You should have a planned strategy to repay the debt in the future.

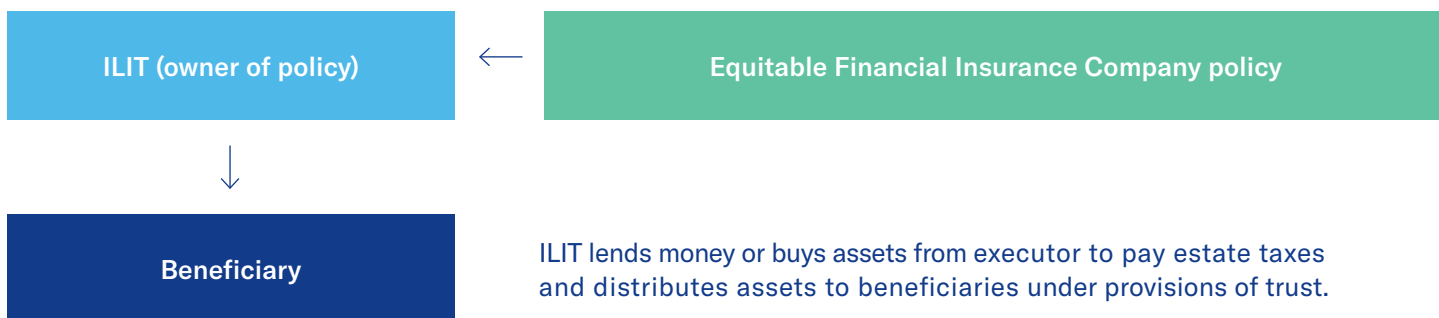
Market fluctuations may affect loan interest rates and could make the strategy less attractive.

During lifetime



Upon death

At death of insured(s), income and estate tax-free death benefit is paid to ILIT after loan repayment, if properly structured.



³ You should seek the advice of your own tax and legal advisors with respect to tax consequences for you.

For more information, visit equitable.com.

This very general overview of commercial premium financing is being provided for informational purposes only.

Please be advised that this document is not intended as legal or tax advice. Accordingly, any tax information provided in this document is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed, and you should seek advice based on your particular circumstances from an independent tax advisor.

Life insurance products are issued by Equitable Financial Life Insurance Company, NY, NY; or Equitable Financial Life Insurance Company of America (Equitable America), an Arizona stock company; and co-distributed by affiliates Equitable Network, LLC and Equitable Distributors, LLC.

Equitable America is not licensed to conduct business in New York and Puerto Rico. For New York state-based (i.e., domiciled) Equitable Advisors Financial Professionals, life insurance is issued by Equitable Financial Life Insurance Company.

Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (NY, NY); Equitable Financial Life Insurance Company of America, an AZ stock company; and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN). The obligations of Equitable Financial and Equitable America are backed solely by their claims-paying abilities.

Life Insurance: • Is Not a Deposit of Any Bank • Is Not FDIC Insured • Is Not Insured by Any Federal Government Agency
• Is Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

© 2023 Equitable Holdings, Inc. All rights reserved. GE-5726307.1 (6/23) (Exp. 6/25) | G2211995 | Cat. #132981 (6/23)



EQUITABLE