



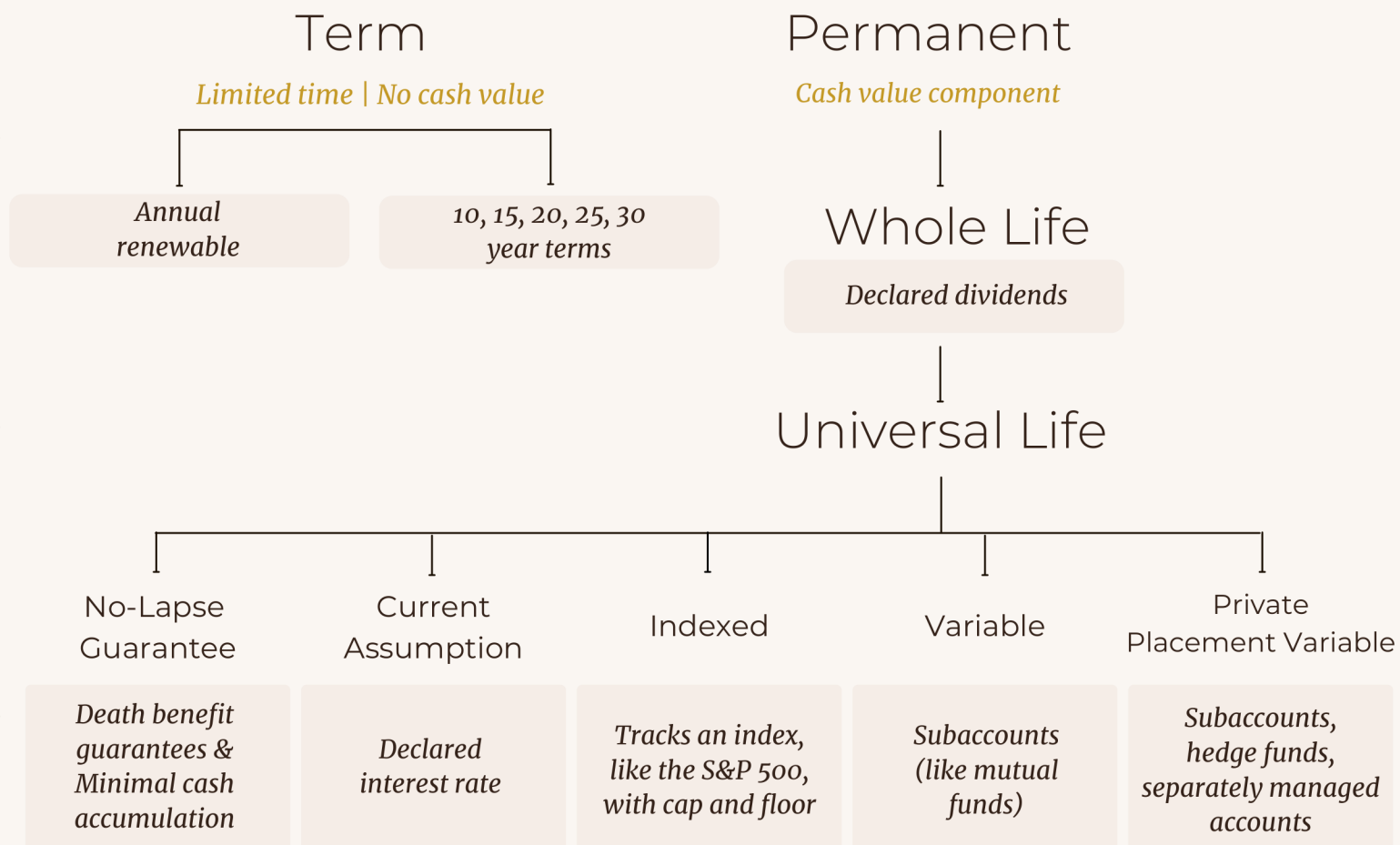
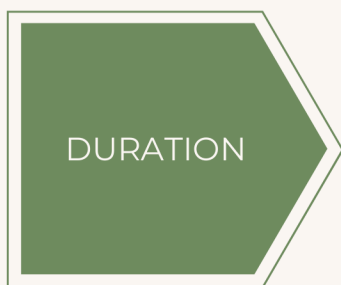
2024 FPA DFW Conference
February 15, 2024

GUIDE BOOK TO LIFE INSURANCE PRODUCTS

LESS



MORE



TERM vs. VARIABLE UNIVERSAL LIFE

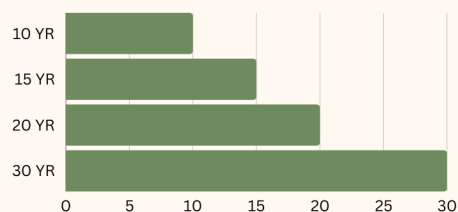


TERM LIFE

A solution for a specified need and specified period of time.



As long as the defined premium amount is paid every year, the death benefit remains in place for the number of years illustrated.



Term life can be convertible to a permanent life policy at the client's current age, during a specified window of time, without medical evidence.



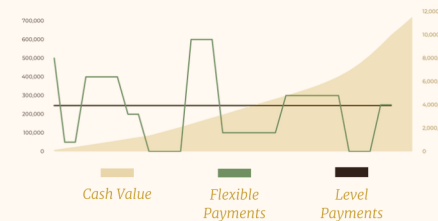
Term offers competitive pricing without cash value accumulation.



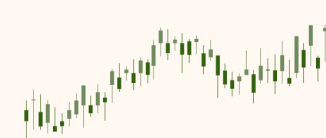
VARIABLE UNIVERSAL LIFE (VUL)

A permanent life insurance solution with cash value accumulation. When designed, funded, monitored, and administered properly the insurance can last the individuals entire lifetime.

Product flexibility allows for premium payment amounts and timing to be adjusted year over year.



VUL provides access to tax free cash value growth through asset allocation in registered investment subaccounts or in a fixed account.



With adequate cash value, VUL allows for tax-free income via withdrawals up to basis or loans.



What should collaboration look like?



1

Target

Discovery determines the needs and purpose for insurance, identifying your targets for today and tomorrow

2

Collect & Discuss

Listen to learn the medical and financial history as well as to identify the structure and funding

Discussions determine the best suited underwriting process

3

Underwrite

Collected medical and financial information are confidentially reviewed to obtain informal offers for insurance from several carriers

4

Collaborate & Implement

With client and collaborators, finalize strategy and design followed by formal applications for insurance

5

Issue

Accept policy, sign delivery documents, execute funding, and monitor trajectory of your asset

ALONG THE WAY
Post-Issue Service

A high touch approach to service is fundamental to the success of a policy and the foundation of successful collaboration. Continued monitoring, reviews, and administration should be standard practice.

The Artemis Way™



A Case Study on Key-man Insurance for Business Planning

- WHO** Business owners, top sales persons, C-Suite executives, employees with key process knowledge or unique skillsets critical to business success
- WHAT** A term or permanent life insurance policy owned by a business on the life of a key employee.
- HOW** The business is the policy beneficiary. In the event of a key employee loss, the death benefit is used to replace revenue and facilitate actions to replace the former employee.

INSURING A KEY EMPLOYEE

- CLIENTS** Rapidly growing, technology sales firm serving the Dallas/Fort-Worth metroplex
Promoting a long-time employee, with hands on experience with creation of company processes and a sales leader, to equity partner
Employee Facts | Female, Age 40, Managing a sales team and responsible for 30% of top accounts in the firm
- CONCERNS** Sustainability: Loss of industry knowledge and potential business growth; Equity partnership payout

Solution

- Permanent Life Insurance | Variable Universal Life
 - Owner & Beneficiary: Entity
 - \$2M Death Benefit to cover equity payout, fund replacement search, and training/rebuilding during leadership transition
 - Balance Sheet Asset: Cash value is accounted for the company balance sheet


**Death Benefit
pays to Entity**



Training



Transition



Payout

The Artemis Way™

A Case Study on providing Security for Peace of Mind



As wealth passes from generation to generation and the occurrence of blended families becomes more commonplace, protecting ones family wealth while also providing for spouses outside of the bloodline becomes increasingly important. Often multigenerational estate planning leaves non-monied spouses vulnerable. Through thoughtful conversation and strategy, life insurance can be used as a tool to compliment traditional planning, as well as provide security through liquidity. Through the Brown case study, we see the benefits of this solution to bring not only timely liquidity, but also peace of mind.

THE BROWNS

John Brown

- 45 years old
- Self-made entrepreneur and owner of several manufacturing plants
- Children with prior spouse
 - Ben - Age 17
 - Sarah - Age 14

FINANCIALS

- Independent Net Worth: \$40M with significant future inheritance
- Annual Income: \$400K Earned + \$300K Trust Distributions
- Current estate plan: All assets flow to his two children as his separate property

GOALS

- Provide majority of wealth to his children
- To not materially disrupt his current estate plan
- Find a clean solution that provides for Jane at his death

Jane Brown

- 40 years old
- Stay at home mother
- Children with prior spouse
 - Jack - Age 10
- No children with John

FINANCIALS

- Independent Net Worth: Minimal with no future inheritance or access to family monies today
- Annual Income: 50% of John's earned income
- No estate plan in place

GOALS

- Long-term financial independence
- Maintain lifestyle in the event of John's death
- Have access to cash/liquidity and their community property
- Preserve relationship with stepchildren

CONCERNS

With the current estate plan, at John's passing all assets (residence, other property, business interests, cash, and investments) pass directly to his two children, Ben and Sarah, via trust.

Jane receives only 50% of their joint bank account and community property.



With a clear vision of the life he wanted for his blended family after his death, John dedicated the time to executing and monitoring a thoughtful and comprehensive plan with his team of advisors. This planning led to the use of life insurance as a simple solution to an otherwise complex posthumous problem. By setting up future liquidity for Jane and directing family "bloodline" wealth to his biological children, the implementation of life insurance helped him take aim now for tomorrow.

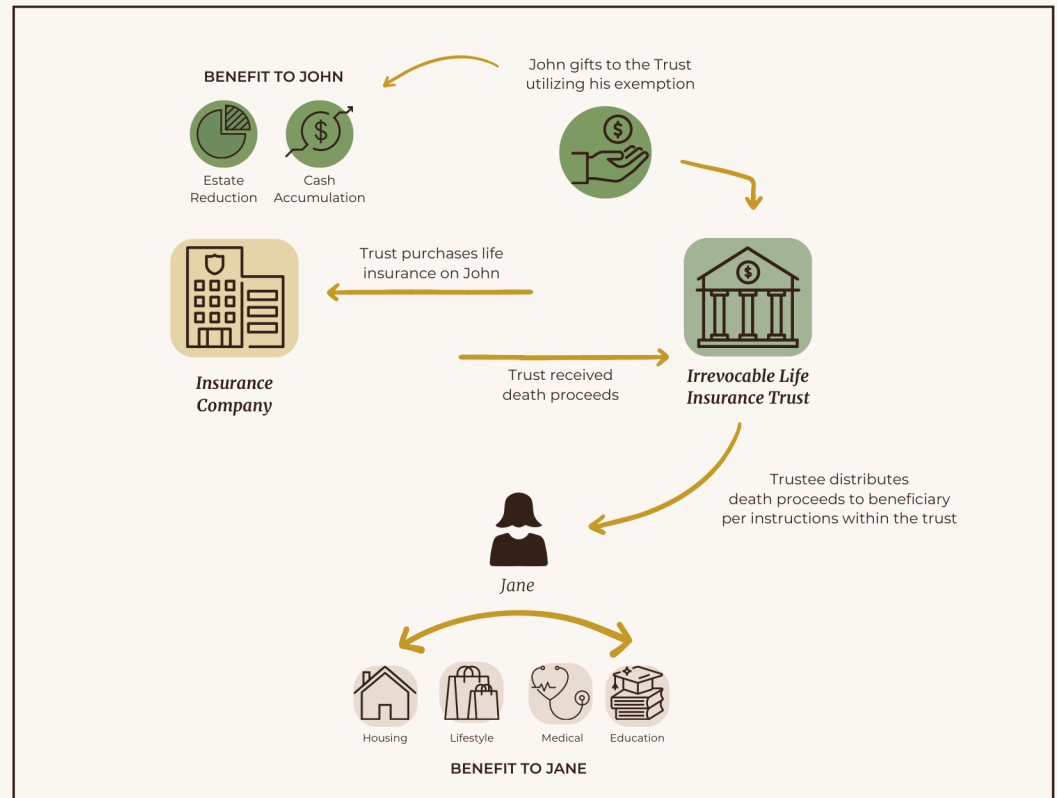
THE SOLUTION

Variable Universal Life

\$10M Death Benefit

Maximum Allowed Premium over 7 Years

By owning the policy inside an Irrevocable Life Insurance Trust (ILIT), with specific stipulations for beneficiary changes and death proceed distributions, John creates protection and control for the trustee, preventing the misuse of funds after his passing. Through a maximum funding design, the potential estate tax is reduced and the tax deferred cash accumulation inside the insurance policy increases significantly.



The Artemis Way™

Case studies on process and strategy



Through unique process, creative strategy, and years of experience designing with complex cases, Artemis Partners can often resolve the unresolvable. Creative strategies allows Artemis to mitigate road blocks associated to traditional solutions. Our strong carrier relationships, combined with our informal underwriting process allows the team to negotiate underwriting and issue coverage previously may have been unattainable.

Informal Underwriting & Carrier Relationships

CLIENT Male, Age 45 in need of \$10M Death Benefit for estate planning purposes

Problem

- Applied *formally* with a single carrier
- The weekend prior to his medical exam Mr. Client smoked a cigar while on vacation.
- Outside of this singular event, he is not a smoker.
- Mr. Client subsequently received Smoker rates, resulting in significantly higher premium.

Resolution

Artemis Partners used their informal underwriting process to shop all carriers with suitable product for Mr. Client's need. Through this process, their long-standing carrier relationships, and ability to converse directly with the underwriters, they were able to present the case and nicotine detection with reason and thus negotiate Standard Non-Smoker underwriting — significantly reducing his premium outlay.

Creative Strategy

CLIENT Female, Age 65 in need of \$50M Death Benefit for a combination of Buy-Sell and Estate Planning purposes for spouse

Problem

- Life Expectancy: Age 97
- Stated need: 30-year term policy
- Her understanding is this product type provided the best and cheapest solution for her need and idea of life expectancy

Resolution

Due to age, a 30-year term product is unavailable to this client. In addition, a 20-year term product does not meet life-expectancy expectations. Through creative strategy, Artemis Partners was able to design a Variable Universal Life policy with a rider guaranteeing 30 years of coverage and an additional benefit of cash value build up.

The Artemis Way™

A case study on securing your property legacy



With private property purchases beyond the primary residence – ranches, mountains and beach side homes – often the intent is to pass the property from generation to generation. Maintaining such properties has become a common financial challenge for the next generation. Life insurance, when structured appropriately, can serve as a solution fulfilling the legacy of passing on a treasured family asset.

Securing a Family Ranch

Facts

- Working Family Ranch
- Current Property Value: \$80M
- Potential Property Value at Life Expectancy: \$175M

- Second generation ownership
- Three children set to inherit (G3)
 - Each with unique financial situations
 - Located 3+ hours outside of town

- Upkeep & Maintenance Needs:
 - Staff
 - Livestock
 - Property / Machinery
 - Land
 - Safety measures
 - Taxes
 - Insurance

Concerns

- Taxes
 - Government has the authority to take up to 40% of a taxable estate. The tax burden to the heirs can often force unwanted asset liquidation/property sale.

- Multiple Heirs
 - Often heirs jointly inherit a single piece of property. It is important to consider some heirs may want to sell the property for needs of their own. Liquidity for a buy out may not exist.

- Maintenance
 - The annual cost of upkeep and maintenance may be beyond the financial capacity of G3
 - Just as the property value will rise, so will the expenses attributed to its needs

G2 Goal: Secure the legacy of their ranch within the family for multiple generations to come

Solution PROTECTION & PRESERVATION

Life insurance, together with an estate plan, can serve as a simple solution to protect the legacy property from sale and preserve the property with funding to last generations to come.

Protect

TAKE AIM

1. Creation of ranch dedicated trust.
2. Transfer ownership of the property.
3. Purchase life insurance on G2.

At the death of both insureds, if structured properly, death benefit proceeds are immediately paid tax-free to the beneficiary.



Preserve

Funds received by the trust are used as dictated by the agreement, and thus preserve the family ranch by removing the burden of supporting upkeep and maintenance for future generations.

The Artemis Way™

Making a case for the Artemis Assessment™



The most common challenges for advisors and their clients during a life insurance portfolio review are time and interpretation. A vast majority of insurance policies are left unmonitored and seldom reviewed with the initial agent, leaving current advisors unsure of what their clients own, how it is performing, and if it still targets the current planning goals. The Artemis Assessment™ is a proprietary review process for active policies and contracts that aims to simplify a task that monopolizes time and can yield misleading results without the expertise to interpret the language and products.

FACTS

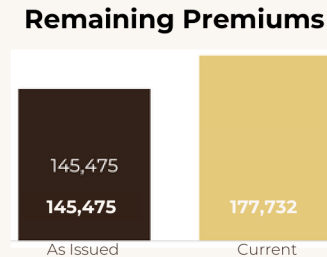
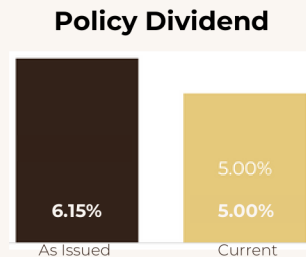
the CLIENT

- Male, 50 years of age
- Married with two children (12 & 17)
- Working technology executive
- Risk Class: Preferred Non-Smoker

current COVERAGE

- Whole Life policy - \$8M
- Purchased 2012
- Premium as issued: 10 Years \$145,475
- Premium today: 5 Years \$177,732
- Purpose: Income replacement in the event of early passing

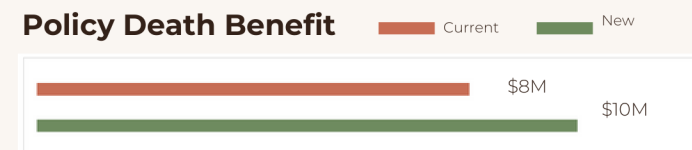
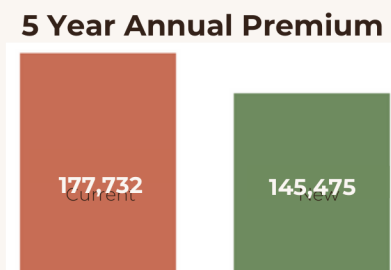
CHALLENGES



- Policy has never been reviewed
- Declining dividends
- Underinsured
- Premiums years and amount increasing

SOLUTION

Through the analysis of the Artemis Assessment™ and in conversation with the client's team, it was determined the client was underinsured. Artemis Partners was able to identify a solution that allowed for a 25% increase in death benefit while maintaining the original lower premium amount over the next 5 years via a tax-free 1035 exchange to a new product.



THE IMPORTANCE OF SERVICE



- *Life Changes*

- Balance Sheet
- Family Size
- Family Relationships
- Health
- Legacy Goals
- Law Changes (i.e. Exemptions, Tax Rules)

- *Policy Changes*

- Coverage/Term End Dates (Prevent lapse in coverage)
- Convertibility Windows
- Dividend, Interest Rate, Investment Choice Changes
- Premium Requirements
- Product Repricing

- *Client Best Interest*

- Provide Convenience
- A Complete Picture
- Expert Advice and Access

- *What should advisors be **LISENTING** for?*

- CLUES ABOUT LIFE CHANGES**

- New children, new homes or major purchases, new spouses, aging parents, major health events

- FINANCIAL STRESSORS**

- Low cash, illiquidity of assets, legacy properties, sale or start up of a business, business valuations

- *What should advisors be **ASKING** ?*

- PERSONAL**

- When was the last time you reviewed your estate plan and insurance statements?

- How is your insurance owned and who is administering the premium payments?

- BUSINESS**

- How is your buy-sell agreement funded?

- When was the last time your company was valued?

- Do you have key-man protection for your valuable employees?

- *When should advisors **COLLABORATE** ?*

- No agent relationship

- No detailed policy reviews

- Permanent products (no two types or policies are the same)

- Contact is a call center

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The investment return and principal value of the variable life policy are not guaranteed. Variable life sub-accounts fluctuate with changes in market conditions. The principal may be worth more or less than the original amount invested when the policy is surrendered.

Riders involves extra fees and guarantees are based on the financial strength and claims paying ability of the issuing insurance company.

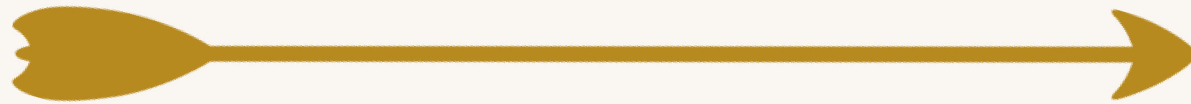
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