



# SAFEGUARDING YOUR CLIENT'S LIFE INSURANCE TRUST ASSETS

*THE ADVISERS GUIDE FOR  
PROTECTING PRIVATE TRUST  
OWNED LIFE INSURANCE  
TOLI*

## THE PROBLEM

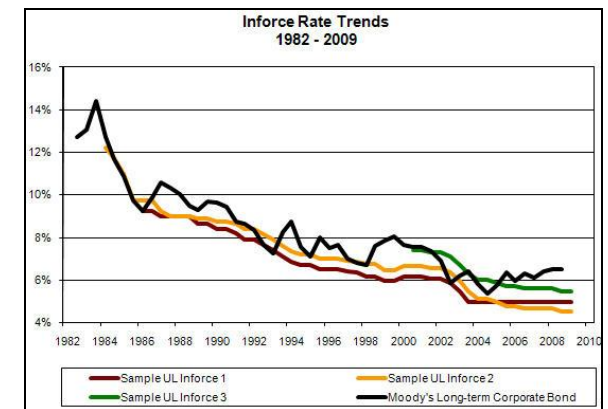
Your affluent individual, family group and Family Office clients spend a lifetime building a portfolio of stocks, bonds, and investment assets. They maintain frequent contact with their broker or wealth managers responsible for the active portfolio performance and management.

However, many of these same clients overlook the risk management of their life Insurance portfolio, which may have a significantly larger death benefit value than their investment portfolio and also play an integral part in their wealth transfer planning. But they don't realize that their life insurance is also a 'Buy and Manage' asset that should be managed with the same time-tested discipline as their traditional investment portfolio.

As a result of this neglect, there is a failing life Insurance policy crisis today. It is likely your clients are unaware they have assumed 100% of the policy performance risk, and are unfamiliar with the risks to be managed.

Credible in force policy performance monitoring and risk management is needed. Originally illustrated policy values and sustainability was based on higher crediting rates that have not been achieved. Crediting rates have declined from as high as 15% to 3%.

Neither the amateur Irrevocable Life Insurance Trust (ILIT) trustees, nor the Insured, grantors themselves we're, and in many cases are still not aware that the scheduled premiums on their life Insurance policies should have been increased to make up for the reduced interest rates. After many years of reduced rates and neglect, approximately 38% of all flexible premium non-guaranteed policies are estimated to expire prior to the Insured's life expectancy.



## CONSEQUENTIAL LIABILITIES

An ILIT trustee is responsible to:

- Administer their Crummey letters & coordinate with their trustees
- File & allocate Gift Tax returns
- Monitor the financial health of their Life Insurance carrier
- Monitor the performance of their trust owned life Insurance

If prudent ILIT administration and TOLI risk management procedures are not

followed, the premium gifting plan is disrupted, and the expected death benefit liquidity are at risk to expire worthlessly. Should this un-necessary situation occur, a grantor/client and his/her family will likely blame professionals for not providing needed advice and guidance, thus posing reputation and client retention risks un-necessary, disputes or lawsuits.

## **PRUDENT SOLUTIONS**

Awareness of the failing policy crisis, the need for prudent risk management procedures and the availability of independent TOLI-specific third-party expertise is the critical first step. A problem cannot be fixed if the ILIT parties are not aware of the problem nor know how it can be fixed.

As your clients' trusted advisor, you can assist them in engaging a fee-for-service industry leader. The TOLI Center will assist your clients in formalizing a policy review and risk management process that annually monitors carrier, product and policy suitability as set out in the trust's Investment Policy Statement. If corrective action is needed, the available policy remediation and restructure options, including life settlement, can be reviewed so that the expected standard of care is provided, and your firm avoids any unnecessary disputes.

A dispute defensible 'manage' function safeguards your clients' wealth management planning and your firm's resource value reputation. If you feel that an independent and unbiased policy management service can benefit your client's and your client relationship, please contact our office

### **Henry Montag, CFP**

Henry Montag, in practice since 1976, is a Principal of Financial Forums Inc. & provides CPE & CLE credits to organizations such as NYS Bar Association, Nassau and Suffolk State Society of CPAs. His articles on TOLI have been appeared in publications such as The NYS Bar Association's Law Journal, The Suffolk County Women's Bar and National CPA Organizations. He's been a source for W.S.J, Investor's Business Daily, Newsday, LIBN and has appeared as a guest on Fox News, News 12 & FIOS T.V.

### **E .Randolph Whitelaw AEP® (Distinguished)**

E. Randolph Whitelaw is Managing Director of Trust asset Consultants, LLC, a TOLI risk management consulting firm, and Co-Managing Director of The TOLI Center, LLC. A leader in the TOLI risk management consulting and restructure marketplace, he lectures Nationwide, has authored numerous professional articles, regularly authors peer-reviewed articles, and frequently provides expert opinion and testimony in dispute and litigation matters. Most recently he lectured at the Heckerling Institute 2014 on TOLI related matters.

## **THE TOLI CENTER**

The TOLI Center (TTC) provides an Irrevocable Life Insurance Trust (ILIT) and TOLI risk management platform designed to preserve life Insurance assets & meet the asset management requirements of institutional and personal trustees, family offices & professional advisor's to trustees while protecting against reputational risk and unnecessary lawsuits. The tools to protect your client's life Insurance and your firm's reputation are available today - they just need to be selected and used.



For more information contact:  
Henry Montag, CFP, CLTC  
The TOLI Center East  
(516) 695-4662  
[henry@thetolicentereast.com/](mailto:henry@thetolicentereast.com)  
[www.thetolicentereast.com/](http://www.thetolicentereast.com/)