Private Briefing on BOLI Rescue® Opportunity

Take the 2021 BOLI Challenge

Introduction

Many banks have accumulated a significant amount of bank owned life insurance (BOLI) assets over several decades either by bank acquisition or direct investment.

Many of these assets are considered “Legacy BOLI” in that the assets are on the lives of employees who are no longer at the bank. Up until now, it was thought that these assets where immovable and non-liquid without a complete surrender which would trigger a larger unanticipated tax cost.

BOLI Challenges

The challenges with these assets are as follows:

- Assets have large gains given the amount of time they have been accumulating
- Assets are not providing competitive yields
- Costs of insurance tend to be extremely high on older BOLI assets
- BOLI assets are on the lives of terminated employees
- No insurable interest in insureds thus no way to move these assets to a better performing product
- No liquidity without substantial tax cost and MEC penalities

BOLI Rescue Opportunity

BOLI Rescue (BR) has identified a proven and easy way to unlock these Legacy BOLI assets and eliminate the challenges.

Unlocking these assets will provide the following:

- Ability for the bank to move these assets to a structure that will provide higher yields
- Ability for the bank to move these assets without immediate substantial tax cost or penalties
- Ability for the bank to move these assets without a need for an insurable interest
- Ability for the bank to obtain liquidity from assets

This strategy will take control away from the insurance company and give it back to the bank. **This can all be accomplished by utilizing the BOLI Rescue structure**. This solution is easy, requires no insurable interest, no authorization from the insured, and does not involve buying new BOLI.

Legacy BOLI Carrier Risk

Many banks have BOLI contracts through life insurance carriers who are no longer in the bank or corporate markets. This creates a unique risk for the bank in trying to manage “disinterested” 3rd party risks.

These risks are typically seen in one or more of the following ways with Legacy BOLI contracts:

- Product crediting rates (interest rates) are not competitive – rates are at or close to guarantees
- Significant increase or plans to increase the cost of insurance charges (some are at or approaching guaranteed maximum costs)
- Increase or plans to increase the underlying interest rate haircut and other non-guaranteed policy charges
- Non-existent service and inability to provide illustrated projections

Some representative carriers who are **no longer** in the BOLI market include:

Ameritas, Beneficial Life Insurance Company, Delaware Life, John Hancock, Lincoln Financial Group, Ohio National Financial Services, Phoenix, Transamerica, West Coast Life Insurance Company

BOLI Evaluation Steps

1

Identify Legacy BOLI

Engage BR to identify seasoned general account, hybrid or separate account bank-owned life insurance assets on terminated and active employees

2

BOLI Due Diligence

Provide comprehensive evaluation and analysis on best assets to effectively move out of BOLI and into the BOLI Rescue structure

Bank Eligible Fund Managers for BOLI Rescue include:

AMERICAN FUNDS®

BLACKROCK

Dimensional

Dreyfus

Fidelity INVESTMENTS

Goldman Sachs

J.P.Morgan

LORD ABBETT

MFS®

PIMCO
Your Global Investment Authority.

Vanguard®

WESTERN ASSET
A Legg Mason Company

Take the 2021 BOLI Challenge
Schedule a Call

https://calendly.com/bolirescue

We encourage you and your team to schedule 15-minutes with us to learn how we are helping banks get out of their Legacy Bank-Owned Life Insurance (BOLI) contracts.

Our structure is simple and allows the bank to act now in order to get liquidity from its BOLI rather than accepting poor net returns while waiting decades to receive death benefits.

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