Case Study

$4B bank in the Great Lakes region.

Background

January 2018, a meeting was set with the CEO/Chairman of a $4B bank in the Great Lakes region. The Bank had purchased corporate owned life insurance (COLI) in the past, (referred to as BOLI with banks). The last purchase was 2011 and there was zero interest in adding more to their portfolio.

The Chairman understood the tax benefits and yield enhancement that BOLI added to the balance sheet. During the discussion, he disclosed that they had used some of the life insurance benefits to informally fund certain executive benefit programs.

The Legacy Life Executive Benefit®

The acrylic recognition award was placed on the board room table recognizing a gift made in honor of a "beloved employee" followed by the PowerPoint presentation of Legatus Memoria®.

As is always the case, the comment "interesting" was uttered by the Chairman. He then commented that since they are a bank, they would not likely give all the excess death benefit proceeds away to charity as they would use some of the excess to fund benefit plans, but he could easily see extending The Legacy Life Executive Benefit® plan to the executive team.

They had informally given money to local charities to honor deceased board members but liked the idea of including something more formal for key executives. He referred me to the CFO for a meeting to discuss the mechanics.

Implementation

Within a month a meeting was arranged with the bank CFO. He as philanthropically inclined and had a heart of giving that extended back to his days in Bible College.

The discussion was smooth yet deliberate. We discussed creating a presentation to the board of directors and gained pre-approval from a AAA-rated carrier to underwrite 40 executives through the guaranteed issue program. During the July board meeting, the plan was approved and $10,450,000 was wired to the insurance carrier.

Each executive insured had to complete a one-page application that provided basic information, a consent to the insurance owned by the corporation, and the two questions for qualification. After the application paperwork was collected the policies were issued in about a week.

The asset is now earning nearly 3% annually tax-free while offering key executives an opportunity to designate a charity of their choice for a gift in their honor once they are deceased.

To learn more contact:

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