

IMPROVING TAX-EFFICIENCY OF GRATS AND IDGTS THROUGH PPLI

How can PPLI improve estate plans for your HNW/UHNW clients?

Private Placement Life Insurance (PPLI) is a tax-free vehicle that allows you the ability to create estate planning strategies in which all the future appreciation on the assets will be tax-free and outside the client's estate.

This is a significant improvement over standard GRAT and IDGT estate planning strategies.

Grantor Annuity Trusts (GRATs) and Intentionally Defective Grantor Trusts (IDGTs) allow HNW and UHNW clients to effectively "freeze" the value of their estate by placing the assets into one of these grantor trusts.

The problem with these vehicles however is that any realized appreciation of these assets are all fully taxable to the grantor prior to death at the grantor's high marginal tax-rates. Furthermore, any unrealized appreciation of assets remaining in the grantor trust at death of the grantor may not receive a step-up in basis at death. So at death the grantor's beneficiaries would pay taxes on the unrealized appreciation of these assets.

PPLI helps improve the tax-efficiency of GRATs and IDGTs by doing the following:

1. Protecting grantors' investments from all taxation on ordinary income, capital gains, and the client's estate
2. Allowing grantors to pass on wealth tax-free to their heirs even if step-up-in basis on assets in the grantor trust is disallowed

Who is Colva Actuarial Services?

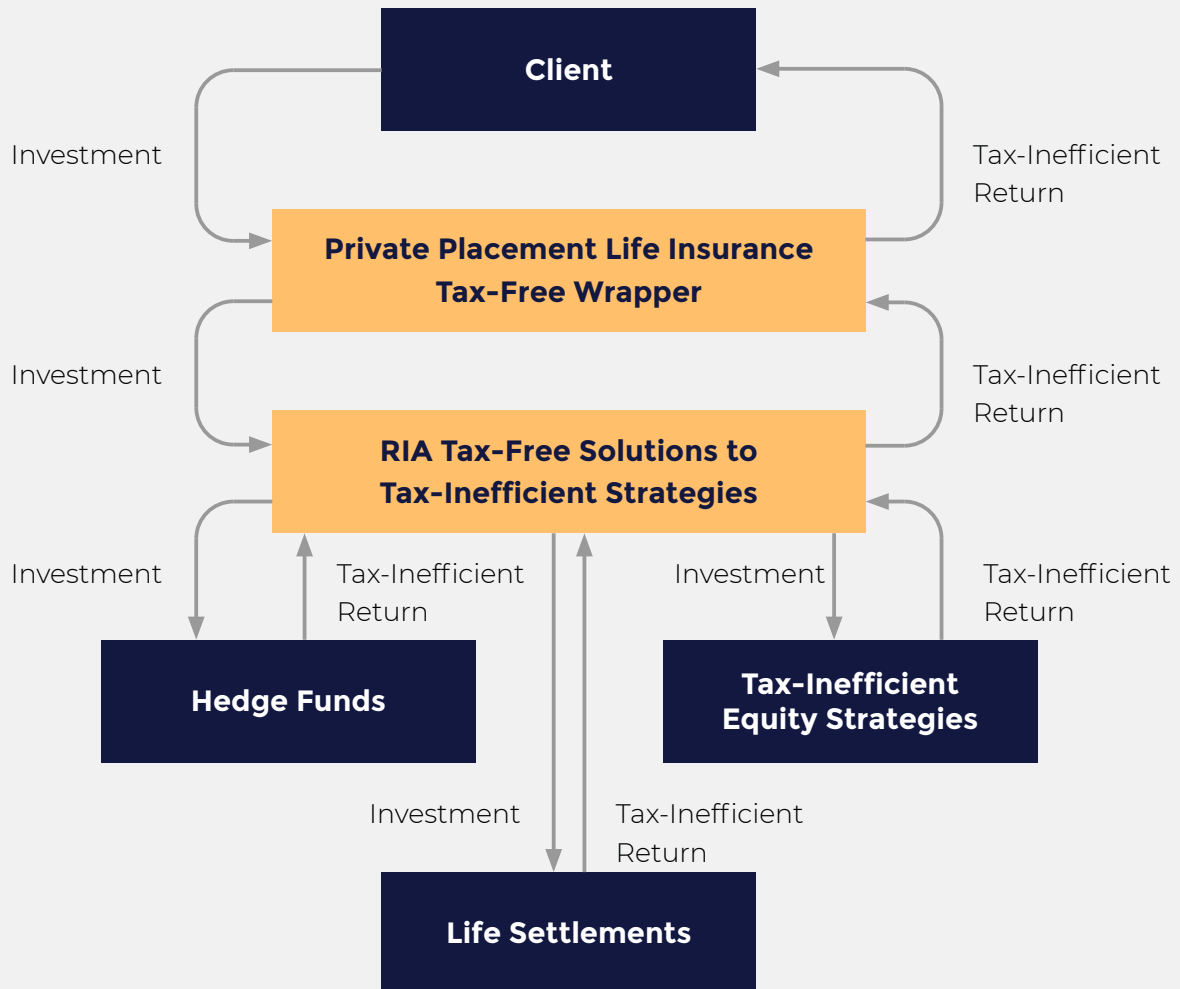
Colva Actuarial Services is an actuarial and financial services company that works with your RIA to protect your client's wealth from high capital gains, ordinary income, or estate taxation.

Why is PPLI valuable in a high-tax environment?

The Biden administration's proposed tax increases on the wealthy and large COVID19 spending bills ensure that higher taxes on the wealthy are on the horizon.

This would make almost all of your client investment strategies within a grantor trust tax-inefficient.

The ability to provide your HNW and UHNW clients with tax-efficient solutions in a high-tax environment provides an immense value proposition in attracting UHNW clients to your practice over your competitors.



Utilizing a PPLI solution allows you to turn your otherwise tax-inefficient strategies into tax-free solutions for your HNW and UHNW clients

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For more info, read our white paper:
[The Private Placement Life Insurance Solution Many Fee-Only RIAs And Family Offices Are Missing](https://www.colvaservices.com/pdf/privateplacementlifeinsurance.pdf)
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