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How Wealth Managers Are Using Offshore Life Insurance to Help High Net Worth Clients

For Professional Advisers Only

Introduction

In these uncertain times, a lot of high net worth clients are getting their finances in order and exploring their options when it comes to protecting their families and business interests.

Unfortunately, it often takes these largely unforeseen circumstances to get people to plan for the future, but as financial professionals, it's our obligation to talk about these topics in good times and bad times.

Capital for Life has put together some key talking points for professional advisers to have with their high net worth clients who have existing offshore life insurance policies, or who are considering taking out life cover which can provide benefits during their lifetime, as well as upon their passing.

Lifetime Benefits

1. Income can be taken during the insured's lifetime as a potential source of emergency funds, or to help meet cash liquidity needs. For example, a universal life insurance plan with a cash value can provide income in the form of a withdrawal.
2. Loans are also available to a policy holder to cover short term needs or investment opportunities. The loan is provided by the insurer and is secured against the policy's cash surrender value.

Protection in a Market Downturn

3. Downside risk protection with a zero percent floor stops any losses from stock market falls in a client's policy cash value. Avoiding losses allows a policy to smooth returns, meaning it is better able to deliver all the other policy benefits like withdrawals, loans and the ultimate death benefit that is payable.

4. Upside gains in stock market returns from index linked universal life policies. Yearly returns are capped but policy owners can get 100% participation in the stock market returns.

5. Guaranteed minimum returns are available from some offshore life insurance companies. Typically, they have very high credit ratings and are better able to weather the stock and bond market volatility. Typically, a policy holder will receive a guaranteed minimum return of 2% a year on their policy.

Life insurance policies with a cash value can be accessed during a down market to avoid selling other assets and locking-in losses.



Death Benefits

In its purest form, life insurance cover is used as protection for your client's family and business interests after their death.

6. Predictable returns of life policy cash values steadily increasing each year are available. This allows advisers to include life insurance as a low risk asset in client portfolios.

7. Diversification benefits of using life insurance as part of an investment portfolio. Many wealth managers see life insurance as a separate asset class, often producing uncorrelated returns.

Family Cover

A life insurance policy will provide a guaranteed pay out to the family upon the death of the life insured individual which can be used for:

- Cash liquidity
- Pay off debts
- Provide for the long term future of the family

Term policies and whole of life policies both provide this type of financial security for the family.



Business Cover

This type of life insurance is designed to protect a business from the loss of a key person or partner by providing a cash pay-out if they die in service. The policy pay out can be used to:

- Buy the deceased key partners shares
- Provide a lump sum cash payment to the family of the key partner
- Attract and recruit a new employee with the key skills required

Both a term policy or a whole of life policy can be used for business cover.

Conclusion

These are some of the ways in which offshore life insurance solutions from some of the world's largest insurance companies are helping high net worth clients through the uncertainty and current market volatility. During their working years, your clients can take advantage of these benefits offered by life insurance, as well as provide a potential legacy for the next generation in their family or protect their business interests into the future.

Are you a Wealth Manager and Ready to Increase your Life Insurance Income?

Capital for Life has everything you need to offer your high net worth clients offshore life insurance and premium financing solutions.

Products are available for professional advisers to use with high net worth clients in over 150 countries across Asia, Middle East, Africa, Europe, Australasia, North and South America.



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