What is Private Placement Variable Universal Life?

Private placement VUL (PPLI) is a product which will last for your entire life if it is managed closely and funded properly.   Premiums are often paid up front over four years to maximize the cash value and minimize the mortality charges while keeping the contract within the boundaries of insurance and tax law. PPLI is most often used as an income tax planning strategy and focused on cash value accumulation rather than maximizing death benefit. Over the long term death benefit may grow significantly if the underlying investments perform well.

PPLI is an equities based product with the crediting of the cash value based on the performance of designated separate account investment options. Some products are built on an open architecture with the ability to incorporate significant customization of investments. Others have investment options which may vary widely but are limited to existing fund. PPLI has often been used to encompass otherwise tax inefficient hedge fund investments.

PPLI policies have great upside potential but also incorporate the greatest risk and should only be utilized by someone very familiar with how they work and willing to closely manage the contract regularly. If the policy is built appropriately with a minimum amount of death benefit, it can be relatively conservative even if invested in rather aggressive investments.

PPLI has cash value which may be withdrawn or borrowed though this will affect the performance of the policy and have potentially negative tax consequences.

PPLI is limited to qualified investors and generally requires a seven figure minimum premium over the first four years of the contract. Separate legal counsel if often retained when implementing PPLI contracts due to the size of investment, potential complexity and the customization of the transaction

All permanent life insurance must be managed.

oc consulting group

1444 Michigan Street, Grand Rapids, MI 49503 | Bill@oc-lic.com | Tel: (616) 456-1000