


A photograph of three business professionals in an office setting. A man with a beard and glasses, a woman with long brown hair, and an older man with a grey beard are all smiling and shaking hands over a table. The woman is wearing a red polka-dot blouse. The man on the right is wearing a dark suit and a blue striped tie. The man on the left is wearing a dark suit. The background is a bright, out-of-focus office space.

# The RIA Advantage

The intersection of life insurance,  
advisor ALPHA and client centricity







**Registered investment advisors (RIA) face challenges integrating life insurance cash values with fee-based asset management.**

**These challenges include:**

- Lack of technology for fee-based billing of charges
- Limited discretion over account management to gain potential Advisor ALPHA
- Complexity of insurance products
- Transparency of expenses and credits
- Lack of subject matter expertise to support implementation and services

**At CES, we have created a winning strategy for you to include the tax advantages of accumulation-driven life insurance.**

# RIA Advantage

**The RIA Advantage platform from CES provides registered investment advisors access to the Life Income Plan<sup>SM</sup> — a variable universal life insurance policy designed to mitigate the potential income gap left by traditional retirement plans. Its innovative design is simple to understand and implement, creating a winning strategy for both you and your client.**

## Benefits to the RIA

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Provides the ability to charge AUM fees on life insurance cash values

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Implementation designed to meet regulatory requirements

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Tax-advantaged accumulation and future potential non-reportable tax-free distributions with asset management and reporting transparency

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Provide asset location for portfolio protection, as well as asset allocation and reallocation

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Improved projected performance through compensation reductions and potential Advisor ALPHA through asset management discretion

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Attract additional AUM while maximizing tax diversification benefits of life insurance

## Benefits to the client

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High early account and cash surrender values<sup>1</sup>

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No direct surrender charges<sup>1</sup>

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Tax-advantaged accumulation, distributable asset bucket for tax and income planning

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Retain life insurance death benefit and step up in basis should death occur

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Lower loads, fees and expenses to increase opportunities of future asset performance

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Build a non-reported, distributable income and access asset<sup>2</sup>

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Coordinated insurance assets within holistic portfolio management to add potential Advisor ALPHA to returns

<sup>1</sup> Life Income Plan - LIP<sup>SM</sup> uses cash value corporate owned variable universal life insurance that tends to offer significant cash values in the early policy years because of its general lack of surrender charges and because in the event of a full policy surrender within a certain number of years, some policy charges may be refunded. These policies often include a minimum guideline death benefit and are structured to minimize death benefit expense yet retain the integrity of life insurance and the tax-deferral benefits.






<sup>2</sup> Cash values accumulate on a tax-deferred basis and can be structured for tax-advantaged access and distribution assuming policy loans after withdrawals of the policy owner's basis. Loans and withdrawals reduce the policy's cash value and death benefit, and withdrawals in excess of the policy's basis are taxable. Under current rules, loans are free of income tax as long as the policy remains in effect until the insured's death at which time the loan will be satisfied from income-tax-free death benefit proceeds, and, if the policy is surrendered, any loan balance will generally be viewed as distributed and taxable.

# RIA Advantage performance

The following are hypothetical enhanced product performance projections for the RIA Advantage reflective of reduced compensation with and without ALPHA.

## Hypothetical assumptions

<b>Gender</b>	Male
<b>Age</b>	50
<b>7-pay premium</b>	\$250,000
<b>Rating</b>	Preferred nonsmoker
<b>Rate of return</b>	7% gross 8% gross (ALPHA)
<b>Carrier</b>	Equitable Financial

<b>COIL Institutional</b>		
<b>RIA Advantage (no ALPHA)</b>		
<b>RIA Advantage (ALPHA)</b>		

COIL Institutional Series <sup>SM</sup>				
	A	B	C	D
Year	COLI cash flow	Cash surrender value	IRR on cash	Death benefit
1	\$250,000	\$264,620	5.85%	\$6,075,711
5	\$250,000	\$1,374,501	3.18%	\$7,185,592
7	\$250,000	\$2,002,873	3.37%	\$7,813,964
10	0	\$2,348,101	4.24%	\$4,773,349
20	0	\$4,286,484	5.38%	\$4,972,322
30	0	\$7,962,128	5.75%	\$8,360,235

RIA Advantage (no ALPHA)				
	A	B	C	D
Year	COLI cash flow	Cash surrender value	IRR on cash	Death benefit
1	\$250,000	\$265,611	6.24%	\$6,008,155
5	\$250,000	\$1,417,659	4.23%	\$7,160,203
7	\$250,000	\$2,082,395	4.35%	\$7,824,939
10	0	\$2,457,975	4.90%	\$5,059,143
20	0	\$4,502,544	5.68%	\$5,222,951
30	0	\$8,363,543	5.94%	\$8,781,720

RIA Advantage (1% ALPHA)*				
	A	B	C	D
Year	COLI cash flow	Cash surrender value	IRR on cash	Death benefit
1	\$250,000	\$267,943	7.18%	\$6,010,487
5	\$250,000	\$1,459,044	5.20%	\$7,201,588
7	\$250,000	\$2,166,732	5.34%	\$7,909,276
10	0	\$2,632,246	5.91%	\$5,170,135
20	0	\$5,320,396	6.71%	\$6,171,659
30	0	\$10,850,620	6.96%	\$11,393,151

\* ALPHA assumes a 1% increase in IRR on cash surrender values with investment advisor discretion. Investment advisor discretion does not guarantee an increase in IRR, which may be lower or higher than the hypothetical assumption.





# Service and implementation administration

CES provides access to all the tools you need as an RIA for life insurance portfolio management.



RIA discretion for allocation, reallocation and rebalancing



Daily account valuations printable for billing cycles



Multiple investment subaccount fund options for portfolio construction/integration



Integration options to various investment management aggregation software providers



Annual review comparison, including year-over-year and since inception to stated benchmarks



No additional administration or reporting costs



Independent CFA quarterly fund analysis



Qualified product implementation and knowledgeable support services





# Unlock the advantage

The RIA Advantage from CES can make the fee-based hurdles of life insurance a thing of the past. Discover what the inherent tax advantages within the Life Income Plan<sup>SM</sup> can accomplish for you and your clients' portfolios today.

Access to institutional life insurance

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Technology-driven service and reporting portals

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Qualified implementation and service support with executable non-disclosure agreements

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Simplified and streamlined underwriting available for qualified individuals

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Contract management to IRC 7702 accumulation-driven design

For additional information, contact CES to discover the **RIA Advantage** and connect with a CES qualifying financial professional near you.

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Variable universal life insurance is a contractual agreement in which premiums are paid to an insurance company, and the company in return for those premiums provides a benefit to a named beneficiary upon proof of the insured's death and a policy cash value. Amounts in the policy's cash value are invested in a variety of variable investment options. Amounts in a variable life insurance policy's variable investment options are subject to fluctuations in value and market risk, including loss of principal. Life insurance policies have exclusions, limitations, and terms for keeping the policies in force. Fees and charges associated with variable universal life insurance include mortality and expense risk charges, cost of insurance charges, surrender charges, administrative fees, investment management fees, and charges for optional benefits. Please see the policy's prospectus for more complete information.

***Variable life insurance is offered by prospectus. For a prospectus with more complete information including investment objectives, risks, charges, and expenses, please contact your financial professional and read the prospectus carefully before investment or sending money.***

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