

# Lifeline Asset Program

Thank you for taking the time to familiarize yourself with the program used to capitalize on *excess insurable capacity*.

A crucial part of wealth maximization involves leveraging and administering assets efficiently. However, many individuals completely overlook their insurability. This is an important asset, which if managed effectively, may be used to significantly increase net worth.

A person's insurability is simply the total amount of life insurance that he or she can purchase. It is a valuable asset, provided freely by the life insurance industry. In most cases, it is approximately equal to your net worth. In the past, individuals have only considered their insurability when purchasing life insurance policies intended to provide security for their families, their beneficiaries. However, financial and insurance technologies enable affluent individuals to access and have the option to *monetize this asset* and leverage its purchase.

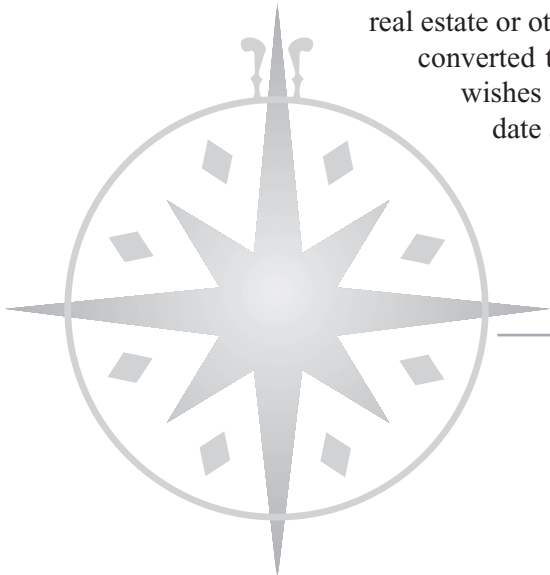
This insurability monetization allows seniors the opportunity to improve their financial situation without any out-of-pocket cost to themselves, their family, or their estate. NorthStar's Lifeline Asset Program taps into the insurability of individuals between the ages of 68 and 85 by coupling those who qualify for a potentially profitable new life insurance policy with investors who will finance its purchase. This leverage is frequently utilized when cash is tied up in liquid investments, real estate or other assets which are not easily converted to cash and when it is not the wishes of the insured person to liquidate any of these assets.



## Who's Who:

*This sector's growth is drawing the attention of the capital markets and high-quality institutional funding is pouring in from such powerful global investors as: Warren Buffett's Berkshire Hathaway; Deutsche Bank; Merrill Lynch; Morgan Stanley; Lehman Brothers; AIG; Royal Bank of Scotland; Dresdner Bank; Citigroup; GE Capital; Goldman Sachs; General Re; and others.*

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NORTHSTAR CAPITAL & RISK SOLUTIONS  
 NORTHSTAR BENEFITS, INC.  
 NORTHSTAR RISK MANAGEMENT & INSURANCE SERVICES, INC.  
 CONTACT: STEVEN A. CLEMMENSEN  
 telephone 913-647-5373 • email: sac@nstarmgt.com  
 www.nstarmgt.com • www.northstar-ins.com

# Lifeline Asset Program - Cont.



The Program secures the policy asset up to the maximum potential which is cost deferred for the first two years. In the event the insured person should pass away during this two year period, the insured's own named beneficiaries will receive 100% of the policy face amount of insurance, less the outstanding balance of financed premiums. At the end of the second year, several options are made available for consideration: 1) refinance the policy premiums for an extended term; 2) utilize cash payments to pay future premiums as they become due; 3) if circumstances should change and the policy is no longer required, the insured person has the option (but not the requirement) to monetize their policy asset - converting it to discretionary income.

This allows a person to:

- Reduce debt without selling assets;
- Create security for their family;
- Receive full coverage and fund future estate tax liabilities;
- Plan for long-term care;
- Make a significant donation to a favorite charity or charities, allowing a program participant to witness the results during his or her lifetime.

A front page article in The New York Times cited an 80-year-old Manhattan financial consultant, who two years ago took out a policy on his own life with a death benefit of \$7 million and required annual premiums of \$400,000. He borrowed the money to pay the premiums and deferred the interest until loan maturity. He has the right to repay the loan and continue the policy, but instead he is now arranging to monetize his policy for approximately \$2 million, from which he will repay his loan of \$800,000 plus interest. There will be a pre-tax gain of approximately \$1 million.

Few of us like to consider the financial benefits of our own death; we prefer to dwell on the financial benefits of life. As a result, many individuals have a poor understanding of how to leverage and maximize insurability, a sizeable and free asset on our personal balance sheets. Those who take the time to understand it may find it has the potential to add millions of dollars to their net worth.

