LEGACY BUILDER FINANCIAL SERVICES

WEALTH. PRIDE. PEACE OF MIND.

CLIENT EDUCATION WHITEPAPER · SEPTEMBER 2026

One Dollar. Three Jobs.

The Multi-Purpose Role of Cash-Value Life Insurance in Wealth Planning

How families making complex wealth decisions evaluate a major life-insurance decision, and why the design deserves the same scrutiny as any other significant financial strategy.

Includes a seven-point framework for evaluating new and existing policies.

A client education guide

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WEALTH. PRIDE. PEACE OF MIND.

All figures are hypothetical illustrations. Not a recommendation. Please review with your own attorney, CPA and licensed professionals.

THE QUESTION BEHIND THIS PAPER

Successful families face a different financial problem

It is no longer simply, “How do I make more money?” It becomes: how do I keep more of what I have built, keep access to capital, protect my family and pass wealth on efficiently, without asking one asset to do every job?

Cash-value life insurance can sometimes address several of those problems inside one contract. **Sometimes. Not always.** This paper explains when it can work, when it does not, and the design decisions that often matter more than the product itself.

3 functions

Growth, liquidity and legacy: three connected functions of one contract

2 tax tests

IRC §7702 defines life insurance for tax purposes; §7702A defines modified endowment contracts and the seven-pay test

1 variable

Design. How the contract is built matters more than the name on it

Six things to remember

- **It is a tool, not a miracle.** One properly structured contract can serve several purposes. It does not promise a particular result.
- **Growth.** A contract that qualifies under IRC §7702 can accumulate cash value with tax deferral, net of policy charges. Credits depend on the policy and are not guaranteed unless contractual.
- **Access.** You can borrow against the cash value. Loans from a non-MEC policy are generally not taxed while the policy stays in force. Loans carry interest and reduce the death benefit if not repaid.
- **Legacy.** The death benefit is generally income-tax-free. Whether it counts in the taxable estate depends on who holds the incidents of ownership.
- **It fits some families, not all.** It generally requires a long horizon, dependable funding capacity and a reason to combine insurance protection with cash-value access. The appropriate horizon depends on the product and design.
- **Check everything.** Stories are not proof. We recommend that your CPA and attorney review any real proposal, and that you ask for a carrier illustration before relying on any number.

Who this paper is for

Families making complex wealth decisions, and the CPAs and attorneys who advise them. Please share it with anyone who would benefit.

ONE DOLLAR. THREE JOBS.

One policy, three connected functions

A savings account primarily emphasizes liquidity and principal stability. A well-built policy can serve three functions at once. Here is the idea, and what it does and does not mean.

1 GROW

Cash value can build tax-deferred inside a §7702-qualified policy

Credits depend on the policy; not guaranteed unless contractual

2 ACCESS

Loans against the cash value can fund a business, property or an opportunity

Loans accrue interest and reduce the death benefit if not repaid

3 PROTECT + PASS ON

A death benefit, generally income-tax-free, arrives when the family needs it

Owner and structure decide whether it counts in the taxable estate

ONE POLICY. THREE CONNECTED FUNCTIONS.

"One Dollar. Three Jobs." does not mean the same dollar exists in three separate places. It means one properly structured life-insurance contract can provide three interconnected functions: cash-value accumulation, access to liquidity through policy loans, and a death benefit. Each function affects the others, which is why design and ongoing management matter.

The goal	How a policy can help	What to weigh
Keep cash available	Policy loans against cash value, typically without separate credit underwriting, subject to contract limits and sufficient policy value	Interest accrues; unpaid loans reduce the death benefit
Accumulate with tax deferral	Cash value may accumulate tax-deferred, net of policy charges; loans from a non-MEC policy are generally not taxed while it stays in force	Not "tax-free"; charges apply; early cash value can be below premiums paid
Protect the family and business	A death benefit, generally income-tax-free, from the day the policy is in force	Requires underwriting; premiums must be paid
Provide cash for an estate	Cash at death so heirs need not sell a business or property to pay taxes	Proceeds can be included in the estate if the insured holds incidents of ownership (§2042)
Plan for illness	Optional living-benefit riders can advance part of the death benefit for qualifying events	Riders are not disability insurance; terms and charges vary

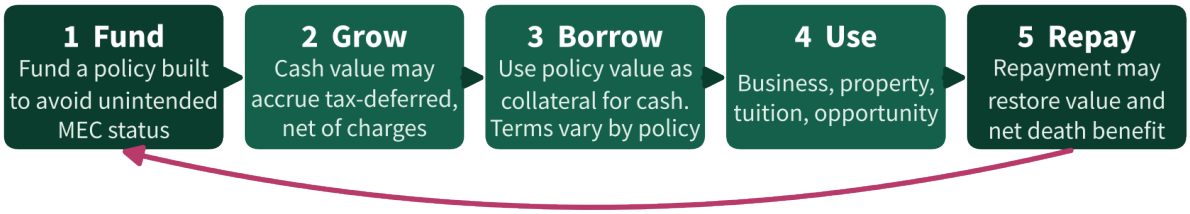
Access and estate exclusion can conflict

A policy designed for personal liquidity is often owned by the insured. A policy designed to keep proceeds outside the insured's estate may be owned by a trust, which can limit the insured's control and direct access. Counsel should design ownership before the application is submitted. IRC §2042 includes proceeds when the insured retains incidents of ownership; §2035 can pull transferred interests back into the estate when death occurs within three years.

HOW THE CONTRACT WORKS

A policy built for cash value, in five steps

Keep the picture simple: put money in, let it build, borrow when needed, use it, repay it.



The cycle can repeat. Unpaid loans and accrued interest reduce the death benefit.

If a policy lapses or is surrendered with a loan outstanding, taxable gain may be recognized, even if little or no cash is received.

Two tax-law terms worth knowing

- **§7702.** In 1984 Congress enacted IRC §7702, which sets the federal tax-law tests a contract must meet to qualify as life insurance. A qualifying contract can accumulate cash value with tax deferral, and its death benefit is generally income-tax-free.
- **MEC.** A policy can become a modified endowment contract if funding exceeds the limits of the §7702A seven-pay test. Certain material changes can also trigger retesting. Distributions, including loans, from a MEC generally receive less favorable tax treatment under §72: gains first, and a 10% additional tax before age 59½ in most cases. When tax-advantaged access is the goal, the policy is typically designed and monitored to avoid unintended MEC status.

A simple loan example (hypothetical)

Suppose a policy has a $1,500,000 gross death benefit and you borrow $100,000 at a hypothetical 5% loan rate. Depending on the policy, there may be no traditional repayment schedule, but loan interest accrues and unpaid interest may be added to the loan balance. If interest is never paid, the loan grows to about $127,628 after five years, and the net death benefit your family would receive falls by the same amount.

	Before loan	Immediately after loan	After 5 years, unpaid	After full repayment
Loan balance	$0	$100,000	$127,628	$0
Approximate net death benefit	$1,500,000	$1,400,000	$1,372,372	$1,500,000

Assumes the gross death benefit otherwise remains $1,500,000. Actual results depend on the contract.

> **Why this matters**
> The loan is flexible, and that is the benefit. It is also the risk: a loan left to grow can crowd out the policy's value. If a policy lapses or is surrendered with a loan outstanding, taxable gain may be recognized, even when little or no cash is received at that time. Loan rates, and how loaned amounts are credited, vary by policy. Policy-loan interest is generally not deductible (IRC §264).

Hypothetical figures to show mechanics only. Not a quote, an illustration or a guarantee.

PREDICTABILITY AND CREDIBILITY

Predictability is what lets you rest easy

In your retirement years, or when life brings an emergency, your level of financial predictability decides how at ease you feel.

> "Most of us spend a lifetime working hard to build something for our families. But accumulating wealth is only half the job. We also have to protect it, use it wisely, and make sure it reaches the next generation and the causes we care about. That's how hard-earned wealth becomes generational wealth—a lasting legacy that brings pride and peace of mind."
>
> **Nanda Sringari**, Legacy Builder Financial Services

Our goal is to introduce more predictability into the portion of your financial life intended for protection, liquidity and legacy: to provide contractual access options when sufficient policy value is available, and to support the legacy you intend when ownership is properly structured and the policy remains in force. We would rather you decide when and how to help the people you love than watch you worry whether your retirement dollars will last as long as you do.

"Predictable" means built on rules, not forecasts

What you may have heard	What the rules provide	The fine print
It grows tax-deferred	A contract that qualifies under IRC §7702 generally accumulates cash value without current annual income inclusion under §72, net of policy charges	Credits and dividends are not guaranteed unless contractual. A policy that fails §7702 or §7702A loses favorable treatment
You can get to your money	Loans from a non-MEC policy are generally not taxed while the policy stays in force	Interest accrues. A lapse with a loan outstanding can trigger taxable gain. MEC rules differ
It passes on income-tax-free	The death benefit is generally excluded from income (§101)	Estate tax is separate: proceeds count in the estate if the insured holds incidents of ownership (§2042)
Cash value is not directly invested in the stock market	Cash value is not invested directly in the market; indexed designs may credit with a floor such as 0%	Charges still apply, caps and rates can change, and a policy does not protect against inflation or future tax changes

Why the strategy is credible

- **It rests on statute, not slogans.** The tax treatment comes from the Internal Revenue Code, and the benefits come from a contract you can read.
- **The numbers are regulated.** A carrier illustration must show guaranteed and nonguaranteed values side by side (NAIC Model Regulation #582), so you can see the floor as well as the projection.
- **Institutions use it, with discipline.** Thousands of U.S. banks own cash-value life insurance, mainly to fund employee benefits and cover key-person losses. They kept adding to it through and after the financial crisis, and regulators require them to analyze purpose, alternatives, risks and exit strategy first. Their objectives differ from a family's, but the discipline is the lesson.

> **Predictable does not mean guaranteed**
>
> The aim is to replace guesswork with rules, contracts and stress-tested designs, so surprises are fewer and smaller. No policy removes every risk, and every figure must be confirmed on a real carrier illustration.

A FAIR COMPARISON

Different tools, different economics

Life insurance and marketable securities are not substitutes, but both should be evaluated on after-tax return, liquidity, volatility, guarantees, fees, mortality protection, insurer credit risk and time horizon. A fair comparison credits each alternative for everything it actually provides.

	Stock and bond portfolio	Cash-value life insurance
Primary purpose	Capital growth and income, with market risk	Mortality protection, plus cash-value accumulation, liquidity options and legacy features
After-tax return	Depends on holding period, account type and tax rates. Gains are generally taxed when realized, not every year	Cash value may accumulate tax-deferred, net of policy charges. Early returns on the premiums you pay are typically low; ask for the IRR
Taxes at death	Taxable-account assets may receive a basis adjustment under §1014; retirement accounts follow their own rules, and Roth treatment differs	Death benefit generally income-tax-free, with exceptions; may be included in the estate under §2042
Volatility and guarantees	Market volatility; no guarantee of principal	Contractual guarantees depend on the policy; credits and charges are not guaranteed unless contractual
Liquidity	Sell holdings, or borrow against them (margin or securities-backed loans)	Policy loans, subject to contract terms, loan interest and early surrender charges
Costs	Fund and advisory fees, trading costs	Cost of insurance, premium loads, administrative and asset charges, loan interest
Credit and lapse risk	Market loss; custodian and broker risk	The insurer's claims-paying ability; lapse if loans or charges outrun the cash value
Entry	Generally requires no medical underwriting; account minimums and eligibility rules may apply.	Underwriting; cost reflects age and health. Compare with the cost of the same coverage bought separately as term insurance

Why the credited rate is not your return

A policy's credited rate is applied before premium loads, cost of insurance and other charges. The return on the dollars you actually pay in is lower, especially in early years, because part of every premium buys the death benefit and covers costs. Ask any carrier illustration for the approximate internal rate of return (IRR) on premiums, and evaluate every proposal that way.

> **The right question**
> The question is not whether insurance "beats" a portfolio. It is whether the mortality protection, contractual features and liquidity options justify the policy's expected accumulation after costs, its restrictions and its insurer exposure for this particular family. For most families, that means markets keep their role for growth.

Different dollars, different jobs

Taxable portfolio	Qualified retirement assets	Permanent life insurance
Job: flexibility and growth potential. **Weigh:** liquid, but market risk and taxes when realized.	**Job:** tax-advantaged retirement saving. **Weigh:** limits, and taxed on withdrawal (Roth differs).	**Job:** protection, liquidity and legacy. **Weigh:** steady funding, costs, loan interest.

Educational comparison of general features. Market returns and policy results vary and are not guaranteed.

AN HONEST LOOK

What it does not do, and who it fits

Credibility starts with limits. A skeptical CPA should be able to read this page and nod.

Cash-value life insurance does not:

☒ Eliminate taxes generally	☒ Guarantee superior returns	☒ Replace diversified investments
☒ Provide free loans	☒ Eliminate insurance costs	☒ Make every withdrawal automatically tax-free
☒ Eliminate estate tax just because insurance is involved	☒ Work well if poorly funded or surrendered early	☒ Make sense for everyone

Its value lies in combining insurance protection, tax characteristics, liquidity options and legacy planning inside one properly structured contract.

Often a fit when…	Think twice when…
You have a long horizon and dependable funding capacity, and expect to hold the policy	You may need the money in the first few years; early cash value is often below the premiums paid and surrender charges can apply
You have emergency savings and already use lower-cost tools such as an employer retirement match	Cheaper steps are still open and the money would be better used there first
You are healthy enough to qualify at a reasonable cost	Health or age would make the cost of insurance high
You value access and legacy together	Your main goal is maximum market growth; credits and dividends are limited and not guaranteed
You will follow a documented loan-management plan, including how interest and principal will be monitored or serviced	You might borrow with no plan to monitor or service the loan, which risks a lapse

Replacing an existing policy?
A replacement starts a new contract with its own surrender schedule and generally its own contestability and suicide periods. It may also forfeit favorable underwriting, guarantees, riders or grandfathered terms. Compare both policies before acting, and do not terminate existing coverage until the replacement has been issued, accepted and placed in force.

WHERE IT MAY FIT

Four family profiles, and two planning issues

These are composite examples, not clients. Each shows the job the policy does and what the family must weigh.

Profile	The job	What they weigh
The business owner Capital is tied up in the company	A reserve of liquidity the owner controls, plus cash for the family or a buy-sell agreement if the owner dies	Funding must not strain the business; ownership and the buy-sell terms need careful legal design
The real-estate investor Opportunities come at awkward times	Cash available for a down payment or repairs typically without separate credit underwriting, subject to sufficient policy value and the contract's loan terms	Loan interest versus rental yield; the loan must not outgrow the policy
The high earner who has maxed out retirement plans	Another place for capital to accumulate with tax deferral, with access in later years	Cheaper tools come first; costs and the long horizon; no promise of tax outcomes
The family with a large estate Mostly illiquid assets	Cash at death to pay estate tax, equalize inheritances or keep a business in the family	Who holds incidents of ownership; the three-year rule; see our estate-planning whitepaper

Two planning issues families and their advisors should raise

- **Trust ownership can limit personal access.** If a trust owns the policy, the insured may not be able to treat policy value as a personal liquidity reserve. Decide the purpose first, then the owner.
- **Entity-owned buy-sell insurance needs a valuation review.** In *Connelly v. United States* (2024), the Supreme Court held that corporate-owned life-insurance proceeds increased the company's value and were not necessarily offset by the redemption obligation. Ownership, valuation language and redemption structure should be reviewed by counsel in light of current law.

Estate fit in plain English

- **Estate inclusion.** Life-insurance proceeds may be included in the insured's gross estate when the insured retains certain "incidents of ownership" in the policy (IRC §2042). Properly structured trust ownership may avoid estate inclusion, subject to applicable rules.
- **The three-year rule.** Moving an existing policy into a trust can be pulled back into the estate if the insured dies within three years (§2035). If a properly administered trust applies for and owns a new policy from inception, and the insured never holds incidents of ownership, §2035 generally is not triggered by a transfer of that policy. Counsel must confirm the ownership, funding, gift-tax and state-law details.
- **Your attorney drafts the documents.** Wills, trusts and powers of attorney should come from your own estate attorney. We are glad to join the conversation so everyone has the same picture.

BEFORE YOU RELY ON ANY NUMBER

How to read a real carrier illustration

A carrier illustration is not a forecast. Here is what to review on any illustration, whether for a policy you are considering or one you already own.

Review this	What to look for
Planned premium and timing	How much, when, and for how long; what happens if a payment is late or skipped
Guaranteed (contractual) values	Values that come from the contract itself, shown beside the nonguaranteed values. Model Regulation #582 requires both
Nonguaranteed scale	The credited rates or dividends assumed; for indexed policies, the AG 49-A limits on what may be illustrated
Surrender values	Cash surrender value versus account value, and the surrender-charge schedule
Death-benefit option and corridor	Level or increasing; when the §7702 corridor forces the gross death benefit higher
Policy charges	Cost of insurance, premium loads, administrative and rider charges, and whether they can change
MEC limits	Premium limits under the seven-pay test, and your margin below them
Loan rate and crediting method	Fixed or variable loan rate; how loaned amounts are credited; direct or non-direct recognition
Loans, net values and lapse age	Outstanding loan balance, net cash value, net death benefit and the projected lapse age
Insurer strength	Financial-strength ratings and the carrier's history with the product

Then rerun it

Ask for the illustration again with lower credits, higher loan rates, interrupted premiums and earlier access. A design that holds up across all of them is more valuable than one that looks good in the base case.

NAIC Model Regulation #582 governs life-insurance illustrations and defines guaranteed elements as amounts guaranteed and determined at issue. NAIC models are not automatically binding in every state; each state adopts its own rules. Actuarial Guideline 49-A applies to illustrations of indexed policies and was revised in 2023 and again in 2026.

THE STRESS TEST

The Legacy Builder 7-Point Policy Stress Test

Sophisticated institutions do not buy life insurance casually, and families should not either. Use these seven questions on any policy: one you are considering, or one you already own.

#	Area	The question to answer
1	**Funding efficiency**	How much goes in, for how long, and how much of it builds cash value rather than paying costs? What is the IRR on premiums?
2	**Guaranteed vs. projected; insurer strength**	What do the contractual guaranteed numbers look like, not just the projected ones? How strong is the insurer?
3	**Loan mechanics**	How is a loaned amount credited, what is the loan rate, and is it fixed or variable?
4	**MEC margin and tax basis**	How close is the design to MEC status? What is the tax basis, and what could push the policy over?
5	**Surrender exposure**	What is the surrender-charge schedule, and what happens if I stop or reduce premiums earlier than planned?
6	**Downside performance**	With the same planned premiums and loans, what happens if credited performance is lower, loan rates are higher, access begins earlier or premiums stop sooner? Show the lapse year, net cash value and net death benefit.
7	**Estate ownership**	Who owns the policy, who holds the incidents of ownership, and how does that fit the estate plan?

A worked reminder from page 4

A $100,000 loan left to grow at a hypothetical 5% becomes about $127,628 in five years. Question 6 asks what that does to the policy when credits also fall short. A design that survives the stress test is more valuable than one that only looks good in the base case.

Other risks to keep in view

- **Illustrations are not promises.** Dividends and indexed credits are not guaranteed, and charges and caps can change.
- **Costs and carrier risk.** Insurance charges, loan interest (generally not deductible) and the insurer's claims-paying ability all matter.
- **Lapse with a loan.** If a policy lapses or is surrendered with a loan outstanding, taxable gain may be recognized, even when little or no cash is received at that time.

CREDIBILITY

Regulated, mainstream, and only as good as its design

Credibility does not come from celebrity stories. It comes from statute, regulation, scale and disciplined design, each of which you can check.

$22.0T
of life insurance in force in the U.S. at year-end 2024 (ACLI Fact Book)

25%
IUL's share of U.S. life-insurance new premium in 2025, a record $4.5 billion (LIMRA)

2,963
U.S. banks reporting bank-owned life insurance, June 30, 2025 (third-party figure)

$300K
minimum state guaranty protection for a life-insurance death benefit in most states ($100K for cash value)

Popularity is not proof of suitability. These figures show a regulated, mature market, not that any one policy fits any one family. The guaranty limits are a backstop, not a reason to skip carrier due diligence.

What a properly designed and funded indexed policy looks like

Design discipline	Why it matters
Funded to target, below the MEC line	Staying under the §7702A seven-pay limit helps preserve the loan and death-benefit tax treatment. Overfunding can make distributions taxable, gains first
Funded early and consistently	Cost of insurance rises with age. Underfunding can force larger premiums later, or a lapse
Both columns read, not just the optimistic one	Illustrations must show guaranteed and nonguaranteed values (NAIC #582; AG 49-A for indexed). Caps, participation rates and charges can change
A conservative loan plan	Unpaid loans reduce the death benefit, and loan interest compounds. A heavy loan can lapse the policy and create a taxable gain
A strong carrier, chosen on purpose	Guarantees rest on the insurer's claims-paying ability. Compare financial-strength ratings and do not rely on guaranty limits
Ownership matched to the goal	A trust or business owner can keep proceeds out of the insured's estate (§2042), and ownership is best set up before the policy is issued
A yearly in-force review	Re-run the illustration against actual credits and charges, and adjust funding before a gap becomes a lapse

One industry perspective, read with care

A Forbes Finance Council contributor (a wealth attorney, December 2024) describes indexed universal life as permanent coverage whose cash value is linked to a market index, with tax-deferred growth, living-benefit options and business uses such as key-employee retention and buy-sell funding. Notably, the same article warns about caps and participation limits, rising insurance costs, loans that reduce the death benefit or lapse the policy, MEC status and surrender charges. Forbes Finance Council posts are contributor opinion, and the author's firm works with these policies, so we use the piece for perspective, not proof. Its cautions match ours.

What this means for you

Credible means checkable. Every figure in a Legacy Builder review traces to a carrier illustration, a statute or a named source, and we show you where the policy could fall short.

A PERSONAL INTRODUCTION

Meet Nanda: Why This Work Matters to Me

Before you decide to work together, it helps to know the person you would be working with.



Nanda Sringari

Founder, Legacy Builder Financial Services

Licensed Insurance Producer

Entrepreneur · Husband · Father · Mentor

A note from Nanda

I started in engineering and information technology, trained to look beneath the surface and understand how things really work. That mindset led me into entrepreneurship, where I learned that building anything worthwhile takes patience, resilience and good people.

At the center of my life is my family. Sangeetha has been my partner in life and in business, and together we raised three children, now adults. Long before I entered financial services, our family had achieved financial independence. I share that not to impress you, but because it changed how I think about money.

Money matters, but what it makes possible matters more: choices for a family, protection for the people they love, dignity in uncertain times and the freedom to contribute to something bigger.

Eventually, I began asking myself a different question:

What if every dollar could do more than one job?

That question brought me to financial services and led me to found Legacy Builder Financial Services. That question is why I care so much about how cash-value life insurance is designed and explained. Used for the right purpose and built with care, it can serve protection, flexibility and legacy together. I want to help families understand money more clearly, so that every decision is an informed one.

I remember the mentors who believed in me, sometimes before I fully believed in myself. Now I try to do the same for the families I serve: tell the truth, explain the trade-offs and stay present when decisions get difficult.

If you would like to talk it through, let's have an open, honest conversation. We can look at your facts, ask the important questions and see whether there is a genuine fit on both sides. Then you can decide for yourself.

What drives me

I believe wealth is bigger than a number: it is confidence, protection and the freedom to choose your next chapter. My goal is to help one million families build stronger financial futures and to develop leaders who carry that mission forward.

Education before decisions

You should understand why, not merely be told what to do. I explain first and welcome your questions.

Clarity before commitment

I explain what a plan involves, what it costs and what the trade-offs are, so you can make an informed decision.

People before transactions

I would rather earn your trust than rush your decision. Your family, goals and timeline deserve respect.

Nanda Sringari is a licensed insurance producer (NPN 21273835). Financial independence is the author's own circumstance, not a representation about anyone's results, and nothing in this paper is a guarantee of results.

WHY WORK WITH LEGACY BUILDER

The right policy is designed, not bought

Two policies with the same name can behave very differently over twenty years. The difference is the design, and good design is where Legacy Builder Financial Services (LBFS) puts its effort.

Six design choices that change the outcome

1 Funding level
How much goes in, and for how many years, matched to your goal rather than to a standard template.

2 Death benefit and cash value
The balance between the two decides how efficiently cash value can build and how much protection you carry.

3 Staying clear of MEC status
Funding within the §7702A limits keeps policy-loan access on its more favorable tax footing.

4 Carrier and crediting choices
The company, the product type and the assumptions behind the illustration. We read the fine print with you.

5 Ownership and estate fit
You, a trust or a business as owner changes control, access and what counts in the taxable estate.

6 Loans and ongoing care
How you borrow, what it costs, how you keep the policy in force, and a review every year as life changes.

How we work on every case

1. Design	2. Stress-test	3. Integrate	4. Review
Structure the contract around your actual objective, not a template.	Lower returns, higher loan rates, interrupted premiums, early access.	Coordinate insurance with tax, estate, business and retirement planning.	Monitor every year rather than selling and disappearing.



A team behind every design

Each case is reviewed by our advanced case-design team before it reaches you. Illustrations are built, compared and stress-tested so the structure fits your goals, and so you can see the trade-offs plainly. Advanced life-insurance design for protection, liquidity and legacy is an area of focus for our practice, and our aim is a plan you understand and feel confident in, built for real peace of mind.

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What every completed review includes

A written assumptions summary and a high-level assessment of potential estate-tax and liquidity exposure. When insurance is relevant to the analysis, the review also includes guaranteed-versus-nonguaranteed comparisons, policy-loan risk considerations and questions to discuss with your advisors.

Why families choose to work with us

Education before products. A design built one family at a time, by appointment. Your CPA and attorney are welcome in every conversation. And honesty about limits: no design removes policy charges, guarantees credits, or makes life insurance right for everyone. If another tool fits you better, we will say so.

NEXT STEPS

Two ways to start, and neither requires a purchase

You set the pace. Nothing here requires a decision on any product.

IF YOU DO NOT OWN A POLICY

Legacy Design Conversation

Explore whether permanent life insurance has a useful role in your broader financial, retirement, business or estate strategy. We start with your goals, and the answer may be that it does not.

IF YOU ALREADY OWN ONE

Request a 30-Minute Policy Stress Test

Send your latest annual statement and current in-force illustration through our secure upload link. You will receive a one-page policy map showing guarantees, projected values, loan exposure, potential lapse risks and questions to review with your CPA or attorney. There is no obligation to replace the policy or purchase another product.

How it works

1. **Book** a 30-minute Zoom at calendly.com/nandasringari/meet-on-zoom or scan the code.
2. **Send** your latest annual statement and current in-force illustration. Email nanda@thelbfs.com and we will send a secure upload link. Please do not email statements.
3. **Receive** a one-page policy map within a few business days of the meeting, and walk through it together.

For CPAs, attorneys and other advisors

If a client is evaluating or already owns a significant permanent policy, invite us to a joint review. We will provide the assumptions, the full carrier illustration and the stress-test results for your independent analysis. Our role is limited to insurance analysis and design; we do not replace the client's legal, tax or investment advisors.

Know someone who should read this?

If you have a family member, business partner or friend who owns a large permanent life-insurance policy, or is considering one, feel free to share this paper with them. We are happy to provide a complimentary second opinion. There is no requirement to replace an existing policy or buy a new one.

How we are compensated

If you choose to purchase an insurance product through us, the insurance professionals involved in the transaction may receive commissions from the insurer. Reviewing this paper or requesting a stress test creates no obligation.

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WEALTH.
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PEACE OF MIND.

SOURCES AND DISCLOSURES

Where the facts come from, and what to keep in mind

September 2026 edition. Sources are listed from most to least authoritative.

Tier 1: primary authority.

Internal Revenue Code, §72 §101 §264 §1014 §2035 §2042 §7702 §7702A (also at uscode.house.gov, Office of the Law Revision Counsel); Treas. Reg. §20.2042-1 (incidents of ownership).

Connelly v. United States, 602 U.S. 257 (2024), Supreme Court of the United States.

NAIC, "Life Insurance Illustrations," content.naic.org/insurance-topics/life-insurance-illustrations: Model Regulation #582 and Actuarial Guideline XLIX-A (AG 49-A), revised effective 2023 and 2026. NAIC models are not automatically binding in every state; each state adopts its own rules.

Interagency Statement on the Purchase and Risk Management of Life Insurance (OCC Bulletin 2004-56; FDIC FIL-127-2004; Federal Reserve SR 04-19), fdic.gov; FDIC Risk Management Manual of Examination Policies, "Bank-Owned Life Insurance (BOLI)" (10/25).

Tier 3: secondary and third-party.

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Important disclosures

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Death benefits and estate tax. Death benefits are generally excluded from income under IRC §101, but material exceptions exist, including the transfer-for-value rule and the rules for employer-owned life insurance. Proceeds may be included in the insured's taxable estate when the insured holds incidents of ownership (§2042) or transfers a policy within three years of death (§2035).

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