



Todd S. Healy, MSW, CLU[®], ChFC[®], AEP[®], CAP[®]
Founder/Managing Partner

214.443.2418 Office
214.649.2772 Cell
866.621.1544 Toll Free
thealy@c3fp.com

Todd has served clients since 1977, delivering solutions by emphasizing three core values: *clarity*; *confidence*; and *coordination*. He works in the areas of legacy and wealth counseling, and is known for the creativity and compassion that he brings to the table. Todd is the creator of The Values Perpetuator Process[®], which enables individuals to identify and pass along to future generations those personal financial values that have been most important to them. He specializes in assisting individuals and family groups, as well as public and closely held business owners, with their estate planning, insurance planning, business succession planning, executive benefits, charitable planning, and wealth counseling.

Experience

- Estate Planning
- Insurance Planning
- Business Succession Planning
- Charitable Planned Giving
- Creator of The Values Perpetuator Process[®]

Education

- Bachelor of Arts, University of California at Berkeley
- Masters of Social Work, University of California at Berkeley

Professional Accreditations

- Chartered Life Underwriter[®] (CLU[®])
- Chartered Advisor in Philanthropy[®] (CAP[®])
- Chartered Financial Consultant[®] (ChFC[®])
- Accredited Estate Planner[®] (AEP[®])
- Group I Life and Health License
- Mutual Funds and Variable Annuities Representative (Series 6) and Uniform Securities Agent State Law License (Series 63)

Professional Leadership

- Dallas Estate Planning Council (former president)
- Partnership for Philanthropic Planning
- National Society of Financial Service Professionals, Dallas Chapter (former National Board Member)
- Estate Planning Council of North Texas
- Southern Methodist University, Planned Giving Council
- Advisors in Philanthropy
- Voya, Pacific Life, and John Hancock Advisory Councils (former member)
- Association for Advanced Life Underwriting (AALU) / AALU Charitable Planning Committee (former Chairman)

Recognition

- Beverly Brooks Leadership Award – Society of Financial Service Professionals
- Golden Key Society Role Model Award – The American College

Media

- Commerce Clearing House (CCH) – *Practical Estate Planning*
- *Journal of Financial Service Professionals*
- *Family Business*





Celeste C. Moya
Partner

214.443.2421 Office
512.699.8858 Cell
866.621.1544 Toll Free
cmoya@c3fp.com

Celeste joined C3 Financial Partners bringing more than a decade of experience in life insurance product management, competitive intelligence, case design, advanced planning experience, and planning for foreign nationals, specializing in the Latin American market. Having gained valuable experience working with a large producer group, as well as at the insurance company level, helped Celeste develop a deep, sophisticated, and comprehensive understanding of life insurance products. This allows her to find suitable product solutions and create strategic life insurance plans to assist clients with wealth and legacy planning.

Experience

- Estate Tax Planning
- Continuity Planning
- Global Citizens Planning

Education

- Bachelor of Science in Neuroscience, Baylor University

Professional Accreditations

- Group I Life and Health License
- Mutual Funds and Variable Annuities Representative (Series 6) and Uniform Securities Agent State Law License (Series 63)
- Chartered Financial Analyst® (In Progress)

Professional & Community Involvement

- Association for Advanced Life Underwriting (AALU)
- Certified Translation Professional (Spanish)

**REPOSITIONING ASSETS
TO MEET CLIENT'S
"MUST HAVES"**

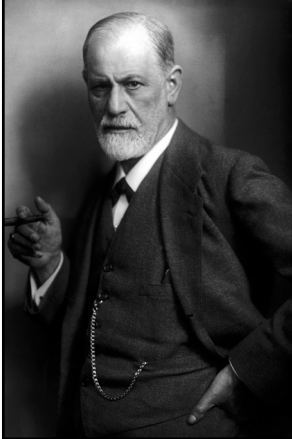
March 2020

Todd S. Healy
MSW, CLU, ChFC, AEP, CAP
Managing Partner

Celeste C. Moya
Partner



1




"At bottom, no one believes in their own death...in the subconscious everyone is convinced of their own immortality."

Sigmund Freud

2

~~"I~~ die...

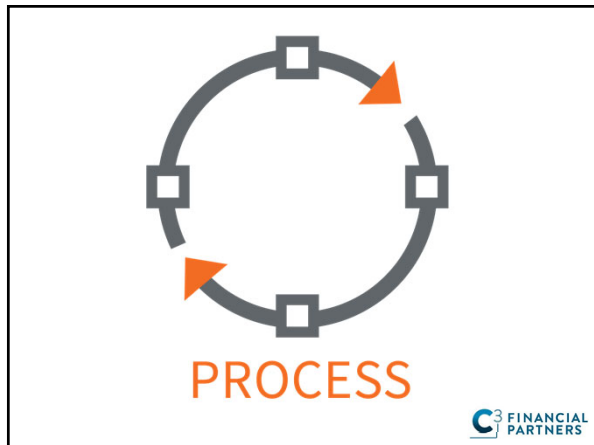
and IF my estate planning is not done/updated..."



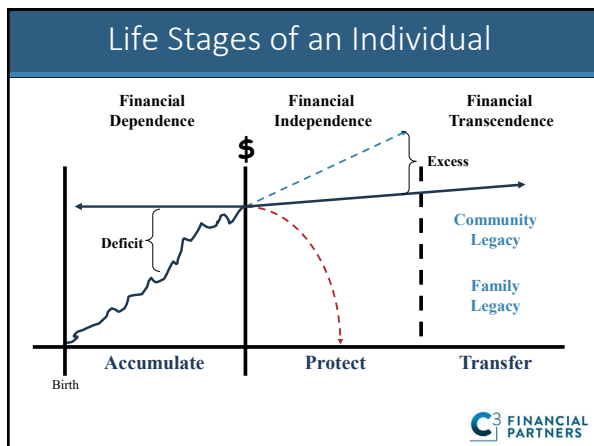
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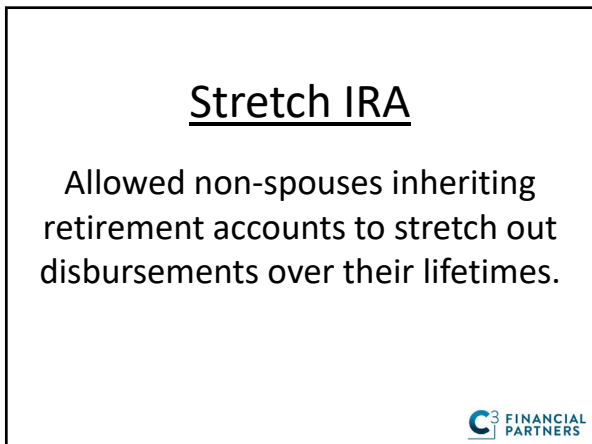
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7



8




9


SECURE Act

Requires a full payout from the inherited IRA within 10 years of the death of the original account holder.*
 (only applies to heirs of account holders who die starting in 2020)

*Surviving spouses, minor children and those not more than 10 years younger than the deceased are generally exempt from the 10-year distribution rule.




10



Reposition IRA

- Take RMDs or a portion
- Purchase a 2nd to die life insurance policy owned by an ILIT:
 - Pays at 2nd death
 - Death benefit is income tax-free to heirs
 - Outside of beneficiary's taxable estate
 - Potentially larger inheritances
 - More post-death control




11


Retirement Planning Options

	Taxable Investments	Qualified Plan/ Traditional IRA	Roth IRA	Life Insurance
Tax-Favored Withdrawals	No	No	✓	✓
No Mandatory Withdrawals	✓	No	✓	✓
Tax-Deferred Accumulation	No	✓	✓	✓
Income Tax-Free Death Benefit	No	No	No	✓
Income Tax Deductible	No	✓	No	No
No Tax Penalties for Early Withdrawal	✓	No	No	✓*
No Contribution Limits	✓	No	No	✓*
Cost of Insurance Charges	No	No	No	✓
Creditor Protection	No	No	No	✓
Can be Held Outside of Estate	No	No	No	✓

*Provided sufficient death benefit is purchased to ensure the policy is not a Modified Endowment Contract (MEC).




12




One Step Further

- IRA continues to grow/spouse is primary beneficiary
- Name non-profit(s) as contingent beneficiary(s)
- Non-profit(s) receives IRA balance tax-free after 2nd death




13



Considerations

- Taxes will be due on RMD distributions
- Payments may be gifts/subject to gift taxes
- At least one spouse must be insurable
- Should be done with funds not needed during client's life




14




WHAT IF ?



15




Mrs. 74
Widow
Grown children who do not live close
Owens several annuities, total value is \$1M
Does not currently need annuity income
Must Have: Protection from outliving assets



16

Pension Protection Act (PPA)


Generally allows an annuity owner to upgrade an existing annuity to a PPA compliant annuity, tax-free. Then the owner can take tax-free distributions from the new annuity to cover qualified long-term care (LTC) expenses.




17

San Antonio TEXAS	Current Cost of Care ¹		Length of Care Estimate your number of years	Total Estimated Cost of Care Based on years of care
	DAY	MONTH		
NURSING HOME COSTS				
Private Room	\$5,805		0 years	\$0
Semi-private Room	\$4,475		0 years	\$0
HOME HEALTH COSTS				
Home Health Aide ²	\$2,659		4 years	\$127,628
ADULT DAY CARE COSTS				
Adult Day Care ³	\$762		0 years	\$0
ASSISTED LIVING COSTS				
Private, One Bedroom	\$2,834		4 years	\$136,032
Total estimated long-term care expenses based on the cost today				\$263,660
See how inflation may impact the future cost of care				20 years
Total estimated FUTURE long-term care expenses adjusted for inflation ⁴				\$598,923

Source: [John Hancock Cost of Care Calculator](#)




18




Reposition Annuity

- Use portion of annuity value to fund an annuity/LTC policy
- Ex: \$300K = \$700K of tax-free LTC coverage
- Home and facility-based care
- Customizable benefits
- No additional cost
- Protects other assets from being depleted for LTC needs
- Remaining balance of new annuity (if any) pays to beneficiary(s)




19



Considerations

- Medical/cognitive underwriting
- LTC benefits are tax-free up to HIPAA per diem (per day) limits
- Proceeds to beneficiary(s) will pass like a traditional annuity




20




WHAT IF ?




21



Mr. 79
Health issues
Owns a \$5M life insurance policy
Policy currently has \$100K in cash value
Purchased for estate planning needs
Other planning has reduced estate and life insurance is no longer needed
Must Have: Additional liquidity




22




Reposition Life Insurance

- Consider sale to secondary market
- Complete a short policy value questionnaire
- Complete health questionnaire to determine life expectancy
- Research the market of potential institutional buyers
- Best Offer = \$1.2M
- Liquidity concerns alleviate
- Both permanent and term policies can qualify




23




Considerations

- Consult with broker not buyer
- Requires shortened life expectancy
- Requires client provide current medical records and complete health questionnaire
- Spouse and beneficiary(s) must sign-off




24



Taxation

- Amount up to basis (premiums paid) is tax-free
- Difference between cash surrender value and tax basis is taxed as ordinary income
- Remaining amount taxed as capital gains



25



WHAT IF ?



26



Mr. 42
Mexican National (wife also)
Successful businesses in MX
Limited U.S. travel
Invested in property in the U.S. (valued at \$5M)
One child attending U.S. university (plans to stay here)
Other child will eventually take over MX business
Maintains regular U.S. bank account for property expenses
Must Have: U.S. asset protection and estate equalization



27

Issues

U.S. property subject to estate taxes

Foreign national exemption = **\$60,000**

Current estate tax liability approx. **\$2M**
(and growing)



28



Reposition Portion of U.S. Bank Funds

- Purchase life insurance for liquidity at death (i.e. pay estate taxes)
- Liquidity means choices
- Family will not need to sell properties or liquidate other assets
- Coverage can also provide estate equalization
- Generally less costly than other planning



29




Additional Benefits

- Dollar-denominated contracts
- Confidentiality
- Often easier than negotiating a will
- Better pricing and product options




30



Considerations

- Limited life insurance options
- Exam/application must be done in U.S.
- Limited agent expertise in foreign national space




31

SO.....

IN SUMMARY

- Life happens, things change
- Planning needs to be reviewed and updated regularly
- Estate planning is not a one-time event, it is an ongoing process
- Many clients own valuable assets that can be repositioned for more efficient estate planning



32



Todd S. Healy thealy@c3fp.com 214-443-2418	Celeste C. Moya cmoya@c3fp.com 214-443-2421
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THANK YOU!

33
