



COLLABORATIVE INSURANCE
SOLUTIONS

CASE STUDY

A Legacy Preserved: How Strategic Planning Secured a Family's Future

BACKGROUND

Michael and Laura Thompson, owners of an Iowa farmland portfolio valued at \$30 million, faced a dilemma of how to preserve their legacy while managing complex financial challenges. Their wealth included \$6 million in cash reserves and leased farmland generating modest returns, reflecting a financial foundation closely tied to their family's history and agricultural heritage. However, this legacy came with hurdles:

- A substantial estate tax liability that threatened to force their heirs to sell the farmland
- A desire to maintain control and income from their assets
- The need for financial flexibility to seize future opportunities

Recognizing that a one-size-fits-all solution wouldn't address their unique needs, David Roberts, their financial advisor at Horizon Wealth Management, worked with Collaborative Insurance Solutions (CIS) to develop a tailored strategy.

AT A GLANCE

CHALLENGES

- Estate tax liability posed a risk to farmland ownership.
- Most wealth was tied up in illiquid farmland with low returns.
- Hesitation to lose control and income by gifting assets.
- Need for long-term care coverage without compromising financial flexibility.

BENEFITS

- Retention and enhancement of existing life insurance policy.
- Acquisition of additional life insurance for estate liquidity.
- Innovative funding mechanisms to preserve cash flow.
- Comprehensive long-term care coverage without ongoing premiums.



Protecting a high-income professional's most valuable asset, their ability to earn, ensures financial stability and peace of mind.

AUSTIN HULTQUIST, CLTC

Senior Insurance Strategist

CHALLENGES

The Thompson's case presented a complex web of challenges:

- **Illiquid Assets:** Their wealth was tied up in farmland, complicating liquidity for estate taxes.
- **Low Cash Flow:** The farm's 1% return made funding insurance premiums difficult.
- **Estate Tax Exposure:** Their heirs faced a potentially crippling tax burden.
- **Control Concerns:** Traditional gifting strategies were unappealing due to loss of income and control.

SOLUTIONS

CIS and David Roberts worked to develop a multi-faceted approach that addressed the Thompsons' concerns. Firstly, they optimized the existing life insurance by retaining the New York Life Policy, continuing the \$15,000 annual premiums for growth and returns. To support this, they implemented an innovative funding mechanism by purchasing a Fixed Indexed Annuity (FIA) that guaranteed \$15,000 annually to cover premiums without affecting cash flow.

Secondly, to address the need for additional life insurance for estate liquidity, they established a Penn Mutual Policy on Laura's life. This policy was funded by repositioning \$1 million from cash reserves into Premium Deposit Fund (PDF) within an Irrevocable Life Insurance Trust (ILIT). This strategy provided crucial liquidity for estate taxes, thus preserving the farmland, and offered cash value access for future investments.

Lastly, they implemented a comprehensive long-term care solution through a OneAmerica Joint Asset-Based LTC Policy. With a single premium payment this policy offered \$6,000 per month in LTC benefits for each person, with an unlimited benefit duration. This policy also included a \$300,000 death benefit if the LTC benefits remained unused. This multi-pronged approach effectively addressed the Thompson family's complex financial needs, providing them with a robust and flexible financial strategy for the future.

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We empower families with expert council in insurance.

OUTCOME

The personalized plan for the Thompson family yielded impressive results, securing their legacy and providing comprehensive financial protection. The combined death benefits of nearly \$10 million ensured that the farmland would stay in the family, addressing estate tax liquidity concerns. Additionally, robust long-term care coverage was secured without the burden of ongoing premiums, providing peace of mind for future healthcare needs. The plan maintained financial flexibility by preserving access to cash reserves for future investments while avoiding the need to gift assets or lose income, thus preserving control over their estate.

David Robert's successfully provided a holistic solution that aligned strategies with client goals while preserving control. This approach not only strengthened client relationships through tailored planning but also leveraged professional collaboration for estate and insurance strategies.

WHY CHOOSE US



PERSONALIZED PLANS

Every family is unique. That's why we create custom insurance plans tailored to your specific needs and budget.



EXPERT GUIDANCE

Our team of experienced professionals provides clear and compassionate advice to help you make informed decisions.



PEACE OF MIND

We're committed to giving you the confidence and security that comes with knowing you and your family are protected.



STRONG PARTNERSHIPS

We collaborate with financial advisors and other professionals to provide comprehensive solutions for your financial well-being.

Secure your legacy and protect your family with a personalized, strategic plan.

Contact **Austin Hultquist** today to schedule a consultation.

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