

TheInsuranceAdvisor.com (TIA) *Simply the most accepted source of life insurance product research!!!*

TheInsuranceAdvisor.com (TIA) research is simply the most comprehensive, reliable and accepted source of empirical pricing and performance data for life insurance products. The TIA database includes detailed pricing data for cost of insurance (COI) charges, fixed administration expenses (FAEs), cash-value-based “wrap fees” (e.g., M&Es) and premium loads from literally thousands of product illustrations that goes well beyond simply comparing some limited number of random product illustrations and company ratings.

From this data, TIA Benchmarks are derived using industry standard mortality tables, industry aggregate expense ratios, and generally accepted actuarial principals, and by the independent actuarial consultants who pioneered the field of life insurance due care for the American Bar Association (ABA). In addition, each time an illustration of hypothetical policy values is submitted to the Confidential Policy Evaluator (CPE) System for a Star Rating* and CPE Analysis, the CPE database is updated with any new pricing data, meaning that CPE is a “learning” system.

For these reasons, TIA is accepted by the American Institute of Certified Public Accountants (AICPA—the largest consumers of information in the financial services industry), National Financial Partners, (NFP—the largest independent distributor of life insurance products), and more bank trust departments than any other source of independent life insurance product research. Together with the right TPA for record-keeping services, and the right Insurance Advisor for management services, TheInsuranceAdvisor.com (TIA) makes complying with UPIA as easy as 1, 2, 3.



Unlocking the Black Box...

Please let us hear from you!

We welcome the opportunity to send you a sample Trust Investment Policy Statement (TIPS).

Let us hear from you. Call or e-mail us so we can help you comply with the Uniform Prudent Investor Act (UPIA).

Phone: **888-908-8242**

E-Mail: UPIA@TheInsuranceAdvisor.com

Or get started right away with a real-life example of your own by faxing an actual policy illustration to our toll-free confidential fax server:

800-409-3222

Illustrations to be analyzed only please.

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*TIA Star Ratings are produced using generally-accepted actuarial principals and mathematical algorithms, and a consistent and objective rules set developed by TIA. However, this rating system, like all ratings systems, relies on certain judgmental techniques, which are fully disclosed in the User Guide included with each CPE Report, and with which certain insurance professionals may disagree. Thus, TIA encourages all users to fully understand the means and methods behind TIA Star Ratings as they may differ from conclusions reached by other insurance professionals.

This material may **not** be used as supplemental sales literature for solicitation of a variable life insurance product.

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Complying with UPIA ... Easy as 1, 2, 3.



Unlocking the Black Box...

888-908-8242 – Toll Free Phone
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UPIA Compliance... Easy as 1, 2, 3



The Uniform Prudent Investor Act (UPIA) requires trustees to monitor performance of trust assets, investigate the appropriateness of trust holdings relative to peer-group alternatives, and manage trust assets in a manner that demonstrably minimizes costs and maximizes benefits. While this standard-of-care has governed investment and retirement trusts for years, Irrevocable Life Insurance Trusts (ILITs) had been generally exempt from such an ascertainable standard-of-care. Trust Departments are thus generally in need of support for services to monitor, investigate, and manage trust assets in three (3) essential areas, namely:

1. Monitoring/Administration Functions
2. Investigation/Compliance Functions
3. Management Functions

Step #1: Monitoring/Administration

Just as the Employee Retirement Income Security Act (ERISA) defined the standard-of-care for retirement trusts, and created new needs for Third-Party Administrators (TPAs), UPIA likewise imposes new record-keeping responsibilities on ILIT Trustees whose trust accounting systems have not needed to, and are often unable to, account for premiums, cash values and death benefits, nor administer premium payments, Crummey Notices, inforce illustrations, and lapse-risk testing. As such, many ILIT trustees are outsourcing these functions to ILIT TPAs like Advicon, ILIT Analyzer, Resource Insurance Consultants (RIC), TrustBuilder, etc. However, accounting for and administering a given policy held in trust are functions separate from investigating the appropriateness of that policy relative to peer-group alternatives, as follows.

Step #2: Investigation/Compliance



Investigating whether a given policy held in trust is appropriate requires A) obtaining the needed information about the given policy (i.e., a record-keeping function), and B) identifying strengths and weaknesses of the current policy as they relate to alternative peer-group products based on all five (5) factors of appropriateness as to 1) Financial Strength and Claims-Paying-Ability, 2) Cost Competitiveness, 3) Pricing Stability, 4) Cash Value Liquidity, and 5) Historical Performance of Invested Assets underlying Policy Cash Values (i.e., a compliance function). As such, in addition to TPA services, many trustees are turning to individual agents/brokers and most notably life insurance products research providers like TheInsuranceAdvisor.com (TIA) for this comparative data.

Precedent established by case law ensuing in the early days of ERISA clearly shows that simply comparing policy values does not constitute adequate investigation for the following reasons:

- Insurers provide product pricing data only to their licensed agents/brokers, and because these same agents/brokers must meet minimum sales requirements to be licensed, simply comparing policy values gives the ILIT Trustee only a fraction of the comparative data for all products from the 500+ insurers selling life insurance in most states.
- Simply comparing policy values does not satisfy the duty to investigate the appropriateness of policy costs as to cost of insurance charges, fixed administration expenses (FAEs), cash-value-based "wrap fees" (e.g., M&Es), premium loads and policy earnings as they relate to both peer-group alternatives and the expected investment performance set forth in the written Trust Investment Policy Statement (TIPS).

As such, many ILIT trustees are outsourcing these compliance functions to TIA-Licensed Insurance Banking® Centers, or directly licensing TIA's patented Confidential Policy Evaluator (CPE) system—the most accepted source of life insurance product research available.

Step #3: Management

Managing trust assets is little different from managing investment portfolios in other trusts. Both require...

1. Defining portfolio objectives, ideally through the use of a written Trust Investment Policy Statement (TIPS),
2. Measuring portfolio pricing and performance against both performance targets and industry benchmarks,
3. Identifying strengths, weaknesses, and opportunities for improvement in existing trust assets,
4. Investigating available investment/insurance product alternatives to strengthen portfolio weaknesses, and
5. Making changes needed to maximize benefits and minimize costs.

With TIA research, ILIT Trustees can now measure and manage portfolio performance pursuant to the objectives set forth in the written TIPS, and in a manner that demonstrably maximizes benefits and minimizes costs through the below 5 portfolio management techniques:

1. Increase/Decrease Premium Funding to increase under-funded policy cash values or "refund" premiums from over-funded policies.
2. Decrease/Increase Policy Benefits such that under/over-funded policy cash values and premiums can support reduced/increased policy costs.
3. Reallocate Cash Values to increase policy earnings in underfunded policies or reduce risk in over-funded policies while maintaining performance targets.
4. Re-rate Policy Pricing using "Best-of-Breed" products that lower cost of insurance (COI) charges, premium loads, fixed administration expenses (FAEs), and/or lower cash-value-based fees (e.g., M&Es).
5. Wait-and-See when performance is above/below targets but within expected ranges, and cash values are sufficient to support projected policy charges for the foreseeable future.

UPIA also allows these management functions to be delegated to a TIA-licensed Insurance Banking® Specialist, or other Insurance/Investment Advisor Delegatee.

