Private Placement Insurance

Design ▪ Structure ▪ Implementation



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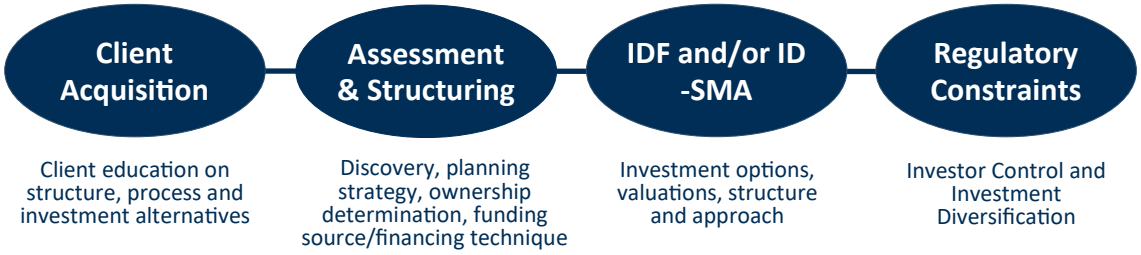
Plan Design and Implementation

Private Placement Insurance (PPI)

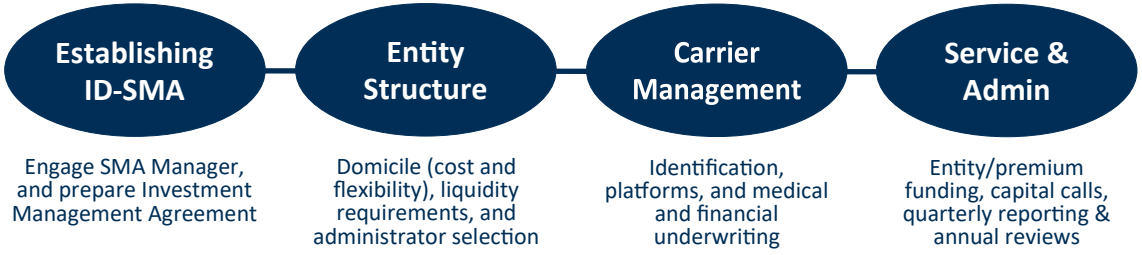
An institutionally-priced investment instrument designed to mitigate income taxes. Within this non-taxable structure, policyowners may invest in Insurance Dedicated Funds (IDF) such as hedge funds, private equity, private debt, and fund-of-funds. Alternatively, the policyowner may be able to designate an investment advisor to manage their Private Placement using an Insurance Dedicated Separately Managed Account (ID-SMA) to create an investment allocation tailored to their objectives.

There are two PPI structures, the choice of which depends on the specific goals of the client.

Plan Design



Plan Implementation



Private Placement Life Insurance (PPLI)

Potentially eliminates income taxes and may avoid estate taxes. It is the only irrevocable trust asset to receive an equivalent step-up in basis at death.

Private Placement Variable Annuity (PPVA)

Defers income taxes during life.
Typically used to maximize charitable planning.

Characteristics of PPLI and PPVA compared to a Traditional Taxable Portfolio	Taxable Portfolio	PPLI	PPVA
Income Tax-Free Death Benefit		✓	
Tax Deferred Growth		✓	✓
Non-Taxable Access to Policy Value		✓	
Potentially Estate Tax-Free	✓	✓	
No K-1s		✓	✓
Asset Reallocation Without Tax		✓	✓
Asset Protection by State Statute		✓	✓

The Role of Client Advisors in Private Placement Insurance

Private placement insurance is based on established tax law. However, in order to ensure the proper structure to maximize tax efficiency and effectiveness, it requires input of key advisors in the implementation process and ongoing management.

Private Placement Implementation	Insurance	Investment	Legal / Tax	Insurance
Plan goals and strategy	✓	✓	✓	
Policy ownership and structure		✓	✓	
Underwriting and risk management	✓			✓
Financial documentation		✓	✓	
Finalize design and carrier selection	✓	✓		✓
Policy implementation, delivery, and funding	✓			✓
Policy / investment management and oversight	✓	✓		

Roles Within A Private Placement Investment Strategy

Insurance Advisor

- Advise on structure for tax, estate planning
- Assess carriers and policy types
- Facilitator between all parties
- Plan design and implementation
- Monitoring and policy service

Insurance Carrier

- Assess and assume risk
- Underwriting and policy terms
- Legal and regulatory compliance
- Policy management

Client

Tax Efficiency & Wealth Preservation

Investment Advisor

- Identify suitable investment strategies
- Align strategy to insurance vehicle
- Comply with regulatory requirements
- Periodic reporting to client
- Manage PPLI/PPVA assets

Legal/Tax Advisor

- Address structure and documentation
- Advise on regulatory requirements
- Integrate with estate and tax planning

PPLI Implementation Process

	Underwriting and Structure	Design and Carrier Selection	Policy Completion and Delivery
CLIENT & ADVISORS	Step 1: Complete / Sign JR KATZ Questionnaire and HIPAA forms Step 3: Determine policy ownership and structure Step 5: If required, insurance exam scheduled / completed	Step 8: Financial documentation provided by client, investment advisor, CPA, or attorney (as needed) Step 10: Insured and policyowner sign formal application and broker-dealer forms	Step 13: Delivery documents signed by insured and policy owner Step 14: Policy Funded
JR KATZ & INSURANCE CARRIER	Step 2: Collaborate with client's advisors for evaluating policy structure Step 4: Obtain medical records Step 6: Conduct negotiations to obtain most favorable risk classification	Step 7: Finalize policy design / select carrier Step 9: Prepare the formal insurance application and broker-dealer account forms Step 11: Broker-dealer reviews application / submit to carrier	Step 12: Carrier reviews, approves, and issues policy

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ABOUT JR | KATZ

JR KATZ provides insurance anchored solutions to specific client planning objectives. Our solutions are constructed through a meticulous process designed to deliver true alpha to our clients.

In order to build and optimize a client's life insurance portfolio, it is essential to understand both short-term and long-term objectives. This process necessitates collaboration with our clients and their key advisors.

We help our clients understand the unique financial characteristics of life insurance and how this distinct asset class enhances other investment and estate planning strategies.

Our process is defined by transparency, confidentiality, objectivity and creativity. Through our lens of independence, we are able to evaluate and benchmark solutions, products and providers.

Because of our singular focus on life insurance, we have access and influence with the insurance companies. This allows us to produce exceptional results for our clients.

After the solution is implemented, our management process is designed to deliver the expected outcome by continually monitoring product performance and changing client circumstances.

YOUR LEGACY | OUR COMMITMENT

JR KATZ serves as a key advisor in the areas of wealth transfer, wealth preservation, succession planning, income-tax mitigation, and risk management. We deliver value and "edge" through our experience, client advocacy and influence within the insurance marketplace.

Our Mission

To help our clients preserve, grow and transfer wealth by constructing an optimized portfolio of insurance anchored solutions

Client commitment, thought leadership and world class partnerships have distinguished JR KATZ since 1976

50+ Years

$7 Billion

JR KATZ manages more than $7B in life insurance portfolios
(as of Dec 2025)

Appendix / Disclosures

Private Placement Variable Life Insurance and Private Placement Variable Annuities are long-term investments and may not be suitable for all investors. The policy's value will fluctuate based upon the performance of the underlying funds. It is possible to lose principal.

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any client or prospective clients. The information is not intended as investment advice and is not a recommendation.

This material is furnished to provide a summary of a variable universal life insurance product with an investment component and is not an offer to purchase or the solicitation of an offer to purchase an investment product. This material is not a prospectus or advertisement. There is no guarantee the strategy will be successful.

There will be no public offering of interests in the program. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer of solicitation would be unlawful. Interests will be offered only to investors who are "Accredited Investors," as defined in Regulation D under the Securities Act of 1933, as amended, and "Qualified Purchasers," as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. No offer or solicitation of an offer to purchase interests in the program can be or will be made except pursuant to an offering memorandum prepared specifically for that purpose.

It is possible to lose money by investing in securities. Eligible policyowners must be able to bear the economic risk of investment in a policy; have adequate net worth, means, and contingencies to sustain a complete loss of investment; and have no need for liquidity in this investment. Policyowners should be aware of the additional risks involved with investing in exempt funds. Private Placement Life Insurance (PPLI) and Private Placement Variable Annuities (PPVAs) are exempt funds and as such are not registered under the securities laws and are not subject to the same regulatory requirements as registered funds. Among other activities, exempt funds may engage in potentially riskier investment practices, charge higher fees, and impose liquidity restrictions on policyowners' assets. Liquidity restrictions vary among exempt funds and can impose significant delays in accessing policy values and benefits. Policy values are not shielded from fluctuation during such delays. Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results will vary. Guarantees are based on the claims-paying ability of the issuing insurance company and do not apply to the underlying investment options.

Life insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. A financial professional can provide you with costs, complete details, and a private offering memorandum.

You should consider the investment objectives, risks, and charges and expenses carefully before investing in the policy, and/or underlying exempt portfolios and investment options. Your financial professional can provide you with copies of the applicable product private offering memorandum, exempt portfolio private offering memorandum, underlying investment option prospectus, and, if available, underlying investment option summary prospectus, which contain this information as well as other important information.

JR KATZ, LLC and its representatives do not provide legal, tax or accounting advice. Any tax or legal references provided are for general informational purposes only, and should not be relied upon for legal, tax or accounting advice. Clients of JR KATZ, LLC should obtain their own independent legal counsel and/or tax advice based on their specific circumstances.

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