

THE PRIVATE JET LIFESTYLE MAGAZINE

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PRIVATE PRACTICE

Private placement life insurance affords wealthy families the ability to better control investment options across a wider spectrum of financial opportunities.

BY RUSS ALAN PRINCE

At its core, private placement life insurance is a variable life insurance policy that invests in alternatives, including hedge funds, private equity and similar types of funds. This form of life insurance has a strong appeal among the very wealthy: "One of the advantages of a private placement insurance policy is the ability to combine the death benefit with greater investment flexibility, including allocations to alternative vehicles," explains Richard J. Flynn, head of the **Rothstein Kass Family Office Group** in New York. "The key is to wisely marry the needs of the ultra-affluent with the level of customization available with this type of life insurance policy."

One of the key benefits of private placement life insurance is that it allows the ultra-affluent to mitigate the taxes on their alternative investments. "In our experience, working with the very wealthy, private placement life insurance can be a very effective tool in dealing with both estate taxes and tax-wise investing," notes Keith M. Bloomfield, the president and CEO of the **Forbes Family Trust** in New York. "We find that billionaires, for example, see being able to increase the yield on a hedge fund by three to five percent pretty attractive. Being able to transfer large sums of money intergenerationally without taxes is also quite attractive."

The big issue is how to properly structure an individual private placement policy. "To get the kind of results the extremely wealthy demand, we bring

in insurance experts like Frank Seneco, president of **Seneco & Associates** in New Haven, Connecticut, to handle the mechanics of structuring the life insurance," explains Bloomfield. "While we turn to Frank to address the nuts-and-bolts of the insurance policy, we deliver the advanced planning and investing expertise."

It's fairly common for multi-family offices to work with insurance specialists when it comes to private placement life insurance. Unless private placement policies are properly structured, they can prove highly problematic. As Seneco puts it, "Putting private placement life insurance in place requires not only an in-depth understanding of life insurance, but a very solid understanding of sophisticated tax planning strategies."

More than ever, private placement life insurance is being used in a variety of contexts. "We do extensive work with single-family offices on developing deferred compensation plans for their key senior executives, such as chief investment officers," says Flynn. "We're able to take the benefits of a private placement life insurance policy, marry it with state-of-the-art trust structures and develop a deferred compensation plan that closely aligns the financial interests of both the senior executives and the very wealthy family."

Now Open in Van Nuys

Air Culinaire Opens Third California Kitchen — Van Nuys

Leading private jet caterer Air Culinaire has announced the opening of its newest facility, in Van Nuys, California (VNY), overseen by Regional General Manager Maxwell Moe. Max has supervised Air Culinaire's Long Beach Facility for over two years and has over 15 years of restaurant and high end catering experience. With his customer driven approach and focus on service and quality, Max and his team can create an experience that best meets the needs and expectations of private jet travelers.

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