

WFR Success Stories

We pride ourselves on bringing innovative solutions and competitive products, presented simply by knowledgeable industry specialists, along with successful and suitable products from highly rated providers. Below are some examples of our work:

Financial Institutions

WFR professionals have been fortunate to work internally and as advisors to multiple banks, credit unions and insurance companies, large and small. Our work with these clients focuses on design, implementation and servicing of COLI, BOLI, ICOLI & CUOLI as an alternative company asset, along with its role as key-person coverage, informal financing and/or cost recapture for corporate and executive benefit programs.

\$118B+ Public Super Regional Bank

As VP of Treasury in the late 1990s and early 2000s, one WFR advisor was the manager in charge of acquiring over \$500MM of the now nearly \$2B of BOLI held by this bank. Pre-purchase analysis, policy structure, carrier and sub-account performance, benefit alignment, as well as policy service and administration of the entire BOLI portfolio are some of the risk management responsibilities attendant to this significant alternative asset.

\$6B+ P&C Insurer

Dating back to 1997, WFR developed and continues to service both split-dollar and a supplemental executive retirement plan (SERP) for the CEO and top 7 senior executives. Both plans, as well as keyperson coverage, are informally funded with institutional variable universal and single premium AA⁺ whole life ICOLI. This client appreciates the consistent and constant yields that both of their ICOLI types add to surplus development. WFR also designed and implemented the supplemental individual disability insurance (IDI) for several of the CEOs at this company.

\$1.4B+ Public Community Bank

As EVP and CFO in the 2000s and 2010s, one WFR advisor was the executive in charge of maintenance and additions to a \$25mm+ BOLI portfolio of single and annual deposit universal life. WFR was one of the firms to assist in BOLI placement along the way. In addition to other purposes, this bank's BOLI served as the informal funding for a 5+ participant (SERP).

\$1B+ P&C Insurer

WFR developed and services a 17+ participant executive deferred compensation plan with a company match. This plan is informally funded with annual deposit variable universal life ICOLI, the sub-accounts of which are informally directed by the plan participants, emulating the 401k experience. This client established a 7-figure single premium ICOLI portfolio as a tax-deferred/free asset; it provides keyperson coverage and cost recapture for other corporate benefits such as post-retirement medical.

\$200M+ P&C Insurer

WFR developed and services the 7+ participant director and executive deferred compensation, as well as a nonqualified defined benefit plan. These plans and the related keyperson coverage are informally funded with single and annual deposit variable universal and AA⁺ whole life ICOLI. The CEO had called the 7-figure ICOLI, his "best asset"!

\$200M+ P&C Insurer

WFR developed and services the 10+ participant: 1) death benefit only; 2) supplemental executive disability; and 3) CEO SERP for this company. Single and annual deposit AA⁺ whole life and indexed universal life ICOLI is used as the informal funding for those plan benefit liabilities, as keyperson coverage and as an alternative tax-deferred/free asset that consistently outperforms its other like-risk portfolio assets.

\$120M+ P&C Insurer

WFR developed and services the 5-participant SERP; and death benefit only plan. Single and annual deposit AA⁺ whole life ICOLI is the informal funding to offset those benefit liabilities, as well as keyperson coverage and a strong performing alternative tax-deferred/free asset.

\$35M+ P&C Insurer

WFR developed and services the 4-participant director and executive deferred compensation plan, which is informally financed with single premium AA⁺ whole life and annual premium variable ICOLI. The ICOLI also provides keyperson coverage and a strong performing alternative tax-deferred/free asset.

\$25M+ P&C Insurer

WFR provided and services CEO keyperson coverage in the form of single premium AA⁺ whole life ICOLI, which has helped secure and enhance surplus as an alternative tax-deferred/free asset.

\$20M+ Insurer

WFR provided and services a 3-participant director and executive deferred compensation plan. Annual premium variable life ICOLI provides the informal plan funding, as well as keyperson coverage and an alternative tax deferred/free asset that has performed very well under the CEO's direction.

Other Industries

\$1.5B+ (rev) [Public] Utility Company

Dating back to 1986, WFR developed death benefit only (DBO), split-dollar, deferred compensation and supplemental executive retirement plans (SERP) for approximately 40 highly compensated executives. These plans, as well as keyperson coverage, are informally funded with a mix of COLI designs and types, including max cash value AA+ whole life offering, with guarantees and consistent and constant yields. The company and participant executives involved in these plans have benefited greatly over the years from the \$20mm+ COLI portfolio. WFR also implemented business travel accident coverage at this company covering their general employee population. Lastly, many of the senior executives worked with WFR to obtain IDI coverage to supplement the company disability group coverage.

\$1B+ (rev) Healthcare Nonprofit

WFR was hired by a senior executive colleague to review senior executive benefits at his new company. After a complete analysis, WFR identified some ineffective benefit design, underperforming COLI financing, and benefit gaps. WFR was then engaged to assist in benefit modification and to provide ongoing plan and product servicing. During this long relationship, WFR was selected to provide executive bonus, supplemental death benefit and IDI plans for senior executives of now several generations. Unless held for keyperson coverage, individual policy ownership is more effective than company ownership under this organization's legal structure. For that reason and poor performance by the existing COLI carrier, WFR recommended it be terminated or run-off. Servicing of individual executive bonus policies is ongoing, and there is contemplation of a broader after-tax plan for physicians and managers.

\$450M+ (rev) Auto Services Company

WFR was referred into a consulting fee arrangement for this company to provide an assessment of a current bonus deferral plan for 15 of their key employees. After several on-site meetings collecting data and discussing company objectives, WFR delivered a report identifying: 1) out of date (and compliance) plan documents; 2) sub-par COLI performance leaving an underfunded total benefit liability; and 3) noncompliant record keeping and accounting. Our report identified the requisite steps to rectify these issues, as well as bundled and unbundled 3rd party providers who could provide contemporary administration and product to meet the plan objectives. WFR did not re/replace any product in this engagement.

\$370M+ [Public] Services Company

In 1986, WFR developed layered SERP plans for this company's 25 top executives. The primary plan design provided for 3x final income upon retirement or death. This SERP was funded A⁺ rated whole life policies. And as part of the design, WFR incorporated cost recovery to the company for the plan expense.

Fast forward 33 years and WFR is now implementing a contemporary Deferred Compensation Plan for 20-30 company HCEs and directors. This plan provides for voluntary income deferral (base, bonus, commissions, etc.) to be self-directed on a coordinated basis with the funds in the company 401k plan. As a public company, participants may also defer their RSU awards onto the plan platform, providing executives the flexibility of when to exercise and incur taxation. Lastly, this plan platform allows company contributions in any form as a further means to *attract, retain and reward* key employees. They have yet to decide but are considering a corporate executive match and/or a LTIP incentive bonus contribution. This plan will be financed via VUL COLI with sub-accounts mapped functionality and investments to their 401k.

\$170M+ Insurance Services Company

WFR developed and services a split-dollar and keyman coverage plan for this company's top executives. The plan design provides for post-retirement death benefit coverage with policy cash value that can be utilized for retirement income. The split-dollar plans were funded using AA+ whole life policies. And as part of the design, the agency's portion of the policies provide cost recovery vehicle for their plan expense. What is unique here is the fact that insurance industry professionals turned to WFR for its expertise with this specialized planning and product.

\$35M+ (rev) Physician's Group

Through the request of a physician client, WFR was engaged to review a split-dollar program for 10 group physicians. The program was relationship sale, where the original agent had little background with this advanced strategy. After a complete analysis, WFR identified that the carrier and whole life policies were sound, yet the plan was unraveling due to a lack of timely recordkeeping and proper accounting support. These policies only provided income to the writing agent, so WFR offered to provide the administration, pro bono, as the named servicing agent. 20 years later, most policies have rolled out to each doctor as individually owned. During this long relationship, WFR supported many of the doctor's personal financial and insurance planning, many of who remain clients today.

\$30M+ (rev) Manufacturer

WFR developed and services SERP, executive bonus, executive IDI and long-term care plans for several key executives. These plans are another example of WFR being trusted to bring contemporary and quality plans to an existing colleague's new company. This privately held company uses a combination of A+ rated indexed universal life and AA+ whole life COLI, and individual owned policies to meet their benefit objectives for different key employees.

20M+ (rev) Entertainment Nonprofit

WFR developed and services an undivided interest (bonus) retirement plan for the CEO of this nonprofit. This client was introduced to WFR by a financial industry colleague that became the CFO of the organization. The plan works to provide a level of handcuffs on

the executive as the cash value in a jointly owned variable universal life policy gradually is transferred to the executive over time. It also provides the company, keyperson protection, should the executive die prematurely. Per the benefit design objective, the ownership of the policy will be completely transferred to the executive as of his projected retirement date. In the end, the executive has a golden parachute in the form of a paid-up policy, which he can use for retirement income or wealth transfer.

Incremental income derived from COLI, BOLI, CUOLI and ICOLI often provides the requisite cash flow, cost recovery and thus incentive for any company to maintain or enhance their corporate, executive and director benefit offerings.

Family Business, Individual Retirement & Wealth Transfer

\$75M+ (rev) Service Provider

WFR developed and services an executive deferred compensation plan for managers of this family owned business. In addition to providing a program to reward and retire their key employees, they mapped it in functionality and investments (selecting 25 of 80+ sub-accounts in a variable universal life COLI) to their 401k. The company added a match to the participants 'mirror 401k' deferrals, as well as discretionary bonuses. The COLI cash value is the asset offsetting the plan benefit liability, and the coverage also provides keyperson protection on the husband and wife as owners, with a portion going as wealth transfer directly to children.

When the next generation took over as company CEO, the husband transitioned to owner of a new successful distribution entity. There he requested WFR to bring the most effective plan we could to ensure liquidity for his sizable estate. In response, WFR structured a tax-deductible Capital Split Dollar (CSD) plan, providing premium financed A+ Survivorship Indexed Universal Life (SIUL) in an irrevocable trust. This IUL has a floor, protecting from market volatility, yet also a cap on the S&P index to satisfy the collar. The greatest value with this plan is the retained capital the client has versus if he had to fund the same policy out of his pocket and without a deduction through his business. WFR has subsequently added CSD for each of the sons who are non-managing partners in the new business. WFR was trusted to bring contemporary and quality plans to an existing client's new company. Moreover, they trusted WFR's creativity and contacts to ultimately have these company benefit plans serve to protect the client's otherwise illiquid estate for generations to come.

HNW Retiring CEO

WFR was asked to review an existing Supplemental Executive Retirement Plan (SERP) for ideas on how to maximize the plan net benefit to a 65-year-old CEO, who was slated to become board Chair. WFR identified a solution, where, with board approval, the plan could be amended to provide delayed distribution of the lump-sum taxable SERP payment

for 5 years. This delay provided compliance with 409A rules governing distribution on nonqualified plans. And the delayed lump sum distribution provided the cash at age 70 to pay off a premium financed survivorship indexed universal life (SIUL) policy that the executive acquired at age 65. Upon loan repayment, the SIUL was a self-funded policy that provided more cash (value) to take as policy loans for supplemental annual income than the SERP, which would be taxed immediately at ordinary income upon retirement. The plan payout was delayed 5 years; however, this solution provided more control by the executive and greater income and (a small) death benefit value than did the fully taxable SERP.

\$12M HNW Retired CEO

Working with the CEO's financial planning firm, WFR significant estate tax exposure at this 66-year-old's life expectancy. Assuming 2017 gift and estate tax exclusion rules (which may not hold), his net estate, which included a fair amount of real estate, was projected to grow to 35M+. The split dollar policy and bonused AA whole-life policies (now in an ILIT) WFR helped established while working provide a good foundational death benefit of \$5M. Yet it is not enough to cover the roughly \$15M of estate tax projected at life expectancy.

WFR identified his ability to use the \$2.5M of cash value in those policies as collateral for an additional premium financed policy to his ILIT. An indexed universal life (IUL) policy may have provided greater values with the potential S&P indexing upside. Yet even with the guaranteed floor, he felt more comfortable with another AA whole life with higher guarantees. We explained that he could elect not to pay the loan interest and have that paid along with the loan principal upon his death. However, he chose to cover the loan interest with annual gifting from he and his wife. The gifts of the loan interest were lower than the outlay if he made the premium deposits directly. So, for less gifting impact, no change in product risk and no additional out of pocket expense, he added \$8mm of additional death benefit at life expectancy with this new policy. There was no impact on the existing policies, as the need for collateral dissipated when the cash in the new policy became sufficient. A sophisticated leverage Wealth Transfer strategy for HNW clients, but one with relatively low risk.

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