INTEGRITY | TWENTY YEARS

WEALTH INSIGHTS · INTEGRITY FINANCIAL

Private Placement Life Insurance

A Professional Framework for UHNW Implementation

INTEGRITY DIVERSIFIED PRIVATE EQUITY INSURANCE DEDICATED FUND · MAY 2026

SECTION 01

The Tax Efficient Case for Private Placement Life Insurance

For ultra-high-net-worth individuals and families, few planning structures offer the combination of tax efficiency, investment flexibility, and wealth transfer potential that Private Placement Life Insurance (PPLI) delivers. PPLI is a variable universal life insurance policy engineered specifically for qualified purchasers — typically those with investable assets of $5 million or more — structured to hold a customized portfolio of insurance dedicated funds (IDFs) within a tax-advantaged construct.

Inside the PPLI, investment income and capital gains accumulate completely free of federal and state income tax — compounding unimpeded over a 20- or 30-year horizon to produce dramatically superior after-tax outcomes versus a taxable account.

TAX TREATMENT: TAXABLE PORTFOLIO VS. PPLI

CATEGORY	WITHOUT PPLI	WITH PPLI
Ordinary Income Tax	**Up to 50%**	**0% inside policy**
Capital Gains Tax	**Up to 23.8%**	**0% inside policy**
Estate Tax Exposure	**Up to 40%**	**Outside taxable estate**
Death Benefit	**Potentially taxable**	**Income tax-free (IRC §101a)**
Net result	Returns eroded at every level	Every dollar compounds unimpeded

The estate planning dimension is equally compelling. When held by a dynasty trust or LLC with appropriate beneficiary designations, PPLI death benefits pass to heirs completely income-tax-free under IRC §101(a), and outside the taxable estate when properly structured. Beyond the tax mathematics, PPLI can house institutional-quality Insurance Dedicated Funds managed by upper-quartile investment managers — functioning simultaneously as a sophisticated investment vehicle and a powerful estate planning tool.

SECTION 02

How the Complete Tax Minimization Layers Work

Understanding why PPLI generates tax alpha requires visualizing the structure as a set of nested layers — each adding a distinct dimension of protection, efficiency, or flexibility. At the outermost layer sits the ownership entity; at the core sit the insurance dedicated funds managing the actual investment portfolio.

Dynasty Trust / LLC — Ownership Layer
Estate protection · Income tax-free death benefit (IRC §101a) · Outside taxable estate when properly structured

PPLI Policy — Variable Universal Life · IRC §7702
Tax-deferred growth · No income or capital gains tax inside the PPLI · MEC-tested premium design · AML/KYC carrier onboarding

Insurance Dedicated Funds (IDFs) — IRC §817(h) Diversified
Independently managed · Segregated accounts · Investor control doctrine compliant

- Hedge Fund Strategies
- Private Credit
- Private Equity
- Real Assets

SECTION 03

The Implementation Challenge: Why PPLI Goes Unrealized

Despite compelling economics, PPLI remains underutilized among UHNW families who would clearly benefit from it. The reason is not only a lack of awareness, but also the complexity of the application and implementation. The reason is execution. PPLI is a multi-party institutional transaction requiring the coordinated engagement of eight to ten specialized professionals, each operating within their own domain, on a timeline that must be sequenced carefully to avoid costly delays or structural errors.

Without a clear project framework, these questions create inertia. In many cases, a policy that would have delivered millions of dollars in tax savings simply never gets placed — not because the economics were wrong, but because the implementation process was never organized with discipline and accountability.

FOUR COMMON IMPLEMENTATION STALL POINTS

01

Carrier Selection Bias

Insurance professionals who present carrier illustrations are compensated by commission — making objective benchmarking effectively impossible without independent counsel.

02

Jurisdictional Complexity

South Dakota directed trusts, Nevada self-settled structures, offshore domiciles — each requiring specialized legal counsel and distinct situs compliance frameworks.

03

Investor Control Doctrine

The IDF manager must satisfy regulatory independence requirements without restricting the family's investment objectives. Misstructuring this relationship voids the tax treatment.

04

AML / KYC Sequencing

Documentation packages must reach carrier underwriting in a precise sequence. Out-of-order submissions restart the clock and can delay policy issuance by months.

SECTION 04

The Coordination Model: One Point of Contact

HOW INTEGRITY MANAGES THE PROCESS END-TO-END

The client communicates exclusively with the wealth advisor or family office. The wealth advisor interfaces only with the PPLI Policy Coordinator. The Coordinator — operating as a fiduciary for a flat-rate fee, independent of carrier commissions — manages all specialist relationships, ensuring the project moves forward with discipline and accountability throughout.

Client / Family
Communicates exclusively with Wealth Advisor

Wealth Advisor / Family Office
Primary client relationship — interfaces only with Coordinator

FIDUCIARY · FLAT-RATE FEE · CARRIER-INDEPENDENT

PPLI Policy Coordinator
Manages all specialist relationships · Owns the project timeline

EIGHT SPECIALIST ROLES MANAGED BY THE COORDINATOR

01
Estate Planning Attorney
Structure design

02
CPA / Tax Advisor
Tax alpha & integration

03
PPLI Insurance Specialist
Carrier analysis

04
Jurisdictional Attorney
Legal nexus & domicile

05
IDF Manager
Managed investing

06
Trust Company / Corp. Trustee
Fiduciary governance

07
Registered Agent / LLC Admin
LLC maintenance

08
International Tax Counsel
Cross-border structuring

SECTION 05

The Professional Ecosystem: Roles & Responsibilities

A successful PPLI implementation requires ten distinct professional roles, each contributing domain-specific expertise at critical points in the process. Eight specialist roles report exclusively through the Policy Coordinator, keeping the client relationship protected while the transaction moves forward with precision.

01 Estate Planning Attorney

OVERALL STRUCTURE DESIGN

Designs the macro estate plan, drafts trust and LLC documents, and aligns beneficiary designations with the client's generational wealth transfer goals.

02 CPA / Tax Advisor

TAX ALPHA CAPTURE & INTEGRATION

Models tax-deferred compounding against marginal rates, evaluates PFIC and Subpart F implications for foreign IDFs, tests MEC compliance, and integrates policy distributions into long-term income planning.

03 PPLI Insurance Specialist

CARRIER ANALYSIS & SERVICING

Benchmarks domestic and offshore carriers, architects IRC §7702-compliant policy design, manages AML/KYC carrier onboarding, and monitors in-force performance throughout the policy life.

04 Jurisdictional Attorney

LEGAL NEXUS & ENTITY DOMICILE

Provides legal nexus in favorable trust or LLC states — SD, NV, DE, WY — or offshore jurisdictions. Ensures proper entity formation, registered presence, and ongoing situs compliance.

05 IDF Manager

MANAGED INVESTING INSIDE THE PPLI

Selects or constructs Insurance Dedicated Funds meeting IRC §817(h) diversification requirements. Manages asset allocation across hedge funds, private credit, private equity, and real assets.

06 Trust Company / Corp. Trustee

FIDUCIARY GOVERNANCE

Serves as institutional trustee for dynasty trust-owned policies. Oversees premium payment decisions, investment manager selection, and ongoing administrative compliance.

07 **Registered Agent / LLC Admin**

LLC CORPORATE MAINTENANCE

Maintains the LLC in good standing through annual filings, operating agreement updates, and member records — preserving asset protection and intended tax treatment.

08 **PPLI Policy Coordinator**

FIDUCIARY PROJECT MANAGEMENT

The quarterback of the implementation. Manages the full project timeline from inception to policy issuance. Operates as a fiduciary on a flat-rate fee — independent of carrier commissions.

09 **Wealth Advisor / Family Office**

CLIENT RELATIONSHIP & INTEGRATION

Primary client-facing relationship manager and internal integrator. Works in close tandem with the Coordinator, presenting options at key decision points while keeping the relationship protected.

10 **International Tax Counsel**

CROSS-BORDER TAX STRUCTURING

Advises on treaty positions, PFIC rules, CFC issues, FATCA, and CRS obligations for clients with dual citizenship, foreign domicile, or offshore IDFs.

SECTION 06

A Team Sport Requiring a Skilled Coordinator

The PPLI structure for a UHNW client only performs as intended when each role is filled by experienced professionals who communicate proactively with one another — not just at inception, but throughout the life of the policy. The PPLI Policy Coordinator exists to make that outcome reliably achievable, giving wealth advisors and family offices the confidence to implement a solution that might otherwise remain perpetually on the drawing board.

Ready to explore whether PPLI is the right fit?

Integrity Financial serves as PPLI Policy Coordinator — the fiduciary quarterback who manages the full implementation process across estate attorneys, tax counsel, insurance specialists, IDF managers, and trust companies, ensuring the transaction reaches placement with discipline and accountability.

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This document is intended for informational purposes only and does not constitute legal, tax, or investment advice. PPLI structures involve complex legal and regulatory considerations. Clients should consult with qualified legal, tax, and financial advisors before implementing any strategy described herein. Integrity Financial is a registered investment advisor.