Singer Wealth

PRIVATE PLACEMENT INSURANCE STRATEGIES

An approach designed to improve the tax efficiency of certain investment strategies

Tax Inefficiency in Certain Investment Strategies

Sophisticated investors often allocate to strategies that generate strong returns—but also tax-inefficient income. Investments such as hedge funds, private credit, and actively managed alternatives may produce income in the form of:

- Ordinary income
- Short-term capital gains

In higher-tax environments, combined federal and state tax rates on this income can be significant, which may reduce the amount of capital available for reinvestment and long-term growth.

The Effect on Long-Term Compounding

Over long time horizons, the difference between:

- Compounding at a gross rate of return
- Compounding at an after-tax rate of return

Can meaningfully impact overall wealth accumulation. As a result, some investors evaluate strategies designed to improve tax efficiency alongside investment performance.

The Structure

Private placement insurance structures are designed to hold investments within an insurance-based framework, which may change how investment growth is taxed, depending on structure and compliance with applicable rules.

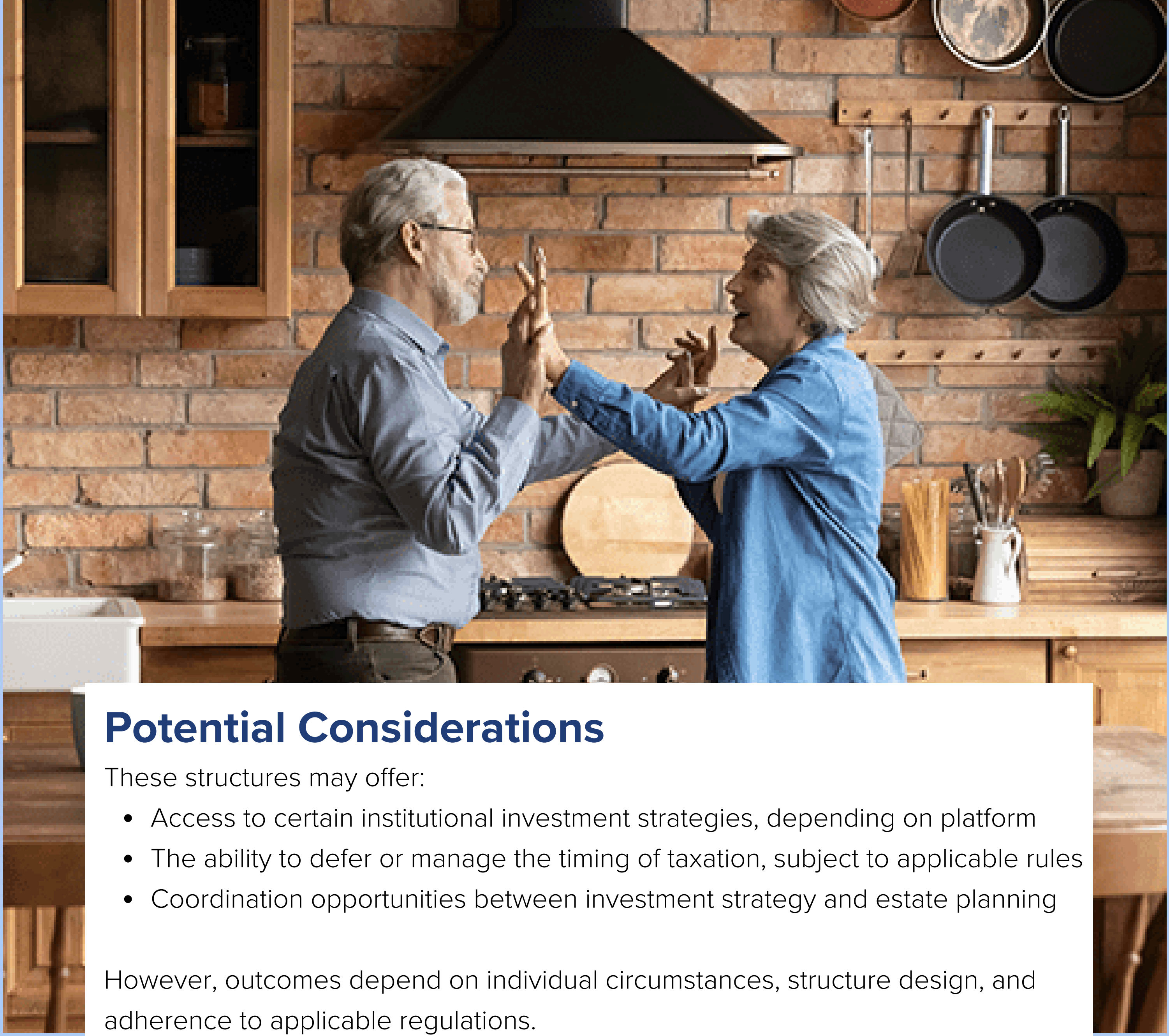
Two commonly used structures include:

Private Placement Life Insurance (PPLI)

- Permanent life insurance policy with an investment component
- Investment growth may occur without current income taxation if structured and maintained in accordance with applicable tax laws
- Death benefit may be received by beneficiaries income tax-free, subject to current law
- Policy loans may provide access to liquidity, subject to policy terms and applicable rules
- May be used in conjunction with trust and estate planning strategies

Private Placement Variable Annuity (PPVA)

- Insurance-based investment structure without a life insurance component
- Investment growth is generally tax-deferred
- Taxes are typically due upon withdrawal of gains
- May have lower minimum investment requirements compared to PPLI
- May be appropriate in situations where life insurance is not a primary objective



Potential Considerations

These structures may offer:

- Access to certain institutional investment strategies, depending on platform
- The ability to defer or manage the timing of taxation, subject to applicable rules
- Coordination opportunities between investment strategy and estate planning

However, outcomes depend on individual circumstances, structure design, and adherence to applicable regulations.

Who This May be Appropriate for

These strategies are generally considered by investors who:

- Have substantial taxable investment portfolios
- Allocate to tax-inefficient strategies
- Have a long-term investment horizon
- Are evaluating tax efficiency as part of a broader wealth strategy
- Meet applicable accreditation and qualification standards

Important Considerations and Risks

Private placement insurance strategies are complex and require careful implementation. Failure to properly structure or maintain these arrangements may result in adverse tax consequences.

Considerations include:

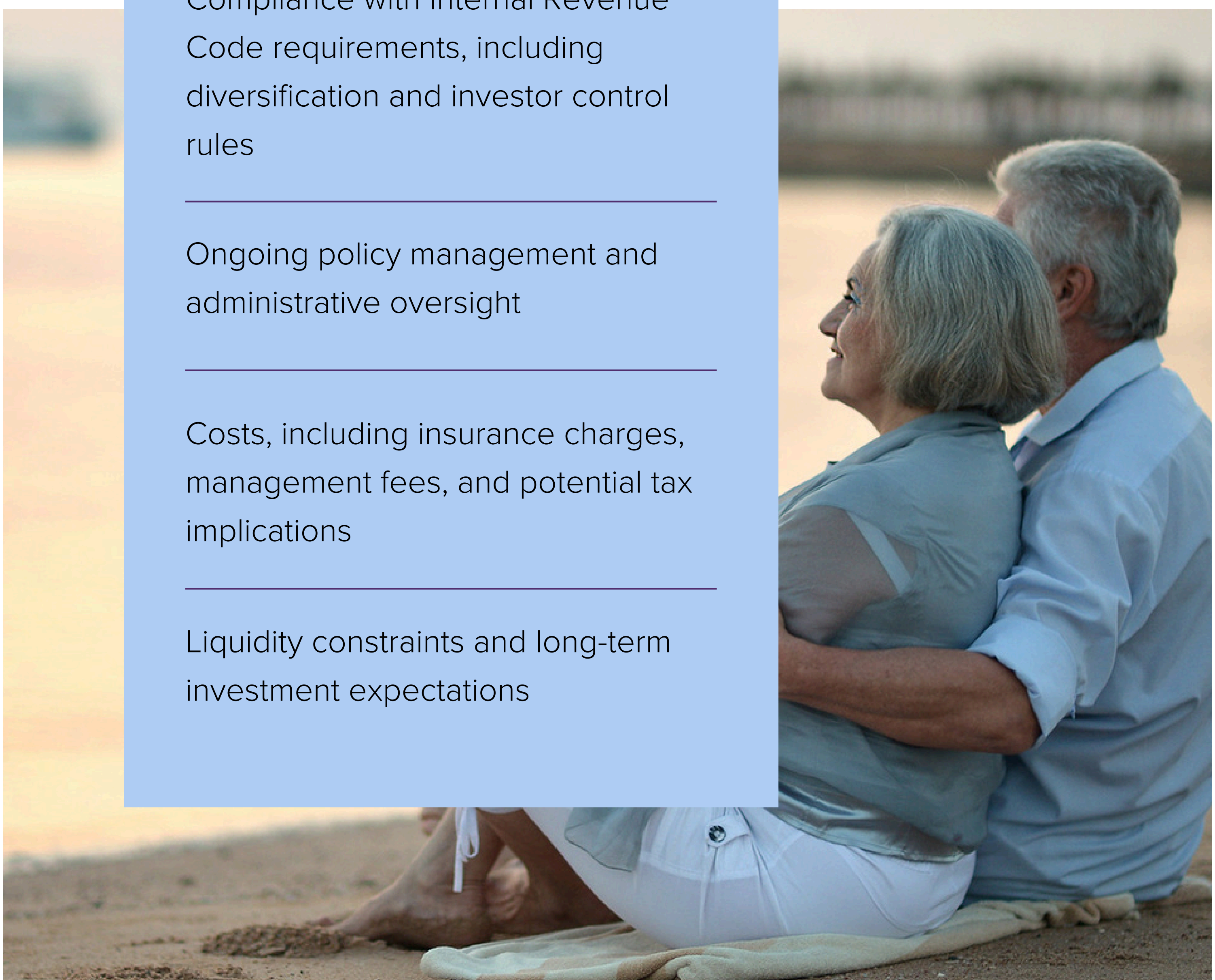
Coordination among financial, tax, and legal advisors

Compliance with Internal Revenue Code requirements, including diversification and investor control rules

Ongoing policy management and administrative oversight

Costs, including insurance charges, management fees, and potential tax implications

Liquidity constraints and long-term investment expectations



Additional Information & Next Steps

Additional Information

These strategies are not widely used in traditional retail investment environments and are typically implemented with the involvement of specialized professionals.
Suitability depends on a detailed evaluation of an investor's financial situation, objectives, and constraints.

Next Step

A thorough evaluation is required to determine whether this approach is appropriate for your situation. We begin with an initial conversation focused on understanding your overall financial picture and objectives.

Important Disclosures

This material is provided for informational and educational purposes only and should not be construed as investment, legal, or tax advice, or as a recommendation or solicitation to buy or sell any security or insurance product.
Private placement insurance products are complex and may not be suitable for all investors. These strategies involve risks, costs, and strict compliance requirements.
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Contact Information

Boca Office :
1515 S Federal HWY, #302, Boca Raton, FL 33432

Phone Number :
561-998-9985

Email :
keith@singerwealth.com

Other Offices:

Aventura
20900 NE 30th Ave,
#600
Aventura, FL 33180

West Palm Beach
500 S Australian Ave,
Suite 105,
West Palm Beach, FL, 33401

Plantation
300 S Pine Island Road,
Suite #304
Plantation, FL 33324

New Jersey
365 W Passaic St.
Suite #225
Rochelle Park, NJ 07662

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