

Premium Financing

Funding your life insurance policy while preserving your wealth



Premium financing explained

You've earned a significant amount of wealth that you want to preserve and pass on. While life insurance can help accomplish this, in some instances, the level of life insurance you need might require you to liquidate a portion of your assets to pay the life insurance policy premiums. Fortunately, there's a solution.

What it is

Premium financing is a strategy in which you leverage a lender's capital to pay your annual policy premiums instead of liquidating assets to pay them. This allows you to retain a significant amount of capital to maintain or make investments, preserve savings or meet cash flow needs. Premium financing shouldn't be the reason you buy life insurance, but it can be an effective method of paying for life insurance.

And, if your life insurance policy performs favorably, you could potentially earn a higher level of interest from your policy than the interest you pay for the loan.

Who should consider it

Individuals, corporations, trusts and partnerships with a minimum net worth of \$15 million in assets that need a significant amount of life insurance for personal, estate, or business planning purposes.

Penn Mutual's diverse portfolio includes a range of products that offer options and business provisions that can be paired with the premium financing strategy to meet your planning needs.

What are the biggest advantages of premium financing?

With premium financing you're able to:

Obtain a significant amount of life insurance with less upfront out-of-pocket costs.

Preserve, maintain, and build assets in your existing portfolio instead of using those assets to fund your life insurance policy.

Leverage your annual gift-tax exclusions or lifetime exemption to transfer other assets estate-tax-free.¹

Minimize or eliminate gift taxes on policy premiums if the policy is owned by an irrevocable trust.

Use your policy's cash value as part of the collateral for the loan.²

Another advantage is that if you have sufficient collateral, you can purchase your life insurance policy by paying only interest to the lender.

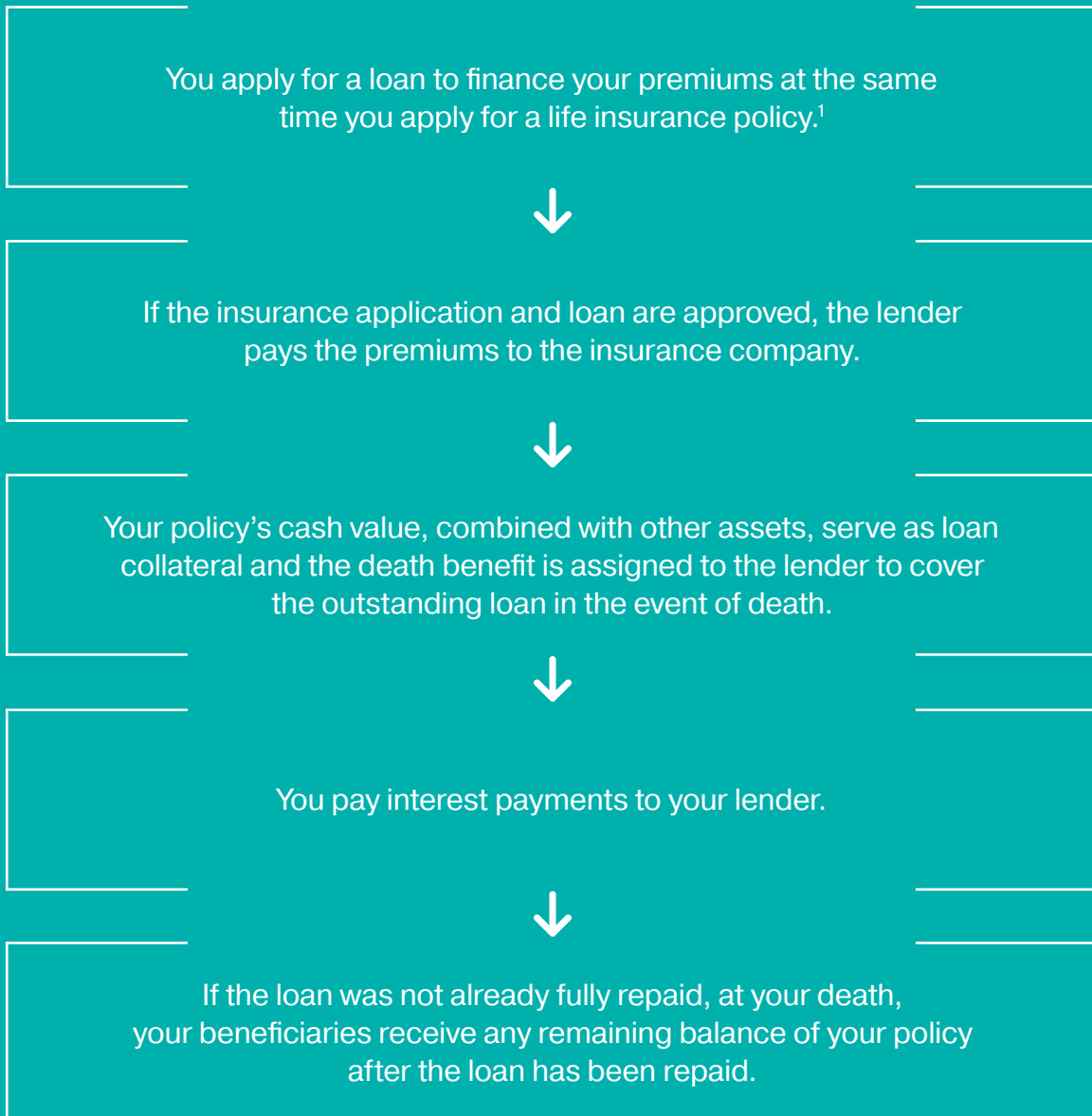
¹Accessing cash value will reduce your policy death benefit and values, may result in certain fees and charges and may require additional premium payments to maintain coverage. Ask your financial professional for details on accessing your cash value, including how it might impact the coverage guarantees and situations when the values you access could be taxable. Always consult your tax advisor before accessing your policy's cash value.

²Additional collateral will be required to secure the loan.

How does premium financing work?

Premium financing involves an arrangement through which you borrow money at a competitive interest rate from a third-party lender to pay your life insurance premiums.

The process goes like this:



¹Approval is not guaranteed.

What are some things to keep in mind before choosing premium financing?

Final eligibility for premium financing will be based on meeting financial and medical requirements for the life insurance policy and premium finance loan.

You will need to consult with your legal and tax advisors to understand potential tax implications, including estate, gift, and income tax.

Loan interest rates can increase, which would result in higher loan interest payments than originally planned.

Policy credited rates can fluctuate, which may require additional collateral for a loan.

Lower than anticipated policy performance may require the need to borrow additional premiums to fund the policy.

Why Succession Capital Alliance?

As pioneers in premium financing, Succession Capital Alliance (SCA) has been helping high-net-worth individuals and business owners maximize the value of their life insurance assets through premium financing for over 25 years.

As an industry leader, SCA leverages relationships with top lenders to secure highly competitive loan rates and support premium financing solutions even in the most challenging economic environments. Through its Maximum Capitalization StrategySM model, SCA can structure a unique premium financing solution to meet your objectives.



What is Capital Maximization Strategy (CMS)?

CMS is an innovative, customizable premium financing strategy developed by Succession Capital Alliance. With CMS, you borrow using a multi-lender platform that has been orchestrated by Succession Capital Alliance for the purpose of providing the most competitive terms and rates from nationally recognized lenders.

**CMS
can be
used for:**

- Estate planning
- Business planning
- Potential asset accumulation
- Asset protection

Your financial professional and Succession Capital Alliance will help you identify a life insurance product that can help meet your specific planning needs, such as a permanent life insurance policy offered by The Penn Mutual Life Insurance Company.¹ As a leader in the industry, Penn Mutual has a long history of financial strength and a diverse portfolio of competitive life insurance products to help meet your unique needs.

Work with your financial professional and Succession Capital Alliance to explore the many ways premium financing can help you achieve your unique planning and life insurance goals.

¹Succession Capital Alliance is not affiliated with The Penn Mutual Life Insurance Company (Penn Mutual). Penn Mutual does not provide tax or legal advice.



Succession Capital Alliance has extensive experience helping clients obtain the life insurance they need through premium financing. Through its relationships with the top premium finance lenders in the industry, Succession Capital Alliance is able to deliver customized premium financing solutions that meet the unique needs of high-net-worth individuals and business owners.



For more than 175 years, Penn Mutual has been a trusted partner to financial professionals across the U.S., placing protection solutions at the center of building stronger financial futures for individuals, families, and businesses. Penn Mutual and its affiliates offer a comprehensive suite of competitive products and services to meet the unique needs of financial professionals and their clients, including life insurance, annuities, wealth management, and institutional asset management. To learn more, including current financial strength ratings, visit pennmutual.com.

The premium financing concept outlined in this material is available to eligible clients and only with certain fixed, permanent life insurance products. Your financial professional can provide additional information about product availability. Accessing cash value from a permanent life insurance policy will reduce the policy death benefit and values, may result in certain fees and charges and may require additional premium payments to maintain coverage. Any reference to the taxation in this material is based on Penn Mutual's understanding of current tax laws. Penn Mutual, its subsidiaries and its representatives do not provide tax or legal advice. Past performance does not guarantee future results. This material is intended to provide an overview of the concept described as of March 2026 and is subject to change.

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