

PREMIUM FINANCING INTELLIGENCE · PAPER 3 OF 3

Protecting the *Book*

How Premium Financing Preserves AUM and Deepens the Client Relationship

EXECUTIVE SUMMARY

The first two papers in this series were about the client. Paper 1 made the case that financing an estate's liquidity preserves the principal's compounding. Paper 2 opened the hood and showed how a defensible case manages its risks. This paper is about you.

Most advisors treat life insurance as something that happens away from the portfolio — a separate product, a separate vendor, a separate conversation that, if it goes anywhere, tends to pull assets out of your management. Premium financing is the exception. Because the client's capital stays invested rather than being liquidated to pay premiums, it is the rare insurance strategy that protects assets under management instead of eroding them — and, handled well, deepens your standing with your most valuable clients. This paper makes the business case for the advisor.

THE REFRAME

Conventional insurance funding is an AUM leak. Liquidity preservation is an AUM moat. Same client need, opposite effect on your book.

The Quiet Cost of the Old Way

Consider what happens when a substantial client decides to put estate-protection coverage in place the conventional way. The premiums have to come from somewhere. Often that somewhere is the portfolio you manage — a withdrawal to fund the policy, repeated year after year, or a lump-sum liquidation to pre-fund it. Either way, assets leave your management and do not come back.

The effect is easy to underestimate because it arrives quietly. There is no single moment of loss — just a recurring drawdown that compounds against you over the life of the policy. On a large case, the cumulative outflow can represent a meaningful share of the relationship, along with the recurring revenue it would have generated. The client made an estate-planning decision. You absorbed a book-management consequence you never chose.

And there is a relationship cost beneath the revenue cost. When the insurance conversation happens somewhere else — with an agent, through a vendor — you are not in the room where one of the client's largest financial decisions gets made. The strategy that protects your book is also the one that keeps you at the center of the client's planning.

How Liquidity Preservation Protects the Book

Premium financing changes the source of the premium dollars. Instead of liquidating managed assets, a lender funds the premiums while the client's capital stays invested — under your management, compounding, generating the recurring revenue it always did. The estate still gets the protection it needs. Your book simply stops paying for it.

FUNDING PREMIUMS FROM MANAGED ASSETS	FINANCING THE PREMIUM (LIQUIDITY PRESERVATION)
Assets are withdrawn or liquidated to pay premiums	Assets stay invested; the lender funds the premiums
AUM and recurring revenue decline over the policy's life	AUM and recurring revenue are preserved
Client realizes gains and disturbs the tax position	Portfolio and tax position remain intact
The insurance conversation happens away from you	You bring the strategy and stay at the center of it

This is what it means to call liquidity preservation an AUM moat. The same client decision that would have drained the relationship instead reinforces it — the assets remain, the revenue remains, and you are the advisor who brought a more intelligent way to solve the problem.

A Capability, Not a Career Change

The most common reason advisors avoid this strategy is not skepticism about the math. It is the reasonable fear that introducing premium-financed insurance means becoming a premium-finance expert — learning the carriers, modeling the structures, owning the design risk, and taking on work that sits far outside the core practice. That fear is well-founded, and it is also avoidable.

You do not need to become the expert. You need access to one. The design, modeling, carrier selection, collateral analysis, and stress-testing — everything Paper 2 described — is specialist work that belongs on a specialist's desk. Your role is the one you already hold: you know the client, you spot the situation, and you stay the trusted advisor coordinating the plan. The capability gets added to your practice without changing what your practice is.

THE DIVISION OF LABOR

You keep the relationship and the judgment. The desk takes the design, the modeling, and the structural risk. The client gets a coordinated plan, and you never become an insurance shop.

Goheen as Your Back-Office Premium Finance Desk

This is precisely the role Goheen Capital is built to play. We are not an insurance agency competing for your client. We are a premium finance design desk that operates behind you — a capital strategy partner, not an insurance agent. Thirty-plus years and more than a billion dollars of financed structures sit behind every case we design, and the work runs on a 48-hour case design desk so a client situation does not languish while you wait.

In practice, the engagement is straightforward. You bring the client situation. We design and stress-test the structure across rate paths and collateral scenarios, coordinate with the client's estate counsel on the trust, and return a plain-English analysis built for you to put in front of the client. You remain the advisor of record and the relationship owner throughout. The client experiences a more sophisticated practice; you add an institutional capability without adding institutional overhead.

What you keep: the relationship, the assets, the recurring revenue, and your position at the center of the client's planning. What we take: the design, the carrier and collateral work, the modeling, and the structural complexity.

What a First Case Looks Like

- 1 You identify a client whose estate is large, illiquid, and facing an estate-liquidity need — and who would otherwise liquidate managed assets to fund coverage.
- 2 You bring the situation to the desk. No commitment from the client, and no need for you to have the technical answers yet.
- 3 We design and stress-test the structure, coordinate with the client's estate counsel on the trust, and return a plain-English analysis you can present.
- 4 You walk the client through it as their advisor. The assets stay under your management; the desk stays behind you.

THE WHOLE POINT

The strategy that best serves your client also best protects your book — and you do not have to become a premium-finance expert to use it. You only have to bring the case.

Closing the Loop

Across this series the argument has been a single one viewed from three angles. For the client, liquidity preservation keeps capital compounding while the estate is protected. For the case, disciplined design makes the structure defensible. For the advisor, the same strategy preserves the book and deepens the relationship. The three interests align — which is rare, and which is why this strategy is worth the attention it asks of you.

Bring us your first case.

If a client comes to mind — large estate, illiquid balance sheet, a looming liquidity need that would otherwise pull assets out of your management — that is the case to bring. The Goheen 48-hour case design desk will model it, stress-test it, and hand you back an analysis you can put in front of the client. You keep the relationship and the assets. We do the rest.

IMPORTANT DISCLOSURES

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