



Heckerling Institute on Estate Planning 48th Annual Conference

State Uniform Prudent Investor Act (UPIA) provisions generally place fiduciary-level responsibilities on trustees - whether institutional or personal - yet nowhere has there been as much a "disconnect" between duties and activity as with Irrevocable Life Insurance Trust (ILIT) policies. Fiduciaries are expected to demonstrate a prudent and reasoned asset management process to maximize the probability of a favorable outcome to the trust estate, and yet it is estimated that 90% of Trust-Owned Life Insurance (TOLI) policies are administered by unskilled trustees who lack life insurance and policy management expertise, and have likely volunteered to the task out of friendship or family duty. No matter how well-intended, unskilled trustees provide minimal, if any, credible performance monitoring of these life insurance policies, and are in turn vulnerable to questionable unwarranted policy replacement proposals.

Heckerling Institute's annual conference includes a prudent practices panel discussion to outline how unskilled 'accommodation' ILIT trustees and their professional advisors can implement an ILIT administration and TOLI risk management process that safeguards the interests of all ILIT parties. The concerns to be addressed include:

- How can an ILIT fiduciary document a prudent and reasoned process that maximizes the probability of a favorable outcome to the trust estate and avoid allegations of 'predatory practices' – *the conscious and willful disregard for known ILIT trustee duties and life insurance guidance*?
- What forms of policy analysis and performance evaluation are credible and appropriate for this purpose, and what forms are not (the 'red flags to avoid')?
- When delegating life insurance expertise and policy risk evaluation duties, what are the key criteria to include in a vendor screening Request for Proposal, and annual vendor affirmation thereafter?
- What corrective action options are available to ILIT fiduciaries with either an empty ILIT file or a file 'papered' with policy performance reports and/or replacement recommendations based on analytics known to be neither credible nor appropriate for their intended purpose?



Please plan on attending our program on January 16, 2014 from 2:00 – 3:30 p.m.

Gary L. Flotron, MBA, CLU®, ChFC®, AEP® will be moderating a panel discussion, "*The Uniform Prudent Investor Act (UPIA) and Trust Owned Life Insurance (TOLI): The Impossible Dream or A Match Made in Heaven – UPIA Compliance, Risk Management and the Evaluation of Permanent Life Insurance*", with:

Lawrence Brody, JD, LL.M., AEP® (Distinguished)
Richard A. Schwartz, FSA, MAAA, CLU
Richard M. Weber, MBA, CLU®, AEP® (Distinguished)
E. Randolph Whitelaw, AEP® (Distinguished Nominee)

For more information on the program, please contact E. Randolph Whitelaw at (314) 997-9203.