

PPLI Primer

Private Placement Life Insurance

A Sophisticated Generational Wealth Planning Tool

By Brian Rapp, ChFC®

Private Placement Life Insurance (PPLI) functions much like a variable universal life (VUL) policy. Both offer a death benefit protection component alongside a flexible investment account for building cash value.

What sets PPLI apart is its ability to generate investment income and capital gains on a completely tax-free basis. When structured correctly, policyholders can also access that growing cash value without triggering income taxes.

Compared to standard retail life insurance products, PPLI generally features significantly lower mortality charges and administrative expenses, while providing a much broader and more sophisticated range of investment choices.

Who should consider PPLI?

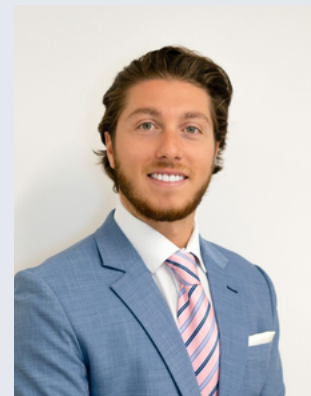
This approach is particularly well-suited for individuals who:

- ▶ Qualify as accredited investors or qualified purchasers (typically those with at least \$5 million in investable assets)
- ▶ Are highly focused on minimizing the drag of taxes on long-term compounding
- ▶ Hold substantial assets in tax-inefficient or heavily taxed investment categories
- ▶ Own underperforming annuity or permanent life insurance contracts they would like to reposition more efficiently
- ▶ Utilize irrevocable trusts for wealth building and generational transfer
- ▶ Seek tax-efficient ways to access funds in the future
- ▶ Are experiencing or anticipating a major liquidity or wealth event (sale of business, real estate, inheritance, etc.)

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About Eagle Rock, Greenberg & Rapp

For decades, Greenberg and Rapp have been recognized leaders in the Private Placement Life Insurance (PPLI) space. Their experienced team has successfully structured and placed large-dollar life insurance policies for ultra-affluent individuals, families, and family offices. Specializing in sophisticated, tax-efficient wealth transfer and asset protection strategies, Greenberg and Rapp delivers custom PPLI solutions that provide significant tax deferral, investment flexibility, and estate planning advantages. Their long-standing experience and proven track record make them a trusted advisor for clients seeking to optimize substantial insurance placements within a comprehensive wealth management framework.

Key Benefits of PPLI

Tax-Free Growth and Accumulation


Investment returns inside the policy grow without annual taxation. Policyholders avoid receiving K-1s or 1099 forms, allowing money to compound more efficiently over time.


Efficient Wealth Transfer

The strategy supports powerful tax-advantaged compounding that can significantly increase the amount passed to the next generation. Heirs typically receive the death benefit entirely free of income taxes. In many states, the policy may also offer valuable creditor protection, depending on applicable laws.

Improved Cost Efficiency

- ▶ Insurance coverage is often available at institutional-level pricing, well below retail rates
- ▶ Asset management is handled through transparent advisory fees rather than hidden product charges
- ▶ Substantially lower ongoing administrative and mortality costs
- ▶ No surrender charges
- ▶ Clear, fully disclosed pricing
- ▶ Ability to exchange policies on a tax-free basis under IRC Section 1035

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Greater Investment Flexibility

PPLI opens the door to institutional-quality investments and alternative asset classes that are rarely available in retail insurance products.

Investors can select managers and strategies based purely on their merits and expected returns, without worrying about generating taxable events.

This structure also makes it possible to enhance the amount of wealth transferred to heirs without necessarily increasing portfolio risk.

When designed as a non-Modified Endowment Contract (non-MEC), the policy can provide favorable access to tax-free cash flows and improved liquidity features.

Important Considerations Before Moving Forward

While PPLI offers compelling advantages, investors should carefully evaluate several key factors:

- ▶ The policy owner must relinquish direct control over the underlying investments (the assets are managed by the insurance carrier's separate account).
- ▶ A legitimate insurable interest must exist between the policy owner and the insured individual for the contract to qualify as life insurance.
- ▶ To reduce certain state-level insurance taxes and fees, many clients establish the policy through a specially designed trust domiciled in favorable jurisdictions such as Alaska, South Dakota, or Delaware.

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