

Bill Boersma - Blog

Life Insurance Property Management Protocol

What is this?

The Uniform Prudent Investors Act (UPIA) requires an investment policy statement (IPS) for trust owned investments to comply with fiduciary standards. It seems self evident as to why... how else would the trustee manage the trust investments.

If there are no parameters regarding, duties & responsibilities, purpose, review procedure, risk & reward tolerances, appropriate investments, etc., how on earth would the trustee act and why?

How many of these trusts or institutions have an insurance policy statement?

Think of this scenario; a given trust has \$1,000,000 of invested assets and a \$5,000,000 life insurance policy for estate tax liquidity. Where is 99% of the trustee's time devoted to over the years? In 30 years how much are the beneficiaries going to care about the fact that the trustee and the chosen money manager have outperformed the benchmarks by 50 basis points when the \$5,000,000 life insurance policy crashes and burns due to a multi decade slide in interest and dividend rates and a lack of active policy management which was, in retrospect, impossible because of the lack of defined parameters by which to manage it in the first place?

You think it is the Agent's responsibility? Think again.
Professional responsibility is entirely different than fiduciary responsibility.

Life insurance management protocol in the form of a well thought out and crafted life insurance policy statement is vitally important. Call me to discuss how we can help you create one.



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OBJECTIVE INFORMATION DRIVES INFORMED DECISIONS



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