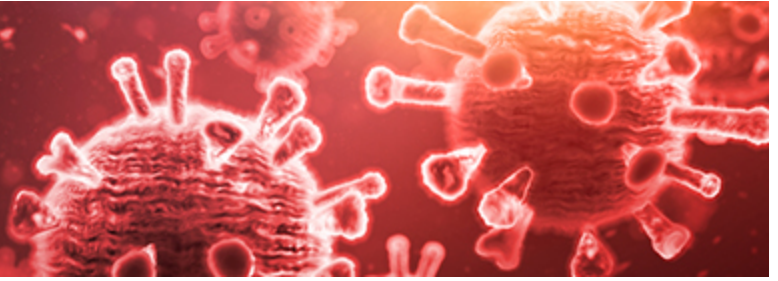




COVID-19 Latest Insights



Act Now! Historically Low Interest Rates!

It's official. The applicable federal rates (AFRs) announced for May 2020 are the not just the lowest in a decade — the mid-term, long-term, and 7520 rates are the lowest in history. The mid-term AFR (for loans with 3- to 9-year terms) is .58%, the long-term AFR (for loans with terms over 9 years) is 1.15%, and the Section 7520 rate is .80%.

Sure, you're thinking, "Those are super low rates, but what should I be doing with that information?" Do you have a client that owns a business? A client with real estate or other illiquid assets? A client that's been wondering if a GRAT might be the right addition to her estate plan? What about a client that's been hesitant about making large gifts? A client that needs life insurance but isn't sure how to fund it?

Those problems can be addressed with the help of historically low AFRs. Clients contemplating gifts to a trust can lend the money instead, giving them time to decide whether they want to be repaid or forgive that loan. Clients with business interests, real estate, or other illiquid assets can sell those assets to a trust taking back an interest-bearing promissory note. Clients considering GRATs can use the lowest 7520 to make their GRAT more powerful. Clients wondering how to fund life insurance can utilize a loan regime split dollar program, locking in May's AFR.

Each of these techniques can allow a client to freeze their estate, slow appreciation of their assets, shift growth to the next generation, preserve family assets, and take the time they need to make thoughtful decisions.

Please call your Partners Financial Strategic Resources team to discuss how this low interest rate opportunity can help your clients lock in valuable life insurance protection now, freeze their estate, and set up a plan for the future.

This information has been provided as an informational resource for NFP clients and business partners. It is intended to provide general guidance, and is not intended to address specific risk scenarios. Regarding insurance coverage questions, each specific policy must be reviewed in its entirety to determine the extent, if any, of coverage available for the impact of the Coronavirus. If you have questions, please reach out to your NFP contact.