HIGHLAND
CAPITAL BROKERAGE

The Source

BY HIGHLAND

Your monthly financial recap — *specialized* and directly from the source.

August 2026

The Source

BY HIGHLAND

Welcome to our new digital resource that delivers all the latest news and trends in the finance industry each month. It's our priority to make your jobs easier, and we're just getting started.

Check us out each month for more, because *The Source by Highland* – delivers.

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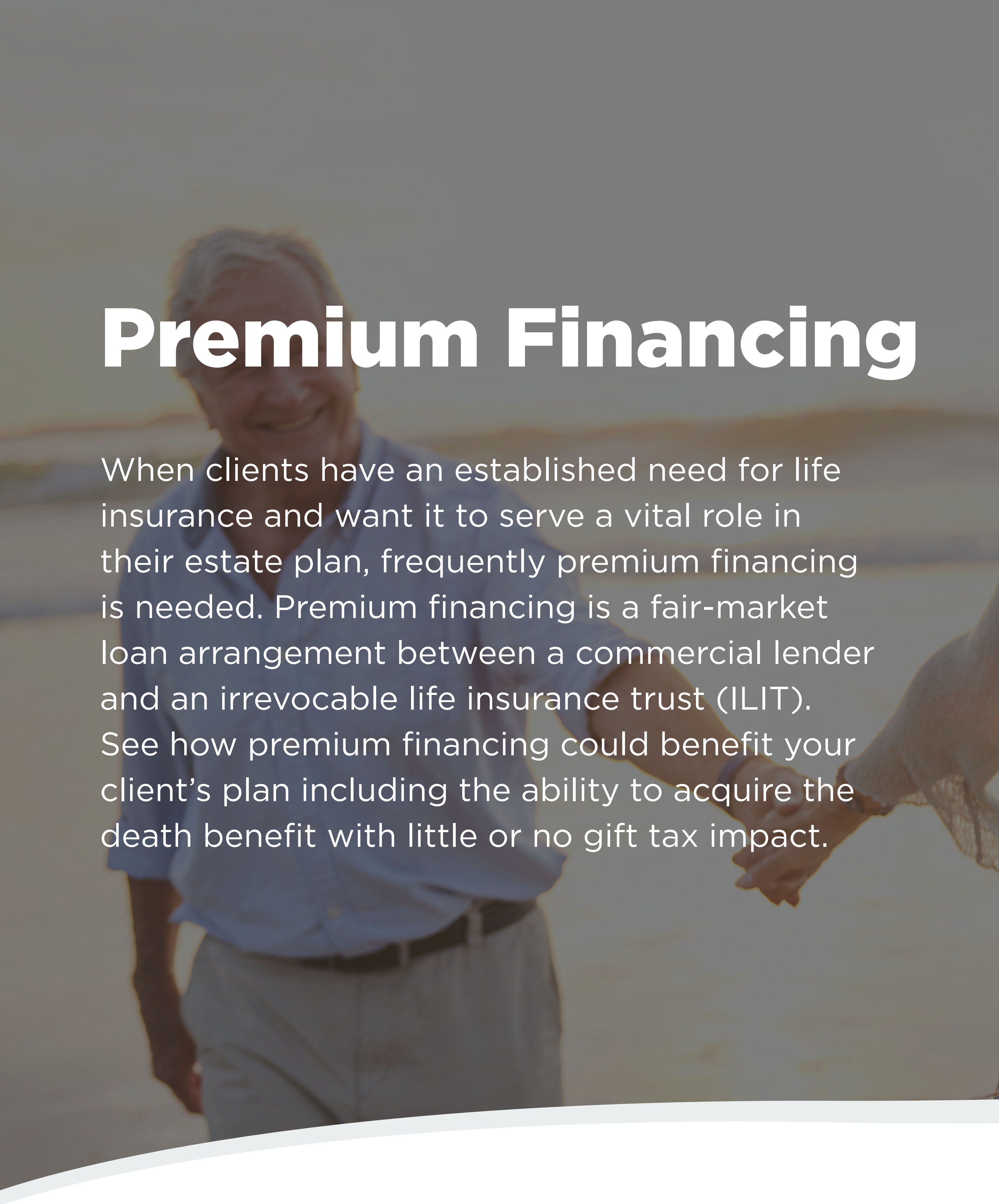

Premium Financing

When clients have an established need for life insurance and want it to serve a vital role in their estate plan, frequently premium financing is needed. Premium financing is a fair-market loan arrangement between a commercial lender and an irrevocable life insurance trust (ILIT). See how premium financing could benefit your client's plan including the ability to acquire the death benefit with little or no gift tax impact.

Premium Financing

What is Premium Financing?

Premium financing is a strategy intended to help clients obtain life insurance for which they have an established need. Typically, premium financing is a fair market loan arrangement between a commercial lender and an irrevocable life insurance trust (ILIT) where the lender loans the premiums for a life insurance policy on the client's life to the ILIT.[1] In that case, the gift to the ILIT is equal to the amount of loan interest charged — not the entire policy premiums. As a result, the client is able to acquire the death benefit needed with little or no gift tax impact.

Potential Benefits

- Death benefit payable to the ILIT should pass to the trust beneficiaries estate and income tax-free.
- Substantially reduce or eliminate gift tax cost associated with the client's desired level of life insurance protection.
- Reduced net out-of-pocket cost for the life insurance.
- Minimal or no impact on the current investment portfolio, client maintains control and use over assets that otherwise would have been liquidated to pay life premiums.
- Potential to leverage the client's investment portfolio when the portfolio returns are higher than the cost of the loan.

Planning Considerations

- Premium financing is complex and involves many risks, such as the possibility of policy lapse, loss of collateral, interest rate and market uncertainty, and failure to requalify with the lender to keep the financing in place and maintain the desired level of insurance protection.
- Subject to the lender's collateral and financial underwriting requirements.
- Loan interest paid by the ILIT is not deductible.
- ILIT assets may be insufficient to pay the premiums, loan interest and/or repay the lender.
- Pledged collateral and, in certain situations, additional out-of-pocket contributions to the ILIT, may be required to retire the debt and/or maintain the desired level of insurance protection.
- A well-planned exit strategy should be in place from the beginning.
- Consider a conservative life insurance policy design, and assuming higher loan interest rates in the future, so the client's expectation of collateral, loan interest payments, and principal repayment are in line with actual performance.

[1] Trusts should be drafted by an attorney familiar with such matters in order to take into account income and transfer tax laws. Failure to do so could result in adverse tax treatment of trust proceeds.

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Highland *Highlights*

LIFE INSURANCE • ANNUITIES • LONG-TERM CARE

DISABILITY INSURANCE • ADVANCED PLANNING

UNDERWRITING • HIGHLAND PARTNERS

This month, we're featuring three in-depth webpages from our Insurance and Wealth Strategies line to more fully explore this month's theme.

#1: Premium Financing

This webpage analyzes the importance of premium financing for a well-rounded investment strategy, especially when a client has a relatively illiquid balance sheet. The site examines who uses premium financing and some of the many planning considerations involved.

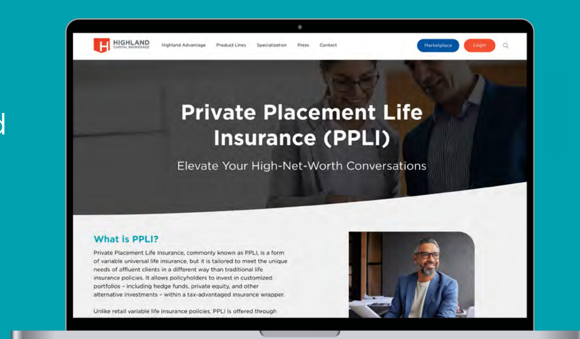
Learn more

#2: Disability Insurance

This thoughtful website breaks down the key advantages of disability insurance for your clients. Because in the end, your client's ability to earn an income is their most valuable asset – make sure it's protected.

Check out this vital resource

#3: Private Placement Life Insurance



Private Placement Life Insurance (PPLI) is tailored to meet the unique needs of affluent clients in a different way than traditional life insurance policies. Take a look at how some of the key benefits of PPLI could benefit your clients.

Review the resource here

The Financial District

Everything you need to know this month

Continuing Education

Buy-Sell Planning: Back to Basics

- **Date:** Aug. 25, 2026
- **Time:** 4:00 p.m. ET
- **Speaker:** Howard Jonas, CLU,® ChFC,® REBC,® CASL,® VP, Advanced Planning

Register now

Upcoming Virtual Event

We're hosting a specialized Virtual Event – register today.

Underwriting in 2026: Trends, Challenges, and Opportunities

- **Date:** Aug. 18, 2026
- **Time:** 2:30 p.m. ET
- **Speakers:** Michelle Konsky, Vice President and Chief Underwriter – Highland
  Lori-Anne Walker, Vice President and Chief Underwriter – Highland
  Susan Ghalili, SVP, Underwriting Strategy and Chief Underwriter – Pacific Life

Register now

Spotlight: Say This, Not That

Ever wondered what to say in order to start a long-term care conversation? Look no further, this insightful resource breaks down several conversation starters, some alternate terminology, and helpful talking points – all in an effort to get to the core of a client's concern. See for yourself here.

View resource

Our Case Studies

Actual cases that make a lasting difference. Highland worked with an advisor to restructure a death benefit after a client's spouse passed. The goal was to create a plan that would guard against the rising costs of long-term care. The results were fairly substantial. Check out the details here.

View resource

MYGA Rates

View the latest multi-year guaranteed annuity rates.

View rates

Helpful Highland Tools

Now that we showcased a variety of financial awareness resources, it's time to put a plan into action. This helpful checklist maps out a series of steps to guide the successful completion of an estate plan.

View resource

Quotable

Insight from the experts:

"A simple fact that is hard to learn is that the time to save money is when you have some."

— Joe Moore

Need to Know

Here are some important dates and themes for August.

1. National Wellness Month: **All month**
2. National Financial Awareness Day: **Aug. 14**

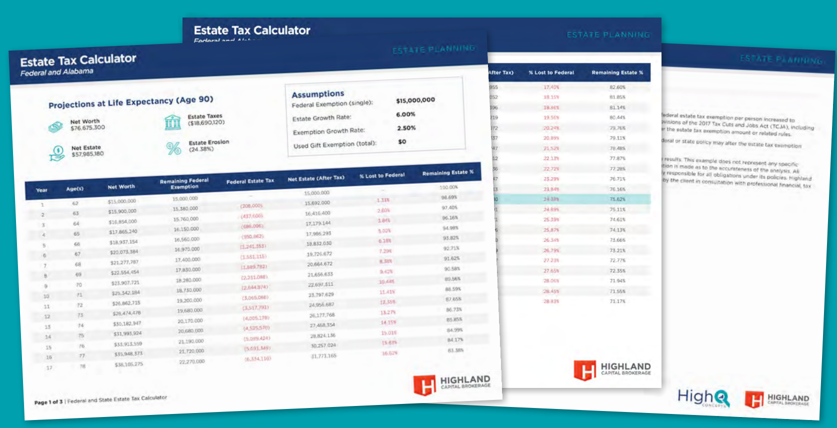
HighQ CONCEPTS

Estate Tax Calculator

At the heart of any thorough estate plan, there are generally four items that concern investors the most. These items include protecting their loved ones, creating a means to preserve what they've earned in their lifetime, maintaining their standard of living, and hopefully setting their beneficiaries up for their future. Most, if not all, of these items are the goal of well-rounded estate plan.

This module helps advisors calculate all of the pertinent information for an estate plan within a specific state. Knowing the numbers in advance helps mold a particular investment strategy for the four key items listed above. Some of the metrics included in the calculator's tabulations are projections for estate taxes and estate erosion.

Please note that this HighQ module is a sample presentation, and Highland can run examples for any specific estate in any state. Because what really enhances an investor's financial plan is thoughtful data, represented with graphic values specific to each client. Check out the calculator for more information.



Check it out here

Highland Profiles

Meet Our Specialists

Wayne Hill
Vice President of Sales

Wayne started in the financial services industry in 2001. He specializes in estate planning, business planning for owners, and executive benefit/compensation plans.

Prior to Highland, Wayne worked for First Republic Bank (then JPMorgan Chase) in the estate and business planning group. Before that, he worked for ABD Insurance and Financial Services (now Newfront), and Northwestern Mutual. Wayne focuses on helping wealth management teams and bankers with insurance planning for their clients. His areas of expertise include estate planning, business planning, executive benefits, and deferred compensation plans.

Wayne holds the following designations, licenses, and registrations – Life and Health (including variable life), Long-Term Care, Series 7, and 66, and an MBA from the Kellogg School of Management at Northwestern University.

He lives in Colorado. He and his wife Jenny have three children – twins Henry and Lila, and younger son Matthew. He grew up in Colorado and spends much of his time in Denver and the Rocky Mountains. He's an avid skier, hiker, reader, and traveler.

We asked Wayne what his favorite part of working at Highland was, and this was his response:

"Everyone is aligned and works with one thing in mind – do the right thing for the client and everything else flows perfectly. I feel like Highland is a mini-insurance company. We have our own underwriters, advanced planning team, and marketing team. We bring so much to our clients and they don't have to pay a penny for it. Our advice is priceless, and advisors and their clients benefit."

Next month:

In the September edition of *The Source by Highland* –

Life Insurance Awareness Month.

Interested in learning more about the topics covered in this month's issue? Call your Highland rep directly or reach out to our team at **855.HCB.4YOU**.

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