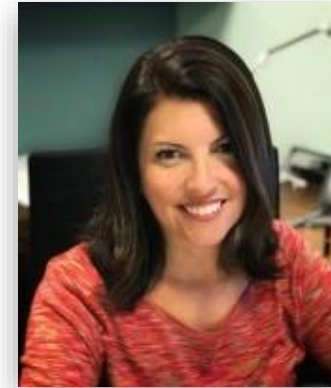


## Partner Talk #1 - Shared Assets: Enhancing Financial Efficiency in Law Firms through Maximizing Partner Satisfaction



**Mike Cohn, CLU, ChFC**  
*Area President*



**Ann Marie Liotta, CPA**  
*U.S. Wealth Strategist*



# **Partner Talk:**

## **Enhancing Financial Efficiency in Law Firms through Maximizing Partner Satisfaction**

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# **Partner satisfaction is often intertwined with generational issues, such as ...**

- Partners who are considering retirement
- Younger attorneys who see their time at a law firm as a short-term stay
- Recruiting high-caliber candidates and associates who want to grow and develop their careers
- Competing for laterals of different ages

**Partner satisfaction and well-being often go hand-in-hand**

# Opportunities to enhance partner well-being

## ❖ FINANCIAL SECURITY

- **Retirement Planning:**
  - ERISA plans (cash balance, 401(k), etc.) only fund 50% or less of what is needed at retirement
- **Long-Term Care (LTC):**
  - LTC is needed by 63% of those over 65; 37% are younger
  - The probability of needing LTC is 68% for those over 65

## ❖ WELLNESS PROGRAMS

- **Lifestyle Management:**
  - Encouraged by the firm can reduce partner life insurance costs
- **Cancer Detection:**
  - The earlier that cancer can be found, the higher the chance of better outcomes

❖ **What if you could provide solutions at no cost to the firm?**

# No costs to the firm

## 1. Retirement and Investment Planning: Partnership Owned Life Insurance (POLI) in a Special Purpose Entity

- Tax-free retirement benefits – like a “Super Roth”
- Not subject to ERISA
- Investment options include collared S&P 500 returns
- No downside risk, guaranteed 0% floor

## 2. Long-term care (LTC) plans

- LTC living benefits can be included in life insurance plans
- Washington state has implemented an LTC employee-mandated payroll tax to reduce Medicaid spending. 15 states are considering.

## 3. Wellness programs

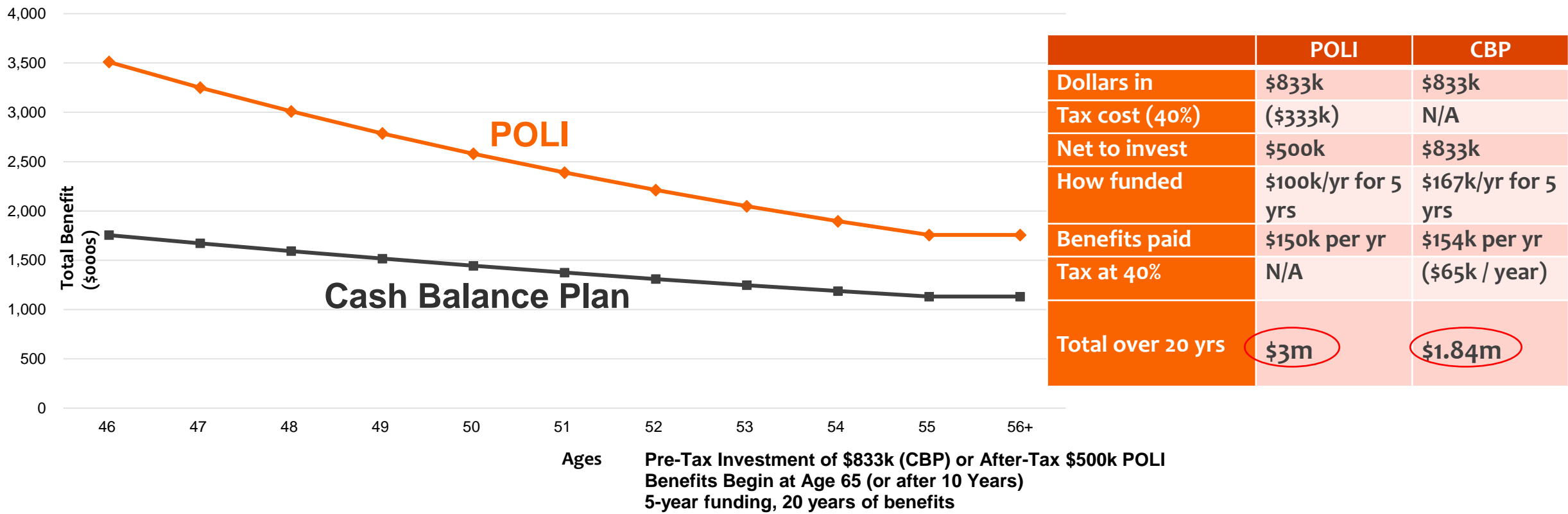
- Exercise, diet, regular exams can reduce firm or POLI costs by 15%-20% annually

## 4. Cancer screening

- GRAIL early detection screening offers a multi-cancer early detection test at no cost to eligible partners in your firm

# POLI: Supplements Cash Balance Plans For Partners Who Want to Do More

POLI can generate 30%- 40% greater benefits on an after-tax basis



# Firm funded

## 1. Reimbursement plans can address unfunded benefits

- Provide financial relief to active partners
- Increases distributable income to active partners without reducing benefits to retirees

## 2. Retention plans – recruit and retain key partners:

- Forgivable loans
  - Can vest over time and generate significant retirement benefits
  - Can be financed on a non-recourse basis so the firm has no costs (add-on to POLI)
- Private placement annuities that vest in the future
  - Example: \$2m investment by firm creates \$500k annual benefit for life beginning age 60
  - 35-year benefit = \$17.5m in benefits for \$2m cost
  - Forfeited if partner leaves before age 60; firm recovers all costs



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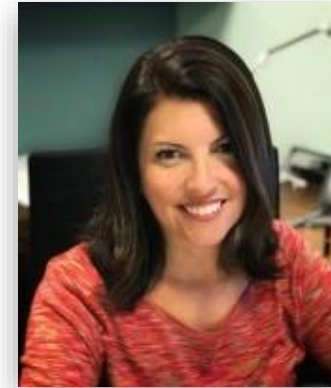
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