

Kai-Zen Monthly Contribution FAQs

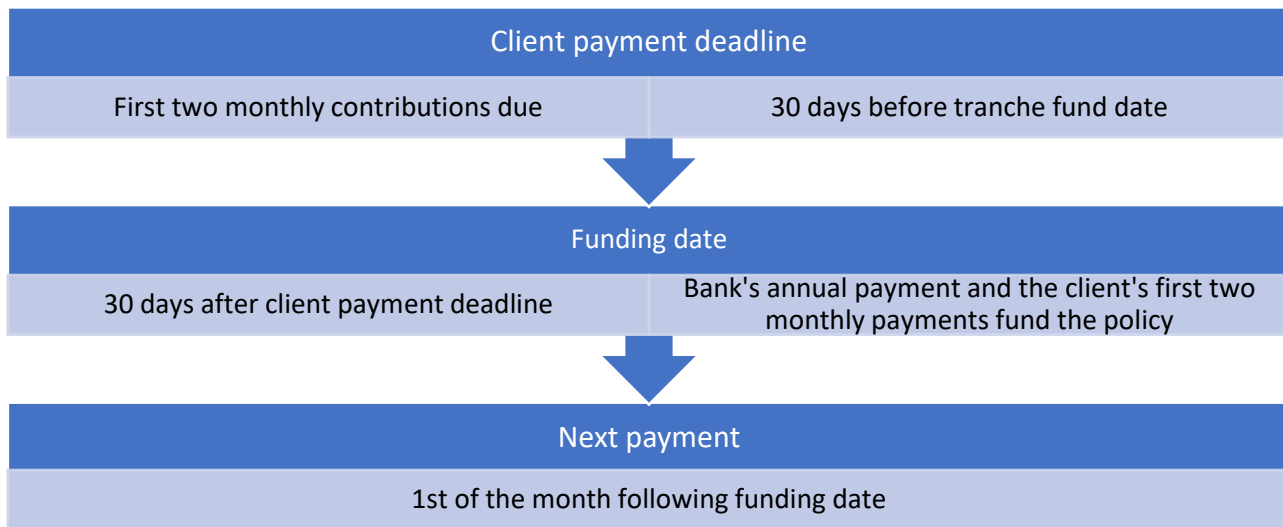
How does the monthly contribution plan work?

In the first year, two contributions are collected upfront. This means the plan is always a month ahead.

NOTE: Both contributions go into the policy at funding; nothing is left in the trust account.

How does monthly contribution schedule work?

The client’s first two monthly contributions (annual contribution divided by 12) are due on the tranche’s client payment deadline. The tranche typically funds 30 days following the client payment deadline. On the funding date, the bank’s annual payment and the client’s first two monthly payments will fund the policy. The client’s next payment date is the 1st of the month following funding. If the policy is funded on March 12, the client’s next payment would be on April 1.



Can the client pay monthly contributions by check or wire?

The client can pay monthly contributions only through the ePay (ACH) platform.

Can the client prepay a month in advance? Or any premium in advance?

Under the monthly contribution plan, the client can only pay one month at a time. This is true for the duration of the payment cycle. Payments made directly to the trust account will not be applied to the policy and will need to be refunded.

Can the client switch to an annual payment plan?

A client cannot switch to an annual payment plan anytime for the duration of the payment cycle.

When will ePay debit the client's monthly contribution?

Monthly contributions will be debited on the first (1st) of every month (if the 1st of the month falls on a Saturday or Sunday, it will be the NEXT business day) by the ePay portal via ACH.

Does ePay process the payments automatically or does the client have to go in and process their monthly contribution each month?

ePay will process the client's monthly contribution automatically. Payment can be made via ACH directly from the insured or settlor's personal checking account only.

Is there a fee to use the ePay portal?

Monthly contributions will incur a \$3 transaction charge that will be paid to ePay, our third-party vendor. The fee is per transaction.

How are monthly contributions used towards the client's policy?

All monthly contributions are deposited to the trust account first, and then sent to the insurance carrier to be applied to the policy each month.

What if there is a delay in payments with monthly contributions?

There is no leeway for delays in payments with monthly contributions. All contributions must be made on time, every month. NO EXCEPTIONS.

NOTE: If there is an emergency that results in the delay of monthly contribution, please reach out to info@kaizenplan.com.

How does the lender payment work with monthly contributions?

The **full** amount of the premium the lender pays goes into the client's policy at funding. All future lender premiums will be paid into the policy on the policy anniversary date each year.

NOTE: Lender payment **IS NOT** prorated (i.e., lender payments are annual, not monthly).

How is trust/ administration fee charged for monthly contributions?

The trust/ administration fees of \$1,350 are distributed in each monthly contribution. The monthly contribution amount for all trust/ administration fees is \$112.50.

NOTE: Trust/ Admin fees are non-refundable.

How are monthly policies credited?

Crediting occurs on the crediting date each year. The credits received for each monthly contribution will be adjusted pro rata based on when the contribution was made to the policy.

FOR EXAMPLE: The first two contributions applied at the funding date in Month 1 will receive 12/12th (a full year) of the anniversary index credit. The second contribution made in Month 2 of the policy year will earn 11/12th of the anniversary index credit, Month 3 contribution will earn 10/12th, Month 4 will earn 9/12th, etc.

Prorated crediting applies to all the client contributions made during their contribution period (typically 5 years).

Prorated crediting applies **ONLY** to the year a monthly contribution is made. In subsequent years, those funds will receive full index credit.

Lender funds paid annually always receive full crediting.

NOTE: Due to the structure of the plan and the bank loan, there are no **EXCEPTIONS** to the above.

What happens in the case of NSF (not sufficient funding)?

In the case of NSF, ePay immediately emails the client. When they attempt the payment again, they will be charged a \$3 transaction fee. The client will pay a total of \$6 for the two transactions.

What are the client's options if they miss a contribution?

In the case of a missed contribution, the client has two options:

- The client's policy will be surrendered. The Kai-Zen bank loan, including interest, will be paid off from the policy cash surrender value. The remaining funds will be distributed to the insured/ settlor.
- If the client wishes to maintain the policy outside of the Kai-Zen program, their loan will be paid from the cash value of their policy. The client can then maintain the policy on their own outside of the plan by continuing premium payments. They should notify their agent or NIW at info@Kaizenplan.com within **five business days**.