

WHEN DOES SELLING A LIFE INSURANCE POLICY MAKE SENSE?



PROSPERITY
— PARTNERS —
PRIVATE WEALTH MANAGEMENT

**Five Real-Life Examples Of How Clients
Have Benefited From Life Settlements**

1 | When Premiums Become Unaffordable

“I received a notice from my insurance company that my policy was a month away from lapsing and in order to keep it going, I would need to pay over five times more than I was previously paying. I planned to let it lapse because I couldn’t afford the higher premium.” JANINE SCHAFER, AGE 74

Policy Type

- \$2,000,000 Universal Life
- Original Premium: \$6,321 / yr.
- New Premium: \$33,591 / yr. to age 100
- Cash Surrender Value: \$0

Client Outcome

- Initial offers ranged from \$200,000 —\$250,000
- 16-round competitive auction resulted in a high offer of \$511,001
- **Janine was able to receive immediate cash to spend during retirement by selling an unwanted and unaffordable asset.**



Are you or a client in a similar situation with an unaffordable premium?
Contact us to obtain an estimate on what your policy is worth today.



2 | When Liquidity Is Needed For Trust-Owned Policies

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“I own a substantial insurance portfolio held in an irrevocable trust to cover estate taxes. The trust was running out of liquidity to fund all the policies. Selling one policy helped me create liquidity to keep the other policies.” HELEN KRAMER, AGE 90

Policy Type

- \$4,000,000 Guaranteed Universal Life
- Original Premium: \$30,000 / yr.
- New Premium: \$311,945 / yr. to age 100
- Cash Surrender Value: \$0

Client Outcome

- Initial offers ranged from \$800,000 —\$1,100,000
- 4-round competitive auction resulted in a high offer of \$1,390,000
- **Helen’s trust received crucial liquidity to fund additional policies held in the trust.**



Do you have a trust needing liquidity to fund additional policies, or are there beneficiaries who prefer cash today?
Contact us to obtain an estimate on what your policy is worth today.

3 | When Business-Owned Insurance Is No Longer Needed

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“My company provided me with key-man insurance and always covered the premium. Upon retiring, I was able to keep the policy but also had to pay the premium. I wasn’t interested in paying for the policy, so I planned to surrender it.” JACK REEDER, AGE 62

Policy Type

- \$7,200,000 Universal Life
- Original Premium: \$72,000 / yr.
- New Premium: \$168,948 / yr. to age 100
- Cash Surrender Value: \$12,068

Client Outcome

- Initial offers ranged from \$50,000 —\$100,000
- 24-round competitive auction resulted in a high offer of \$437,430
- **Jack was able to sell a policy he never paid for and receive a large, unexpected influx of cash heading into retirement.**



Do you or your company have a business-owned policy that is no longer needed?
Contact us to obtain an estimate on what your policy is worth today.

4 | When Healthy Insureds Want To Sell Their Policy

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“My kids are grown and established now, and estate taxes are no longer a concern. The policy was just a drag on my retirement spending.”

GRACE KAPLIN, AGE 81

Policy Type

- \$2,000,000 Universal Life
- Current Premium: \$90,613 / yr.
- Cash Surrender Value: \$0
- Life Expectancy: Over 13 years

Client Outcome

- Marketed case to specialty buyers for healthy elderly insureds
- Competitive auction resulted in a high offer of \$210,000
- **Grace was able to sell a policy no longer needed for estate planning, and free up cash for additional retirement spending.**



Are you a senior age 75+ in good health and have a policy you don't need or want?
Contact us to obtain an estimate on what your policy is worth today.

5 | When Term Policies Are Near Their Conversion Deadline



“I originally purchased a term policy to provide liquidity for my business and estate. The level term premium was affordable for me, but converting it to a permanent policy was too expensive. I was able to sell my policy prior to the conversion deadline for a substantial value.” ED HARRIS, AGE 64

Policy Type

- \$5,000,000 Term Life
- Original Term Premium: \$7,925 / yr.
- New Conversion Premium: \$164,778 / yr. to age 100

Client Outcome

- Ed split the policy into two policies: one \$3.5M and one \$1.5M
- After a 13-round auction, the \$3.5M term policy sold for \$1,081,000
- The \$1.5M term policy was converted and kept for Ed's family
- **Ed restructured a term policy he couldn't afford to convert and turned it into proceeds to both pay for a \$1.5 permanent policy and provide additional retirement money.**



Do you have a term policy you don't want or can't afford to convert?
Contact us to obtain an estimate on what your policy is worth today.

ARE YOU A CANDIDATE FOR A LIFE SETTLEMENT?

- You have an insurance policy you no longer need or want
 - Age 60 or older
 - Experienced a decline in health since the policy was issued
 - Minimum death benefit of \$250,000
 - Any Policy Type: Universal, Variable, Survivorship, Term, and sometimes Whole Life
 - Any Owner Type: Individual, Trust, or Corporation
- **Valmark Securities, Inc. (Valmark):** Valmark and its registered representatives act as brokers on the transaction and will receive a fee from the purchaser. Valmark supervises all life settlements like a security transaction.
 - **Life Settlement Providers:** Valmark markets policies only to Life Settlement Providers. Life Settlement Providers are generally responsible for maintaining the policy after sale and receive their funding from institutional buyers. Valmark reviews Life Settlement Providers periodically to affirm that their funding sources are institutional buyers, carry errors and omissions insurance, and are licensed in the state of sale.
 - **Institutional Buyers:** Institutional buyers include qualified institutions, accredited investors, hedge funds, pension funds, and other qualifying investors. Investors bundle policies to ease any concerns with strangers having access to view millions of death benefit on an individual.
- In a life settlement agreement, the current life insurance policy owner transfers the ownership and beneficiary designations to a third party, who receives the death proceeds at the passing of the insured. As a result, this buyer has a financial interest in the seller's death.
 - A policy owner should consider the continued need for coverage, and, if the policy owner plans to replace the existing policy with another policy, the policy owner should consider the availability, adequacy, and cost of comparable coverage.
 - Policy owners considering the need for cash should consider other less costly alternatives to a life settlement.
 - When an individual decides to sell their policy, they must provide complete access to their medical history, and other personal information, that may affect their life expectancy. This information is requested during the initial application for a life settlement.
 - After the completion of the sale, there may be an ongoing obligation to disclose similar and additional information to the buyer or servicing agent at a later date.
 - A life settlement may affect the insured's ability to obtain insurance in the future and the seller's eligibility for certain public assistance programs, such as Medicaid, and there may be tax consequences.
 - Individuals should discuss the taxation of the proceeds received from a life settlement with their tax advisor.
 - A life settlement transaction may require an extended period of time to complete. Due to complexity of the transaction, fees and costs incurred with the life settlement transaction may be substantially higher than other securities.
 - Once the policy is transferred, the policy owner has no control over subsequent transfers.
 - Each client's experience varies, and there is no guarantee that a life settlement will generate an offer greater than the current cash surrender value. In such cases, the client can always surrender their policy to the carrier if the coverage is no longer needed.
 - Securities offered through Valmark Securities, Inc. Member FINRA/SIPC. Investment advisory services offered through Valmark Advisers, Inc., a SEC Registered Investment Advisor. 130 Springside Drive, Akron, Ohio 44333. (800) 765-5201.