



INSURANCE REVIEW UNCOVERS PENDING POLICY LAPSE

RECOMMENDED LIFE SETTLEMENT SOLUTION PRODUCES 6X THE POLICY'S CASH SURRENDER VALUE

THE SITUATION

Josephine Woods¹ purchased a \$500,000 universal life insurance policy in 2000 for her husband's survivor needs. Josephine, now age 85, was referred by her accountant to a ValMark Advisor for a comprehensive life insurance review by Valmark's Policy Management Company. The detailed analysis discovered that the duration of Josephine's guaranteed coverage was reduced from age 108 to age 85. It was also determined that she had a 90% chance of outliving her projected coverage if she didn't increase premium payments substantially. The review also found that the policy was no longer needed for survivor needs, since Josephine's husband was deceased.

SUMMARY

Death Benefit
Guaranteed Coverage Length
Premium
Premium Required To
Extend Coverage

ORIGINAL POLICY DESIGN

\$500,000
Age 108
\$0 (10-PAY)

CURRENT POLICY PERFORMANCE

\$500,000 (Not Guaranteed)
Age 85
Premium Not Paid As Planned
\$28,674 Per Year Through Age 100

FOUR OPTIONS

Based on the Policy Management Company's findings and recommendations, the ValMark Advisor provided Josephine and her children (who were trustees of the insurance trust) with four options: surrender the policy for a cash surrender value of \$25,000, reduce the death benefit, begin paying increased premiums, or the fourth option—sell the policy. Josephine wanted to see her children enjoy the money now and decided to pursue selling the policy through a life settlement.

THE OUTCOME

The Policy Management Company worked with ValMark's Life Settlement Team to complete a Policy Appraisal Report which determined that Josephine was a candidate for a life settlement. Her projected life expectancy was 7 years. The Life Settlement Team worked with multiple providers through a professional bidding process and negotiated a settlement offer which resulted in a total gross offer of **\$155,000 or 6X the cash surrender value** (before commissions and expenses²).

SUMMARY

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|------------------------------|------------------------------------|
| Death Benefit | \$500,000 |
| Cash Surrender Value | \$25,000 |
| Life Settlement Offer | \$155,000 Gross² |

¹Client name has been changed to protect confidentiality. | ²The gross offer will be reduced by commissions and expenses related to the sale. | 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. This material is intended for informational purposes only and should not be construed as legal or tax advice or investment recommendations. Consult a qualified attorney, tax advisor, investment professional or insurance agent about the issues discussed herein. Securities offered through ValMark Securities, Inc. Member FINRA/SIPC. Buckley Financial is a separate entity from ValMark Securities, Inc. and ValMark Advisers, Inc.