

WHEN DOES SELLING A LIFE INSURANCE POLICY MAKE SENSE?



BUCKLEY
FINANCIAL
INSURING WEALTH FOR GENERATIONS

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



1 | When Premiums Become Unaffordable

JANINE'S¹ STORY, AGE 74

Janine received a notice from her insurance company that her policy was a month away from lapsing and her premium would increase by over five times to keep the policy going. She planned to let the policy lapse because she couldn't afford the higher premium.

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 \$511,001²
- **Janine was able to receive immediate cash to spend during retirement by selling an unwanted and unaffordable asset.**

¹Client name has been changed to protect confidentiality.

²The gross offer will be reduced by commissions and expenses related to the sale.



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

HELEN'S¹ STORY, AGE 90

Helen owned 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 her create liquidity to keep the other policies.

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 \$1,390,000²
- **Helen's trust received crucial liquidity to fund additional policies held in the trust.**

¹Client name has been changed to protect confidentiality.

²The gross offer will be reduced by commissions and expenses related to the sale.



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

JACK'S¹ STORY, AGE 62

Jack's company provided him with key-man insurance and always covered the premium. Upon retiring, Jack was able to keep the policy but also had to pay the premium. He wasn't interested in paying for the policy, so he planned to surrender it.

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 \$437,430²
- **Jack was able to sell a policy he never paid for and receive a large, unexpected influx of cash heading into retirement.**

¹Client name has been changed to protect confidentiality.

²The gross offer will be reduced by commissions and expenses related to the sale.



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

GRACE'S' STORY, AGE 81

Now that Grace's kids are grown and established, and estate taxes are no longer a concern, she felt she didn't really need her insurance policy and the premiums were just a drag on her retirement spending.

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 \$210,000²
- **Grace was able to sell a policy no longer needed for estate planning, and free up cash for additional retirement spending.**

¹Client name has been changed to protect confidentiality.

²The gross offer will be reduced by commissions and expenses related to the sale.



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

AKIRA'S STORY, AGE 64

Akira originally purchased a term policy to provide liquidity for his business and estate. He felt the level term premium was affordable, but converting it to a permanent policy was too expensive. Akira was able to sell his policy prior to the conversion deadline for a substantial value.

Policy Type

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

Client Outcome

- Akira 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 \$1,081,000²
- The \$1.5M term policy was converted and kept for Akira's family
- **Akira 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.**

¹Client name has been changed to protect confidentiality.

²The gross offer will be reduced by commissions and expenses related to the sale.



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.
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