

LEAVE A FAMILY LEGACY

ENTREPRENEUR SELLS PART OF TERM POLICY TO LEAVE A FAMILY LEGACY



THE SITUATION

Ted Bailey*, a 59-year-old entrepreneur, had fallen on hard times during the economic crisis. As a result, he was forced to file bankruptcy to discharge business loans for which he was personally responsible. Ted had a \$1 million term policy which needed to be converted within the next several months. However, he could not afford to pay the premium for a permanent policy. Ted's life expectancy was estimated to be between 3 and 6 years.

THE OUTCOME

After consulting with his Financial Advisor, Ted decided to sell \$750,000 of the term policy and retain \$250,000 of term coverage. ValMark worked with multiple providers to negotiate settlement offers resulting in a total gross offer of **\$295,000** (before commissions and expenses) **plus reimbursement of the first quarter's premium**. The gross offer was **39%** of the total death benefit.

SUMMARY

POLICY TYPE	Term
DEATH BENEFIT	\$1,000,000 (SOLD \$750,000)
CASH SURRENDER VALUE	\$0
ANNUAL PREMIUMS	\$17,800
LIFE EXPECTANCY	3-6 YEARS
LIFE SETTLEMENT OFFER	\$295,000 GROSS \$250,000 NET TO CLIENT

THE TAKEAWAY

Ted's life settlement enabled him to retain part of his insurance, leave a legacy to his family, and enjoy his remaining years comfortably and with dignity. Ted's situation is one of many client scenarios in which a life settlement can provide an attractive alternative to lapsing or surrendering a policy.

*Client name has been changed to protect confidentiality. | The 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.



