



## ADDRESSING THE RISK OF OUTLIVING COVERAGE

### LIFE SETTLEMENT ENABLES WIDOW TO LEAVE AN INHERITANCE TO HER HEIRS

#### THE SITUATION

Mary Wilson,<sup>1</sup> an 87-year-old widow, owned a \$3 million Universal Life policy that was purchased 11 years ago for the benefit of her three children. When she received a notice that her premium payments would more than double in order to keep the policy in force until age 95, Mary was worried for several reasons:

- She would wind up paying another \$600,000 in premiums to keep her policy in force until age 95.
- With a life expectancy of between 3 and 5 years, there was at least a 23% chance she would live beyond the maturity of the policy. Consequently, her heirs would not receive any inheritance.

Since Mary was uncomfortable with the risk of outliving her policy's coverage, her ValMark Advisor suggested that she consider a life settlement as an alternative to paying \$600,000 more in premiums, while still allowing her to leave a sizable legacy to her heirs.

#### THE OUTCOME

ValMark's life settlement team worked with multiple providers to negotiate settlement offers resulting in a total gross offer of **\$1,225,000<sup>2</sup>** (before commissions and expenses).

#### SUMMARY

POLICY TYPE	Universal Life
DEATH BENEFIT	\$3,000,000
CASH SURRENDER VALUE	\$860,000
PLANNED PREMIUM	\$34,332 Policy Will Lapse In 1 Year
NEW PREMIUM	\$73,535 To Age 95
LIFE EXPECTANCY	3–5 Years
<b>LIFE SETTLEMENT OFFER</b>	<b>\$1,225,000 Gross<sup>2</sup></b>

#### THE TAKEAWAY

According to a recent GAO study, Life Settlements can often deliver more than the surrender value to seniors. Providers have more institutional money available to bid on policies than they have had in the last several years. Now is the perfect time to begin working on new Life Settlement cases.

<sup>1</sup> Client name has been changed to protect confidentiality. | <sup>2</sup> 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.

