



## RETIRED EXECUTIVE SETTLES VARIABLE POLICY FOR 30% OF FACE VALUE

### THE SITUATION

Glenn Snyder\*, an 83-year-old retired executive of a Fortune 1000 company, had accumulated a sizable net worth, but over the years, it had diminished in size. Glenn had a \$3.75 million variable policy, but he was no longer able to afford to continue the policy over his life expectancy of 4- 6 years. Because the policy had a cash surrender value of \$124,000 with a loan balance of \$258,000, Glenn had planned on lapsing the policy.

### WHAT A DIFFERENCE A YEAR CAN MAKE

ValMark attempted to sell Glenn's policy a year ago and did not receive any offers. After a second attempt a year later, and after 13 rounds in auction, ValMark negotiated a gross offer of **\$1,125,000 – 30%** of the face amount.

### SUMMARY

POLICY TYPE	VARIABLE
DEATH BENEFIT	\$3,750,000
LOAN BALANCE	\$258,000
CASH SURRENDER VALUE	\$124,000
LIFE EXPECTANCY	4-6 YEARS

**LIFE SETTLEMENT OFFER \$1,125,000 (30% OF FACE AMOUNT)**

### THE TAKEAWAY

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.

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



## LIFE SETTLEMENT DISCLOSURE

- 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.
- When an individual decides to sell their policy, he or she must provide complete access to his or her medical history, and other personal information, that may affect his or her 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 at a later date.
- Individuals should discuss the taxation of the proceeds received with their tax advisor.
- ValMark Securities supervises all life settlements like a security transaction.
- 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.
- ValMark and its registered representatives act as brokers on the transaction and may receive a fee from the purchaser.
- 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.
- If you are an investor or a buyer of a life insurance policy then you should be aware that:
  - Investment in a life settlement is highly speculative.
  - Although a substantial profit may be realized, a substantial loss is also possible.
  - The death benefit may never be paid.
  - Additional funds may need to be invested to pay premiums if the insured lives substantially longer than expected.
- 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. Wolff Wealth Advisors is a separate entity from ValMark Securities, Inc. and ValMark Advisers, Inc.