



YOUNG EXECUTIVE FINDS VALUE IN HIDDEN ASSET CONVERTIBLE TERM INSURANCE



THE SITUATION

Mark Jones¹, a 63-year-old corporate executive, was diagnosed with cancer. Fortunately, he and his wife, Susan, had accumulated a comfortable net worth so that Mark could take early retirement.

Mark owned a \$300,000 convertible term policy that was originally obtained for income protection, which he no longer needed. The policy's conversion period was set to expire when the couple's Financial Advisor recommended a life settlement as a possible alternative to lapsing the policy and receiving nothing from the insurance company. Mark's life expectancy was estimated to be between seven and eight years.

THE OUTCOME

ValMark worked with multiple providers to negotiate a gross offer (before commissions and expenses) of \$101,063.² Mark and Susan were surprised and excited about their unexpected windfall of "found money".

SUMMARY

POLICY TYPE	TERM
DEATH BENEFIT	\$300,000
ANNUAL CONVERSION PREMIUMS	\$7,808

POLICY

LIFE SETTLEMENT GROSS OFFER	\$101,063²
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THE TAKEAWAY

85% of all term policies never result in a claim.³ A term policy settlement may be able to help a policy owner recoup significant value from a policy that otherwise has no cash value. Providers have more institutional money available to bid on policies than they have had in the last several years, making this a favorable time to consider a life settlement as an alternative to lapsing or surrendering your policy.

¹ Client name has been changed to protect confidentiality. | ² The gross offer will be reduced by commissions and expenses related to the sale.
³ According to a leading actuarial firm. | 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.
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