

KNOW YOUR LIFE SETTLEMENT OPTIONS



Before letting a policy lapse or surrender, you should consider a life settlement to see if there is any value in the policy. Below are different programs to consider for your client prior to allowing a policy to lapse or surrender.

	TRADITIONAL LIFE SETTLEMENT	HEALTHY INSURED LIFE SETTLEMENT	TERM CONVERT AND SELL	TERM LAPSE ALTERNATIVE
IDEAL CANDIDATE	<ul style="list-style-type: none"> Individuals 65 and older Experienced a decline in health No longer need or want the policy Any policy type 	<ul style="list-style-type: none"> Individuals 70 or older Healthy or minor impairments No longer need or want the policy Policy has a guaranteed rider 	<ul style="list-style-type: none"> Individuals 65 or older Healthy or impairments Term policy that is going to lapse or lose conversion ability Not planning to convert policy 	<ul style="list-style-type: none"> Individuals 60 or older Healthy or minor impairments \$3M or larger term policy that is going to lapse or lose conversion ability Not planning to convert policy
PROCESS EXPECTATIONS	<ul style="list-style-type: none"> Obtain medical records from doctors Order 3rd party life expectancy reports Market policy to all providers and launch auction 4-6-month transaction time 	<ul style="list-style-type: none"> No medical records No 3rd party life expectancy reports Receive offer immediately 1-2-month transaction time 	<ul style="list-style-type: none"> Obtain medical records Order 3rd party life expectancy reports Market policy to all providers and launch auction 4-6-month transaction time 	<ul style="list-style-type: none"> No medical records No 3rd party life expectancy reports Receive offer immediately Target proceeds: 1% of face 1-2-month transaction time

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 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.
- Individuals should discuss the taxation of the proceeds received from a life settlement with their tax advisor.
- 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.
- 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.
- Valmark and its registered representatives act as brokers on the transaction and may receive a fee from the purchaser.
- Valmark Securities supervises all life settlements like a security transaction.