



KEY MAN POLICY NETS BIG RETIREMENT SUPPLEMENT

LIFE SETTLEMENT ENABLES RETIREE TO SELL POLICY AFTER RETIREMENT

THE SITUATION

Matthew Irvin,¹ an 88-year-old retired executive, owned a \$360,000 Universal Life policy that was originally a Key Man Policy funded by his previous employer. Upon Matthew's retirement, the company had transferred ownership of the policy to him. The policy is considered taxable income based on the value of the policy and resulted in Matthew having to pay approximately \$40,000 in income taxes.

In addition to the taxes, Matthew would be responsible for paying an annual premium of \$23,340 to age 100. Matthew decided he did not want to pay any premiums going forward and planned to surrender the policy and use its cash value to supplement his retirement. Matthew's ValMark Advisor suggested that he consider a life settlement as an alternative to surrendering the policy. Matthew's life expectancy was estimated at between 26 and 30 months.

THE OUTCOME

ValMark's life settlement team worked with multiple providers to negotiate settlement offers resulting in a total gross offer of **\$250,000³** (before commissions and expenses) or **69% of the Death Benefit and 2.7 X the Cash Surrender Value**. The end result is that Matthew was able to leverage his \$40,000 tax payout into a cash payment of over \$200,000 through a life settlement

SUMMARY

POLICY TYPE	Fixed Universal Life
DEATH BENEFIT	\$360,000
CASH SURRENDER VALUE	\$93,000
ANNUAL PREMIUMS	\$23,340 to Age 100
LIFE EXPECTANCY	26–30 Months

LIFE SETTLEMENT OFFER	\$250,000 Gross³
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THE TAKEAWAY

Approximately 10,000 baby boomers will retire every day over the next 20 years². As a result, there is a potential for an influx of corporate-owned or key-man life insurance policies that will enter the market. Now is a favorable time to consider a life settlement as an alternative to lapsing or surrendering your life insurance policy.

¹ Client name has been changed to protect confidentiality. | ² Washington Post: Do 10,000 Baby Boomers Retire Every Day? July 24, 2014. | ³ 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.