

# Senior Life Settlements

AN IMPORTANT HIDDEN ASSET  
FOR CHARITIES & FOUNDATIONS

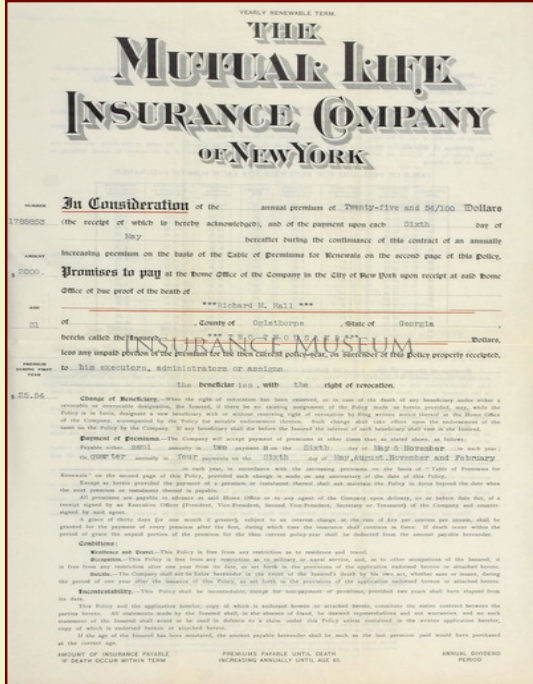


  
**LIFESSETTLEMENT**  
ADVISORS

How would you feel if the **only**  
person you could sell your home to  
is the **same** person you bought it  
from?

Nearly 80% of all universal life policies will lapse or are surrendered.

# Life Settlements Defined



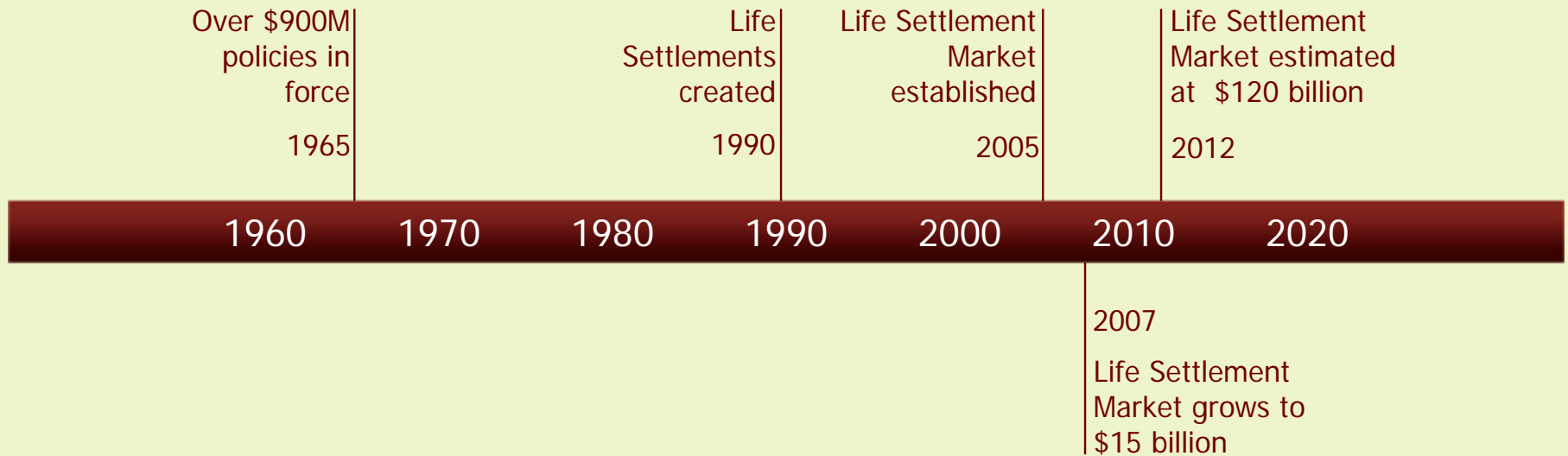
Insurance Company



Buyer



# Life Settlement Timeline



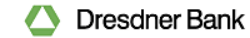
# The Buyers



BERKSHIRE HATHAWAY INC.



BEAR STEARNS



LEHMAN BROTHERS



# Who Qualifies?

Above age 65

\$250,000 minimum policy value

Life expectancy of 3 years and above

Policy beyond 2-year contestability

# Types of Policies Purchased

Most common are Universal Life, Whole Life, and convertible Term Life

Adjustable Life, Variable Life, Survivorship, First to Die, and portable Group Life also qualify

# Reasons to Sell a Policy

Underperforming policies

Estate size reduction

Family issues

Divorce or bankruptcy

Deterioration of health

Retirement

Sale of business

Death of spouse

Estate tax reform

1035 Exchange

# The Life Settlement Process

Need is established by advisor or policyholder

Policyholder submits application and provides necessary documentation

Settlement company gathers supporting documentation (illustrations, insurance verification, medical records)

Determine if policy qualifies or does not qualify for a settlement

If offer is accepted, a closing package is sent to advisor or policyholder for review and necessary signatures

Upon written verification of change of ownership, the funds are dispersed to the settler from escrow

# Tax Implications

Cost basis is not taxable

Balance of proceeds will be taxed depending on specific situation

# Corporate Planning

Key-man policy no longer needed due to retirement or change in business structure

Buy-sell agreement no longer needed

Pay off company debt

Liquidity event

Fund a deferred compensation or severance package

# Donor Benefits

Making a donation to his/her favorite philanthropic organization without depleting cash reserves or losing income-producing assets

Getting a tax deduction for the fair market value (selling price) of the life insurance policy instead of only the cash surrender value

Helps senior donors achieve their philanthropic legacy while still living

Eliminating premium payments and annual reviews

Removing a taxable asset from their estate if the policy was individually held

# Organization Benefits

Receive donation from a Donor who may not have otherwise been in a position to contribute

Provides cash that can be used immediately to charitable causes

Eliminates costly premiums and annual reviews on donated policies

Provides a valuable option to the Donor that furthers their tax and estate planning objectives and invites the opportunity for future/additional gifts

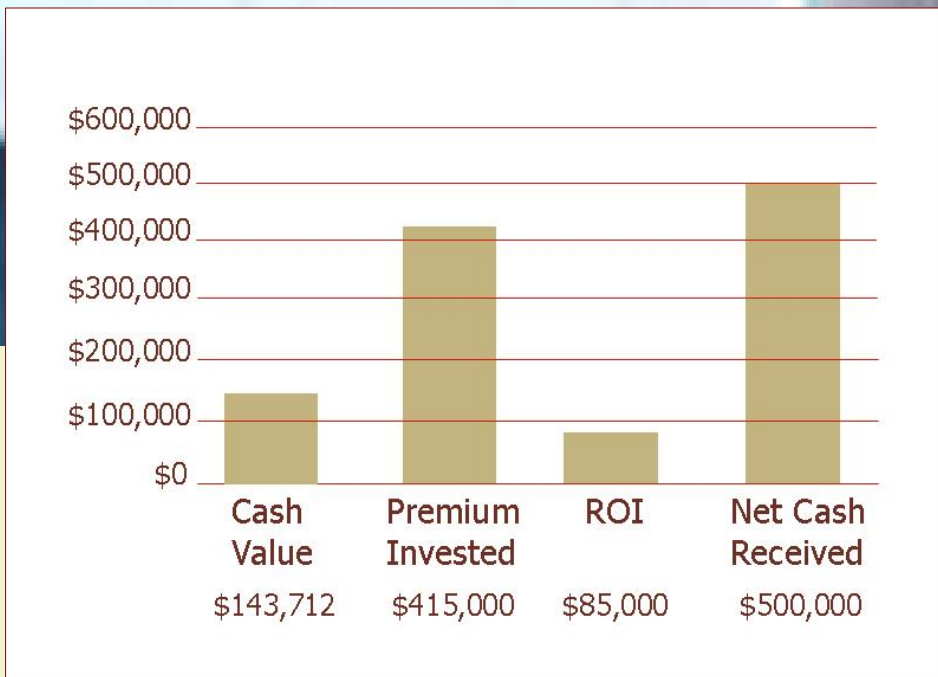
Improved annual budget forecasting ability



Mr. Roberts Age 72

\$2,000,000

Universal Life Policy

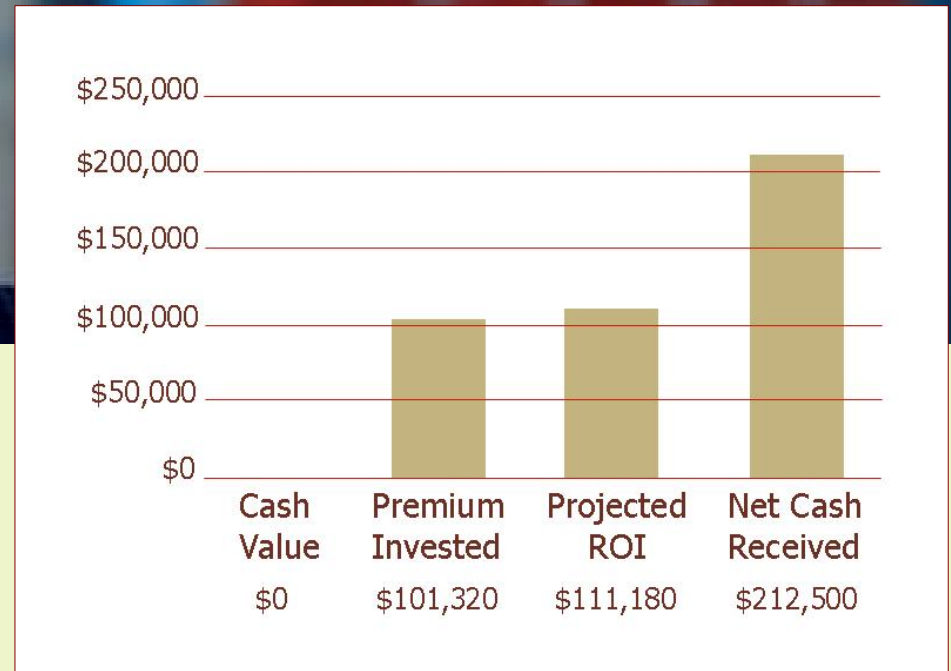




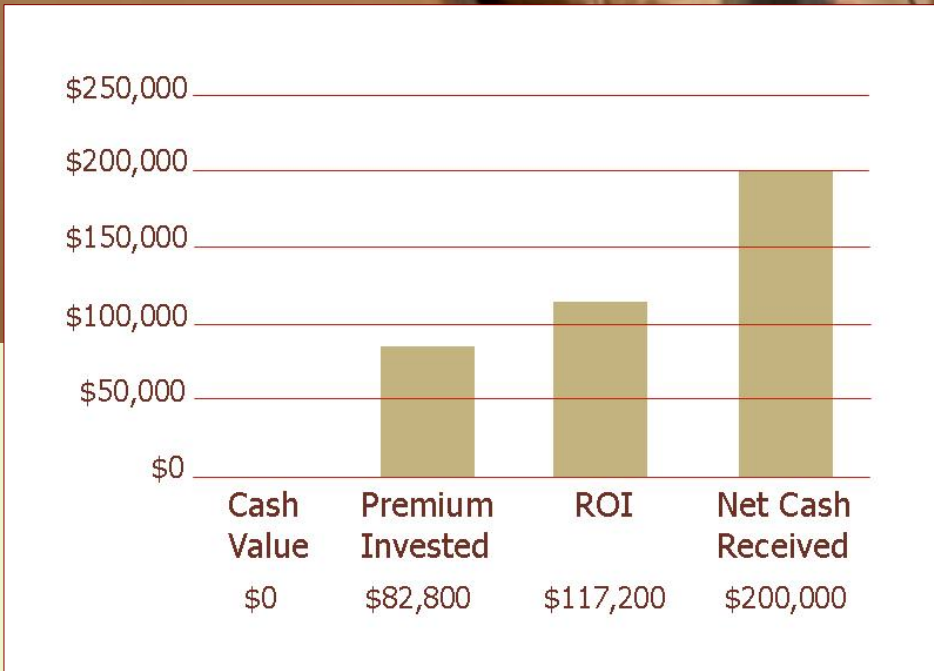
Mrs. Griffin Age 55

\$2,500,000

20 Year Convertible Term



Life Settlement value is projected at time of future life settlement may vary on an individual policy basis



Mr. Nichols Age 69

\$2,500,000

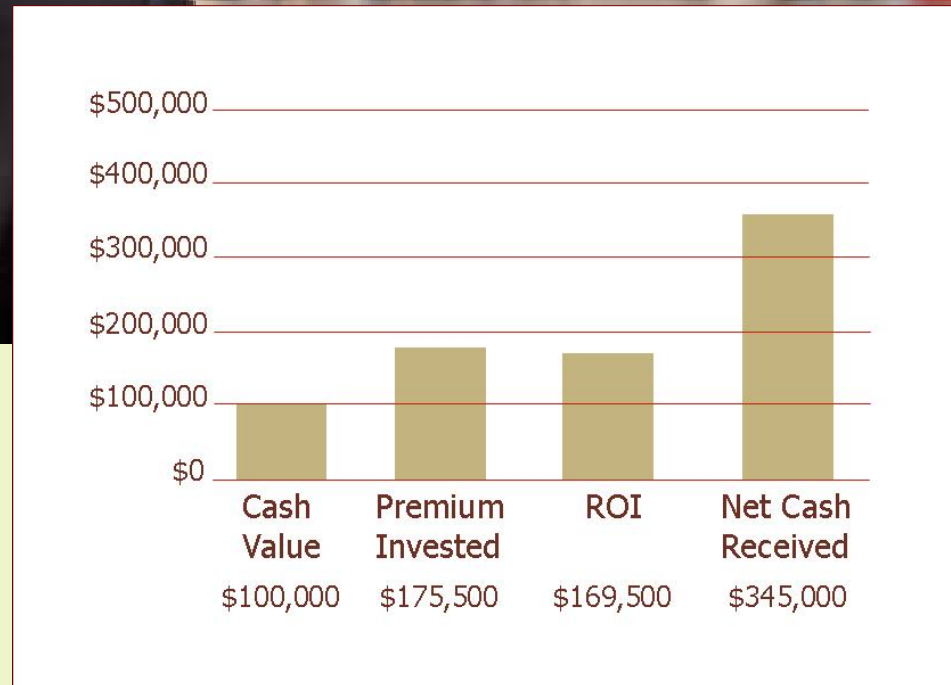
20 Year Convertible Term



Mr. Grey Age 71

\$1,500,000

Universal Life



# How we can Help

Review current or potential gifts of life insurance contracts

Determine which contracts might qualify for a life settlement and advise on appropriate procedures to initiate process

# Questions to Ask

When was the last time you had your policy reviewed?

Does the need for the policy still exist?

Have you had any significant life changing events?

Is your policy in danger of lapsing or being surrendered?

# Getting Started

The life settlement process typically takes between 2 – 4 months.

All that is needed is a copy of the life insurance policy and a completed Life Settlement Application.



# LIFESSETTLEMENT

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## ADVISORS

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