

# Senior Life Settlements

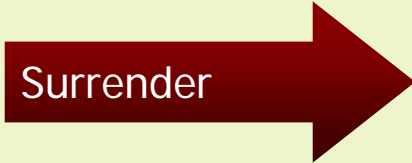
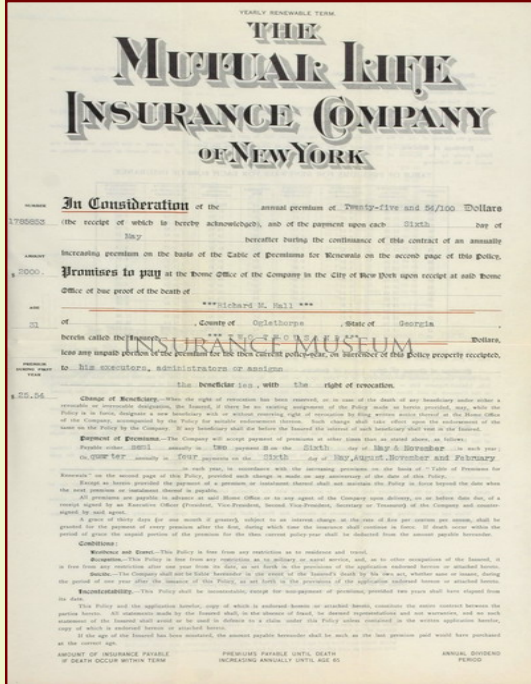
## AN IMPORTANT HIDDEN ASSET



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

Over 70% of all life policies will lapse or are surrendered.

# Life Settlements Defined



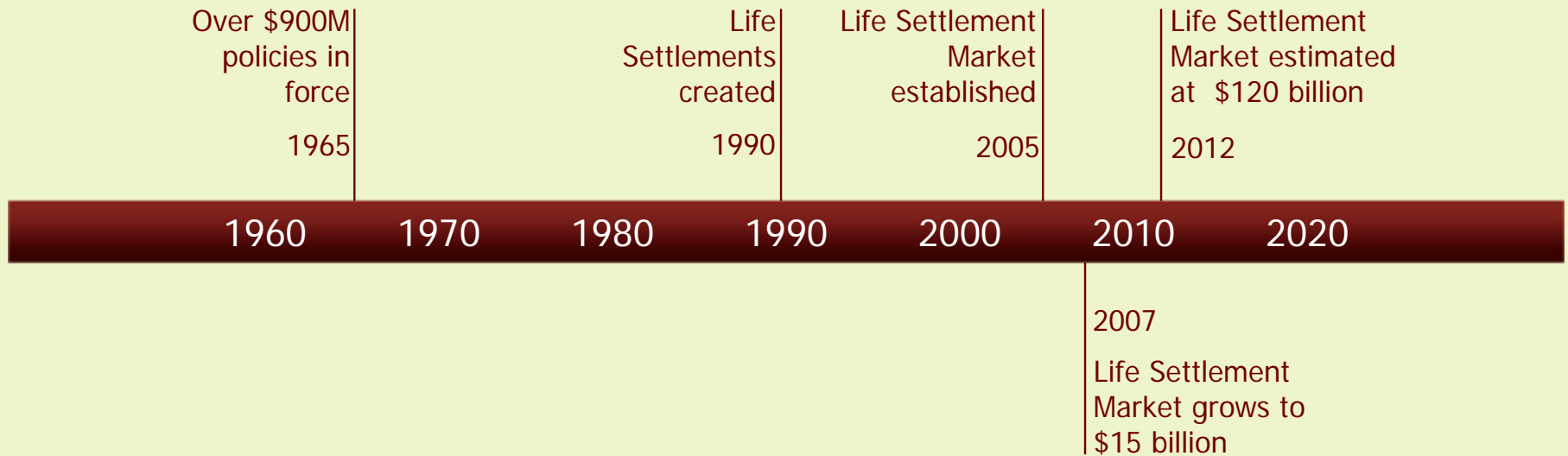
Insurance Company



Buyer



# Life Settlement Timeline



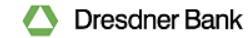
# The Buyers



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

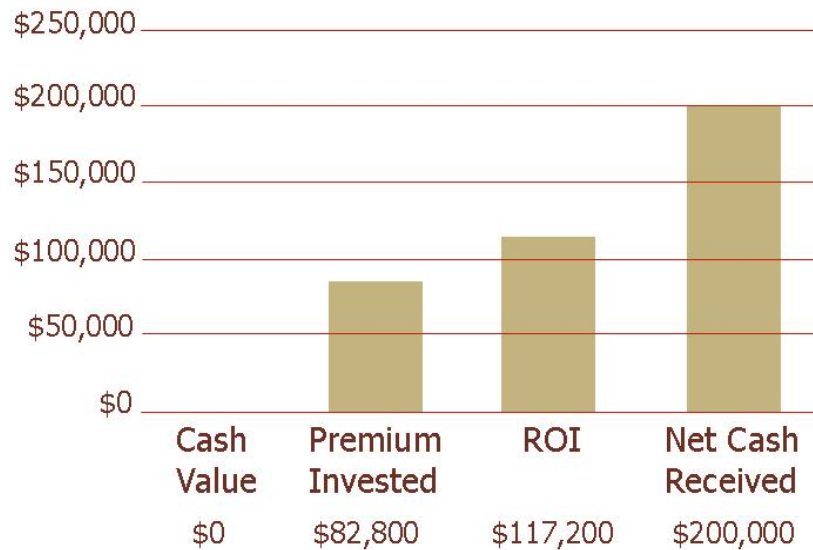
Upon written verification of change of ownership, the funds are dispersed to the settler from escrow

# Tax Implications

Cost basis is not taxable

Balance of proceeds will be taxed depending on specific situation

## Case Example: Buy-Sell



Mr. Nichols Age 69

\$2,500,000

20 Year Convertible Term

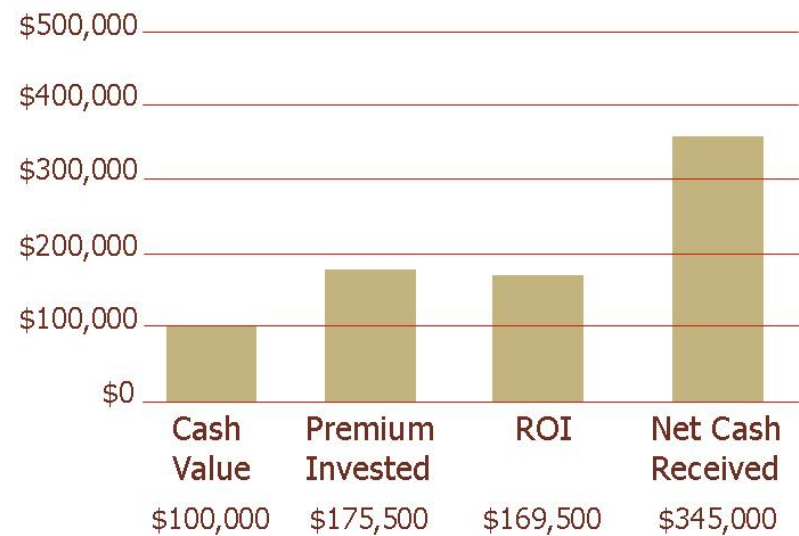


## Case Example: Business Liquidation

Mr. Grey Age 71

\$1,500,000

Universal Life



# Benefits to the Financial Advisor

Free up cash and generate liquidity to invest elsewhere

Represent the client's best interest

# Benefits to the Client

No cost

Liquidity

Relief of premium expense

Fund alternative product to fit current needs

# Questions to Ask your Clients

When was the last time you had your policy reviewed?

Do you have a policy that is underperforming or unneeded?

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?

# How we can Help

Experience and knowledge of the market

Process and package the case in timely manner (with all associated costs)

Established relationships with more than 20 institutional funding sources

Optimize value and secure highest price possible

General regulatory, licensing, compliance and execution know-how

# 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.



# LIFE SETTLEMENT

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## ADVISORS

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