



**WHAT IF...**

you could keep a portion  
of your life insurance death benefit  
without paying any future premiums?

**YOU CAN.**

Find out more about this modern use  
of life settlements.

# INTRODUCTION

Life insurance has long been a valuable estate planning tool. However, the cost of maintaining insurance for high net worth individuals at older ages presents significant challenges. Underperforming policies, due to low interest rates, combined with longer life expectancies, often put the annual outlay beyond a policy owner's ability to maintain ongoing premium payments.

Still, the need for adequate coverage remains. Prior to the secondary market for life insurance, there were few options for consumers who wanted to retain coverage while eliminating premium payments. Nonforfeiture laws provide for: 1) surrendering the policy for cash or 2) exchanging it for a paid-up policy with a reduced benefit. Because both of these options are based on cash surrender value, they frequently undervalue the policy owner's asset.

# IRREVOCABLE BENEFICIARY (IB)

With IB, our funders have provided policy owners the option to transfer the ownership of the policy while retaining a portion of the death benefit premium free. This is possible because IB enables policy owners to tap into the market value of the original policy, which provides more coverage than a traditional exchange based on the cash value would provide. As a result, qualifying clients now have a planning strategy that enables them to retain a significant amount of coverage while reducing or eliminating future premium payments. Clients can then purchase a new, more affordable policy. Combined with the IB death benefit, they can achieve the same amount of coverage with a lower overall outlay. The result is a revolutionary shift in how life insurance assets are managed. Instead of accepting the carrier's nonforfeiture options, advisors are now having their clients' policies appraised on the secondary market. The information provided by these appraisals helps clients use their capital more efficiently.

# NEW ROLE FOR ADVISORS

It has never been more important for advisors to understand the value of their clients' assets and what opportunities are available. Sound financial management dictates that advisors appraise their clients' holdings regularly. With the introduction of IB and other secondary market opportunities, it is now essential that life insurance be included in any appraisal. For this reason, an increasing number of advisors consider it their responsibility to notify clients of the possibilities for increasing the value of their assets via the secondary market.

By providing advisors with a new source of value, IB is a powerful tool for enhancing client relationships and growing an advisor's business.

Specifically, IB enables financial advisors to:

- Review a client's portfolio on a regular basis.
- Help clients understand the fair market value of their policy.
- Assist clients in optimizing their coverage.
- Suggest more efficient investment opportunities.

# THE IMPORTANCE OF INSTITUTIONAL CAPITAL:

All secondary market transactions brokered through Settlement Benefits Association are funded with institutional capital. Not only does institutional backing provide a secure funding source, it also provides the highest degree of consumer protection with regard to privacy and confidentiality. At no point is a client's policy, or the personal information associated with it, ever in the hands of an individual investor.

## CONSUMER BENEFITS

IB represents a revolutionary breakthrough for policyowners. It enables them to truly optimize their coverage by maintaining appropriate coverage while eliminating future premiums. As a result, clients can typically:

- Maintain a paid-up benefit based on market value.
- Retain a more appropriate level of coverage.
- Create additional disposable income by eliminating future premium payments.



**888-255-0444**

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SETTLEMENT BENEFITS  
ASSOCIATION