Asset Life Settlements, LLC
SECONDARY MARKET ADVISORS & BROKERS

SUCCESS STORY

CPA Recommends Widow Sell Policy to Fund Retirement

CASE PROFILE

- 76 Year Old Female (Recently Widowed)
- Owner of $1.5 Million Universal Life Policy
- $37,000 Annual Premium
- $157,000 Cash Surrender Value
- $250,000 Lowest Offer from a Buyer
- $575,000 Highest Offer from a Buyer (Accepted)

REASON FOR SELLING POLICY

Policy was purchased 25 years ago when crediting interest rates were higher. At that time, policy illustrations projected earnings of $675,000 earmarked for retirement income. Due to sustained low interest rate environment, policy was underperforming. Premiums were becoming a financial burden and the widow needed cash to help fund her retirement. Her CPA recommended a life settlement.

Read Full Case Summary on Reverse Side

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Many individuals and business owners have purchased universal life insurance policies as part of their retirement and estate planning. Those who purchased UL policies more than 15 years ago were especially attracted by the cash accumulation feature designed to build liquidity that invests over time on a tax-deferred basis.

However, due to historically low interest rates that have been declining since the 2008 economic crisis, life insurance carriers have experienced dramatically declining yields on their investments. Consequently, the cash accumulation feature of UL policies has not performed as policy owners had expected. In addition to underperformance of the policy's cash value, many policy owners have experienced spikes in premiums due to increases in the costs of insurance.

Fortunately, some seniors have been able to recover their losses by selling underperforming policies in the secondary market for life insurance.

Such was the case in this life settlement transaction summarized below where a retired widow followed the advice of her CPA after speaking with a member of our team about the advantages of a life settlement for at-risk policies.

> The CPA's recommendation to sell the underperforming policy enabled the widow to receive a substantial cash settlement equivalent to 38% of the policy's face value.

Asset Life Settlements brokered this life settlement transaction which involved a UL policy owned by a 76-year old widow. Her late husband, a medical professional, had purchased the policy 25 years ago as part of their retirement planning. The writing agent had projected that the cash build-up in the policy would reach approximately $675,000 by the time they retired.

But over the years the policy's cash did not accumulate as expected and the annual premium had spiked to more than $37,000. With a life expectancy of 11 years, the widow had been relying on the income from the policy to finance the remainder of her retirement and medical expenses.

Faced with whether she should let the policy lapse, the widow consulted her CPA to explore her options. It was during this period of time that one of our life settlement professionals had reached out to the CPA to offer assistance with questions he might have regarding the efficacy of a life settlement as an estate planning solution.

Based on what the CPA learned from our life settlement expert, he was convinced that a life settlement was clearly the most favorable option for his client's underperforming policy. Their goal was to sell the policy for a cash settlement that was equivalent to the $675K that she had hoped to earn from the UL policy investment. The widow agreed that a life settlement was clearly the most favorable option.

After completing the underwriting process, Asset Life Settlements submitted the case to multiple institutional funding sources. We received a total of four offers from buyers that ranged from the lowest bid of **$250,000,** to the highest bid of **$570,000**. The client and her CPA were thrilled to receive the highest offer of $570K which was equivalent to approximately 38% of the policy's death benefit.

Key Take-Aways

Many interdisciplinary professionals such as CPAs, estate attorneys, and financial professionals are discovering the problem solving potential of life settlements as a critical tool for estate planning purposes.

- Many older UL policies that were purchased years ago may no longer have relevance to the insured's estate.
- Some policies may not be performing as illustrated by the writing agent and have become a financial burden to maintain.
- Underperforming policies that can no longer be justified in terms of maintenance are at risk of lapsing.
- Financial professionals have a duty to make recommendations that are in the best interests of their clients.
- Selling an unwanted policy is often the most prudent course of action and often provides seniors with a cash windfall for retirement.

Call us at **1-855-768-9085** to explore your client's eligibility for a life settlement or to request a free policy appraisal.