

Life Settlements: Our Client Examples

#1

Insured's Age: 90

Policy Type: Universal Life
To Age 100

Death Benefit: \$2,000,000

Health: Historically, a heart issue;
very good in the last several years

Life Settlement Amount: \$825,000
(net of disclosed costs*)

Comments on Policy: The policy was under funded. The currently projected premium to age 95 was \$60,000/year, and much more to age 100. Furthermore, the death benefit ended at age 100 and the insurance company could increase policy costs prior to age 100 to much higher than the currently projected costs.

Comments on Policyowner: The policy was owned in a trust for the family. The family did not want to pay the premiums and was concerned that their mother could outlive the policy at age 100.

Source: Our client; we did not write this policy but had been monitoring it since the family became our client.

#2

Insured's Age: 64

Policy Type: Non-convertible
Term Insurance

Death Benefit: \$321,000

Health: Incurable cancer, in remission

Life Settlement Amount: \$56,000
(net of disclosed costs*)

Comments on Policy: This yearly renewable term insurance policy was beyond its guaranteed convertibility period. The premium increased every year, but the increasing premiums were not as "dramatic" as in some term policies.

Comments on Policyowner: The policyowner/insured no longer needed the life insurance for family protection purposes, and could not afford the increasing premiums.

Source: Referral from his attorney

* The proceeds received by the policyowner net of the fees paid to The Zimdars Company, Inc. and Valmark Securities, Inc.

The Zimdars Company, Inc.

406 Science Drive
Suite 206
Madison, WI 53711-1071
608-231-2700
800-448-2927
Fax: 608-231-6837
info@zimdars.com
zimdars.com



#3Insured's Age: 56Policy Type: Convertible Term**Death Benefit: \$1,500,000**Health: Multiple, very serious health issues**Life Settlement Amount: \$925,000
(net of disclosed costs*)**

Comments on Policy: The term insurance policy was coming to the end of its level premium period. It could be converted to more permanent life insurance with no health questions asked.

Comments on Policyowner: The policyowner/insured no longer needed the life insurance for family protection purposes. He had a very complicated financial situation, and could not afford to convert the term policy to more permanent life insurance.

Source: Referral from his advisor

#4Insureds' Ages: 87 & 83Policy Type: Survivorship UL**Death Benefit: \$1,000,000**Health: Very good for their ages**Life Settlement Amount: \$127,000
(net of disclosed costs*)**

Comments on Policy: A very unusual second-to-die universal life insurance policy. The insurance company had removed a "projected bonus" to the policy cash value, leading to unaffordable future premium payments to sustain the policy.

Comments on Policyowner: The policy was owned in a trust, and considered by the family to be "self-sustaining" from the policy cash value (prior to the cancelation of the cash value "bonus"). One or both insureds could live to age 100 or beyond.

Source: Referral from their bank trust department

#5Insured's Age: 77Policy Type: Universal Life**Death Benefit: \$556,000**Health: Multiple controlled cancers**Life Settlement Amount: \$88,000
(net of disclosed costs*)**

Comments on Policy: The policy had a premium of \$31,000/year, which became unaffordable.

Comments on Policyowner: The policyowner/insured had investment setbacks. His health stabilized, and he sold this policy to use the cash to fund his remaining policies.

Source: Our client

* The proceeds received by the policyowner net of the fees paid to The Zimdars Company, Inc. and Valmark Securities, Inc.

#6

Insured's Age: 60

Policy Type: Convertible Term

Death Benefit: \$1,000,000

Health: Incurable cancer, in remission

Life Settlement Amount: \$400,000
(net of disclosed costs*)

Comments on Policy: The term insurance policy was coming to the end of its level premium period. It could be converted to more permanent life insurance with no health questions asked. It was an "extra" personal policy, continued from a prior business relationship.

Comments on Policyowner: The policyowner/insured did not want to pay the increased premium to convert the policy. He preferred to use the cash from the life settlement for personal and family experiences during his lifetime.

Source: Referral from his advisor

* The proceeds received by the policyowner net of the fees paid to The Zimdars Company, Inc. and Valmark Securities, Inc.

In a life settlement agreement, the current life insurance policy owner transfers the ownership and beneficiary designations to a third party, who receives the death proceeds at the passing of the insured. As a result, this buyer has a financial interest in the seller's death. A policy owner should consider the continued need for coverage, and, if the policy owner plans to replace the existing policy with another policy, the policy owner should consider the availability, adequacy and cost of comparable coverage. Policy owners considering the need for cash should consider other less costly alternatives to a life settlement. When an individual decides to sell their policy, they must provide complete access to their medical history, and other personal information, that may affect their life expectancy. This information is requested during the initial application for a life settlement. After the completion of the sale, there may be an ongoing obligation to disclose similar and additional information to the buyer or servicing agent at a later date. A life settlement may affect the insured's ability to obtain insurance in the future and the seller's eligibility for certain public assistance programs, such as Medicaid, and there may be tax consequences. Individuals should discuss the taxation of the proceeds received from a life settlement with their tax advisor. A life settlement transaction may require an extended period of time to complete. Due to complexity of the transaction, fees and costs incurred with the life settlement transaction may be substantially higher than other securities. Once the policy is transferred, the policy owner has no control over subsequent transfers. Valmark and its registered representatives act as brokers on the transaction and may receive a fee from the purchaser. Valmark Securities supervises all life settlements like a security transaction.

The examples given are hypothetical and for illustrative purposes only. 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.
CORPORATE OFFICES: 130 SPRINGSIDE DR, AKRON, OH 44333-2431, (800)765-5201
JOHN C. ZIMDARS, JR. IS A REGISTERED REPRESENTATIVE OF VALMARK SECURITIES, INC.
THE ZIMDARS COMPANY, INC. & VALMARK SECURITIES, INC. ARE INDEPENDENTLY OWNED AND OPERATED.