

5 T H A N N U A L  
*Financial Advisor*  
**RETIREMENT SYMPOSIUM**

# Finding Hidden Assets for Retirement

## MODERATOR

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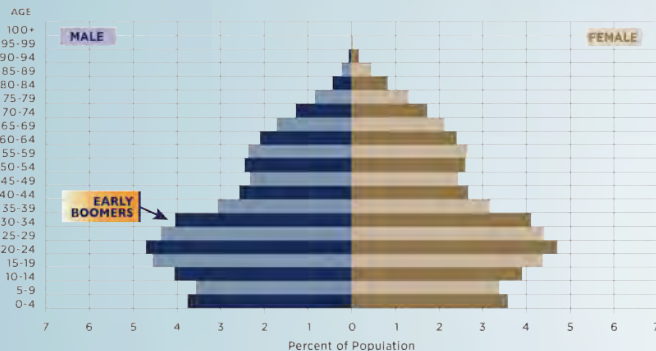


# New Financial Market Life Insurance

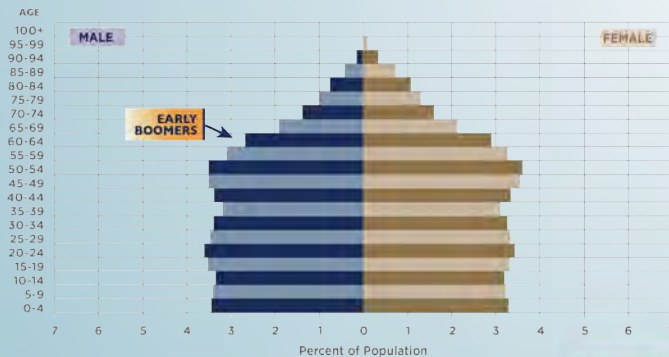
## DEMOGRAPHIC TRENDS

### LIFE INSURANCE PRIMARY MARKET

1981 POPULATION PYRAMID FOR THE UNITED STATES



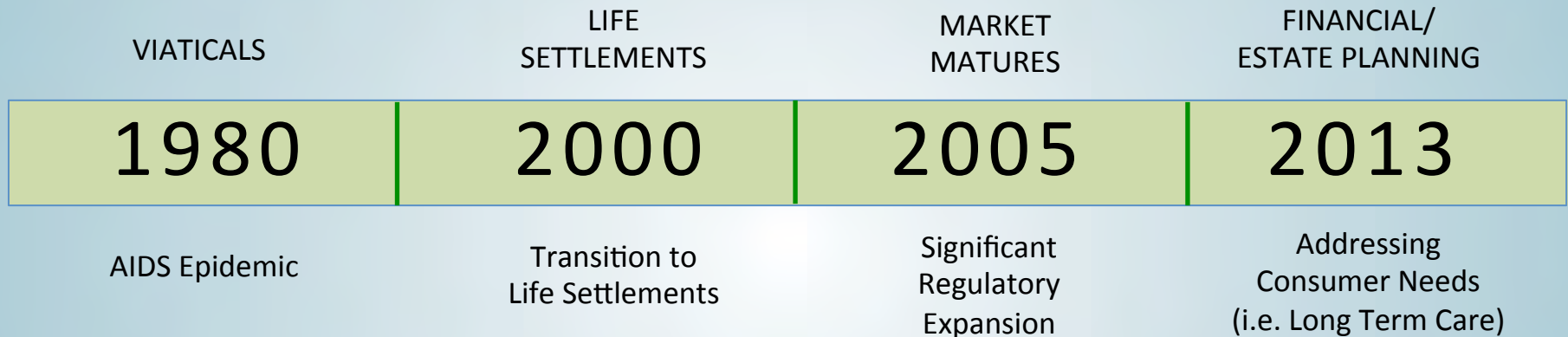
2011 POPULATION PYRAMID FOR THE UNITED STATES



- BASIC PART OF THE FINANCIAL FABRIC OF MILLIONS OF AMERICANS
- NEW AMOUNTS AS OF 2013
  - 816 Life Insurance Companies
  - 146 Million Policies
  - \$649 Billion Insurance Benefits lapsed and surrendered, 2012

Source: ACLI, 2013 Insurance Fact Book

# Life Settlement Industry Timeline



## Regulation around the U.S.



## WAITING PERIOD EXCEPTIONS\*

- Varies by state
- Chronic or Terminal Illness
- Spouse has passed
- Divorce
- Disability

\*Varies by state

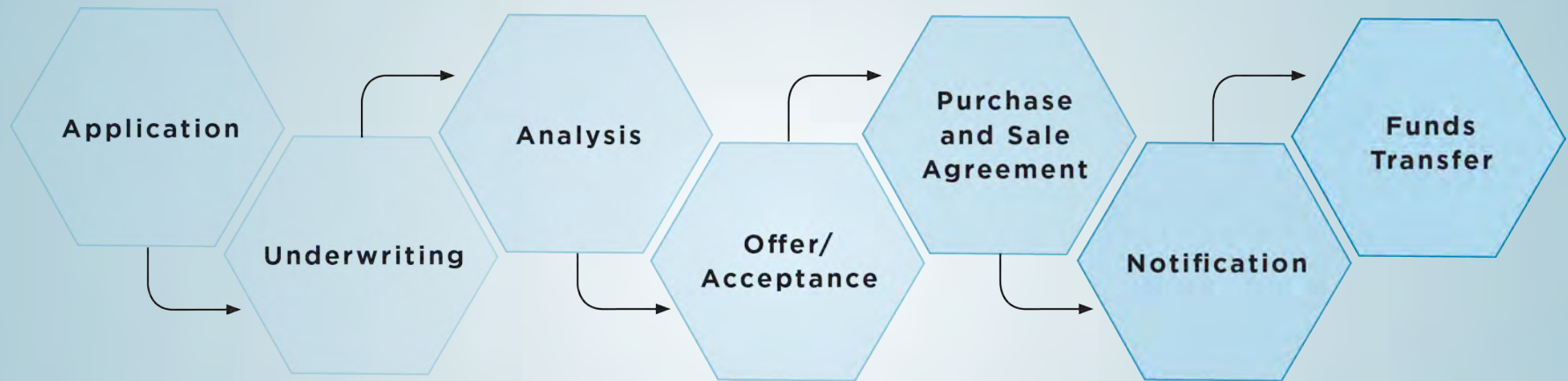
\*Arizona's law becomes effective September 30, 2013

**\*\*Massachusetts law becomes effective April 9, 2013**

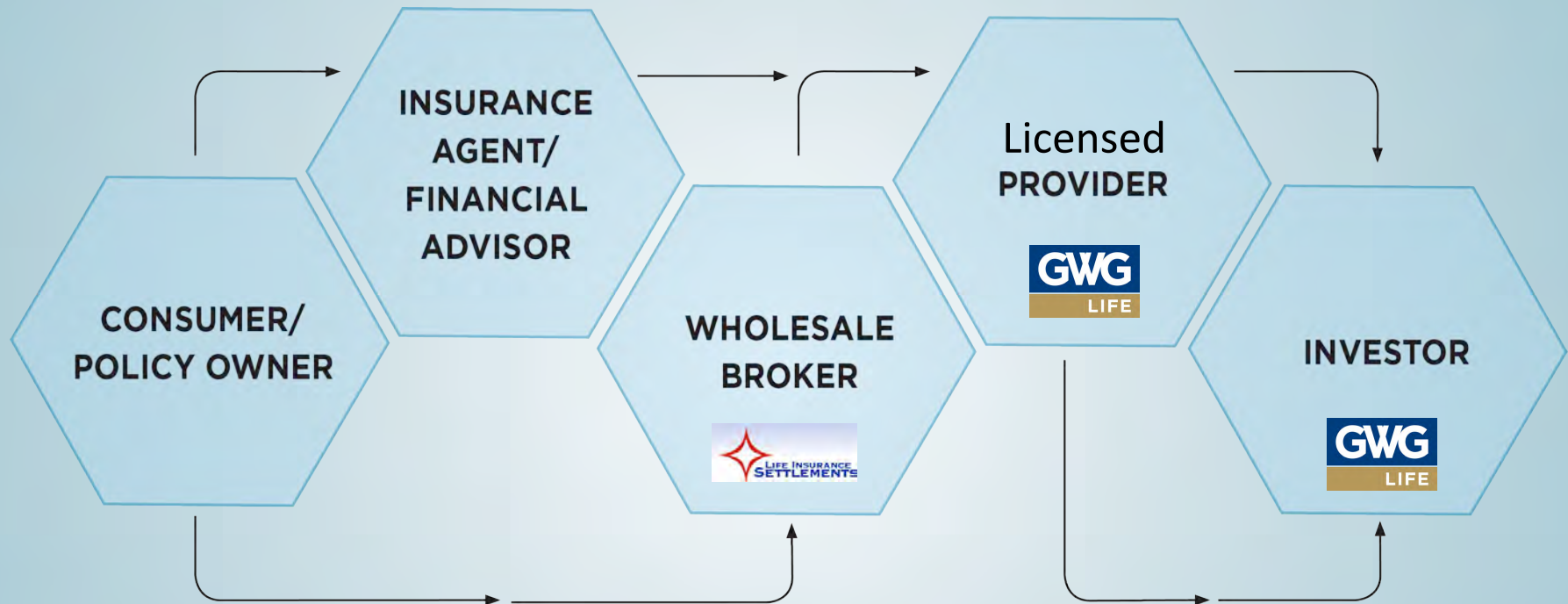




# Life Settlement Process



# Life Settlement Participants



# Profile of a Qualifying Insured & Policy

## INSURED

### Age

- Typically 70 years old and older.
- Narrow market for younger insureds with very heavy impairment

### Health

- Age or impairment to produce an underwriting opinion of 10-12 years or less
- For an insured in their 70s, heavy impairment is necessary
- As insureds move into their 80s and older, less impairment is necessary

## POLICY

### Type

- UL, Term, SUL-1 Insured, SUL – 2 Insureds, VUL, WL
- Guarantee, Current Assumption, Index

### Carrier

- Typically, A-rated or better



# Case Study – Estate Planning

Our client owned two survivorship policies insuring the client and his spouse. Upon restructuring of his business some years ago, those policies were transitioned to a single \$10 million policy insuring the client for the benefit of his spouse utilizing a 1035 exchange. After the client's spouse passed away, the client found no need to continue the policy. Since the policy had zero surrender value, a life settlement proved a more attractive option.

Insured Profile: 72 year-old Male

Standard LE underwriting: -192 months

LE underwriting: 156 months & 171 months

Policy Profile: Issued 2009

Male Preferred Non-Tobacco User

\$10,000,000 total death benefit

\$0 cash surrender value

Sale Price: \$535,000





# Case Study – Affordability

Three \$100,000 policies were placed 10 years ago, but the family was having difficulty continuing to fund these contracts as the economy had negatively impacted their real estate and construction company. Rather than simply lapsing the coverage but since the insured's health had changed over the years, their agent suggested a life settlement. The proceeds were in part to continue supporting other coverage.

Insured Profile: 83 year-old Male, Table 2 issued with subsequent health changes

Policy Profile: Issued 2001

\$300,000 total death benefit

\$0 cash surrender value

Sale Price: \$68,500



# Conclusion



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