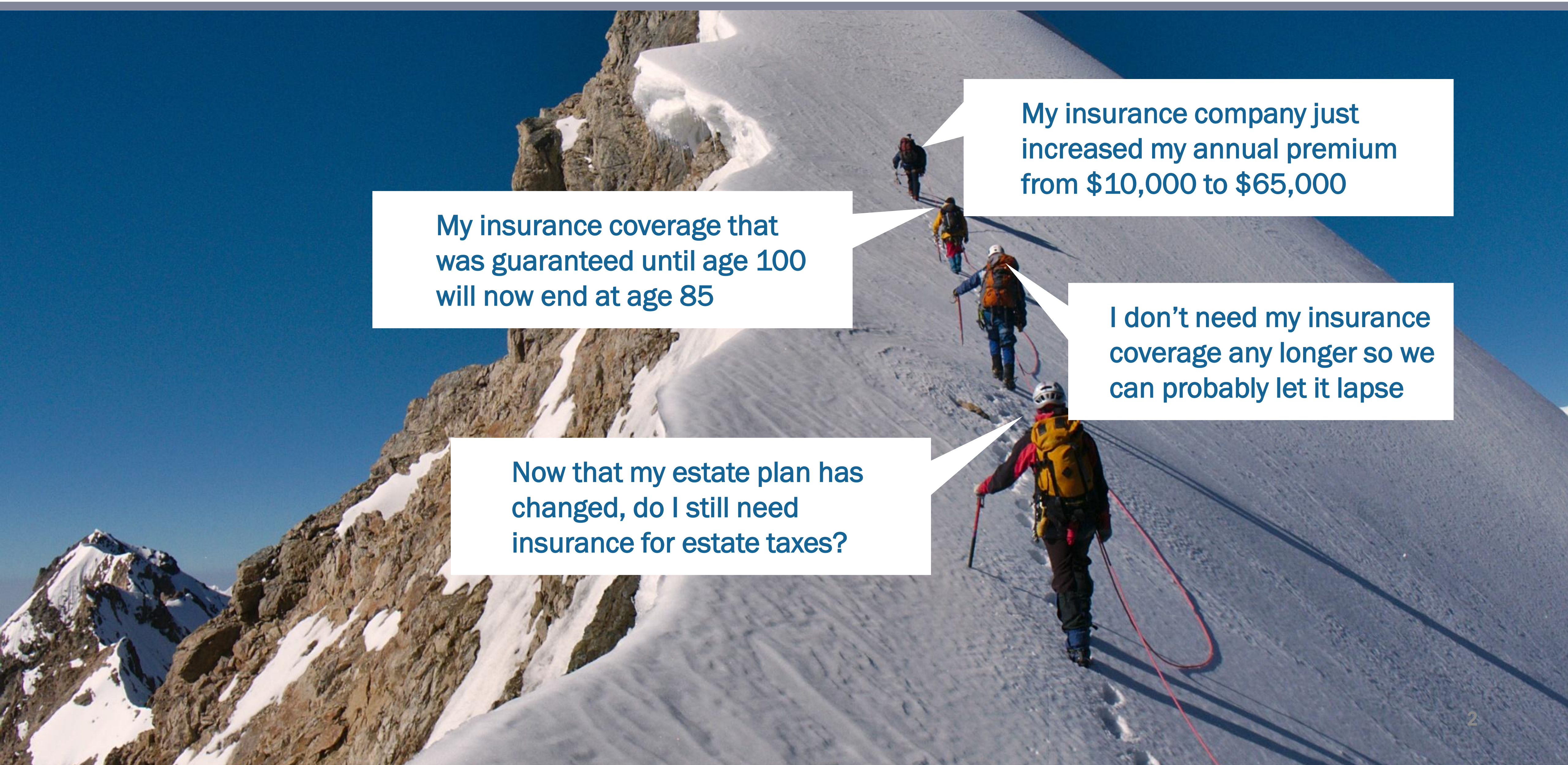
CREATING VALUE
OUT OF AN EXISTING LIFE INSURANCE POLICY

NAVIGATING LIFE SETTLEMENTS

HOW MANY TIMES HAVE YOU HEARD A CLIENT SAY:



Bart Snyder | **CLU®, AEP®**
Partner
Churchley Financial Group

A BRIEF WORD ABOUT US

- Over 19 years experience across the spectrum of life insurance consulting
- Specializes in wealth transfer and business planning strategies
- Expertise in long-term care and disability insurance products in addition to life insurance and annuity products
- Long time educator and advocate for comprehensive financial planning
- Expertise in facilitating Life Settlement transactions on behalf of clients

AGENDA

CHURCHLEY FINANCIAL GROUP LLC

- What are the options for existing life insurance policies?
- When does selling a policy make sense?
- Why is the Life Settlement Market growing so rapidly?
- What are some real-life examples?
- What is the process to sell a policy?

CLIENT SCENARIO

- You have a client who is 84 years old.
- He purchased a $1M Universal Life Policy 20 years ago.
- He recently found out his premium was going to increase from $10,000 per year to $65,000 to keep the policy in force until age 95.
- He comes to you asking what options he has, knowing that $65,000 will be a significant burden on his retirement plan.

WHAT OPTIONS ARE THERE FOR THIS CLIENT'S LIFE INSURANCE POLICY?

KEEP THE POLICY | **END THE POLICY**

KEEP THE POLICY

- Continue the coverage and adjust the premium to a higher amount.
- Continue the current premium until the policy lapses.
- Restructure the coverage to a lower death benefit and premium.

END THE POLICY

- Surrender the policy for the current cash surrender value.
- Replace the current policy through an exchange.
- **Sell the policy through a life settlement.**

Historically speaking, life settlements has been one of the most overlooked options by advisors.

49%

of financial advisors admit they lack knowledge about life settlements[1]

MORE THAN $100 BILLION

of policy face value lapses by seniors over age 65 each year[2]

8 OUT OF 10

policyowners didn’t know they could sell their policy[3]

1, 2 Why Sell Your Life Insurance Policy (Financial Advisors), accessed 2025, https://www.lisa.org/why_sell-fa
3 The Life Settlements Report, 1/31/2019, https://pipeline.thedeal.com/article/14851134/Index.dl

? WHEN DOES SELLING A POLICY MAKE SENSE?

1 CLIENT CRITERIA

Individuals 65 and older

Experienced a decline in health

No longer need or want the policy

3 POLICY CHANGES

Premiums no longer affordable

Poor performance

Planning to surrender or lapse

2 CLIENT NEEDS

Immediate cash flow needs

Retirement income

Long-term care funding

4 PLANNING CHANGES

Estate taxes no longer a concern

Sale of a business

Key person policies no longer needed

LIFE SETTLEMENT MARKET UPDATE
WHY NOW?

LIFE SETTLEMENT MARKET UPDATE

1. Industry stats show a growing market
2. Valmark Member Firms having good success
3. Growing demand for policies from Providers and funding sources
4. Clients have a greater need for options due to conditions affecting their policies
5. Trustees, accountants and other professionals need help with their clients' insurance policies

UNTAPPED MARKET: 2024 Market Stats

2,732 Number of Total Policies Purchased

648M Total Proceeds Paid to Clients

34% Policies Purchased by a Single Organization

Source: The Deal Life Settlement Report, Released June 9th, 2025

VALMARK LIFE SETTLEMENTS: 3-Year Average

22% Offer as a % of death benefit

5.4x Gross Offer vs Cash Surrender Value

24% Higher Gross Offers than Market Average

* Based upon gross offers from actual life settlement cases closed by Valmark Securities 2020-2022

GROWING INSTITUTIONAL BUYER DEMAND

- **Low interest rate environment –** Institutional investors are looking for alternative investments with higher returns.
- **New funding sources –** Funds have recently entered the marketplace which has expanded the criteria of who may be eligible to sell their policy.
- **Abundance of capital –** Investors have funds available and are chasing a low supply of policies. Over 50% of policies are sold direct without an auction process.
- **Higher regulation –** More reliable life expectancy data and state regulation requirements creating a more reputable investment class.

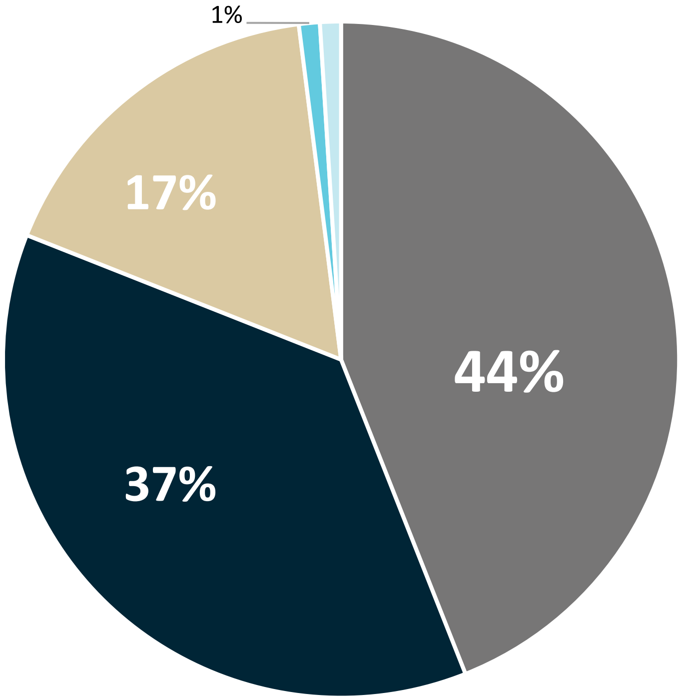
Source: The Deal 2020 Life Settlement Report, Released May 20th, 2021

CLIENTS NEED OPTIONS

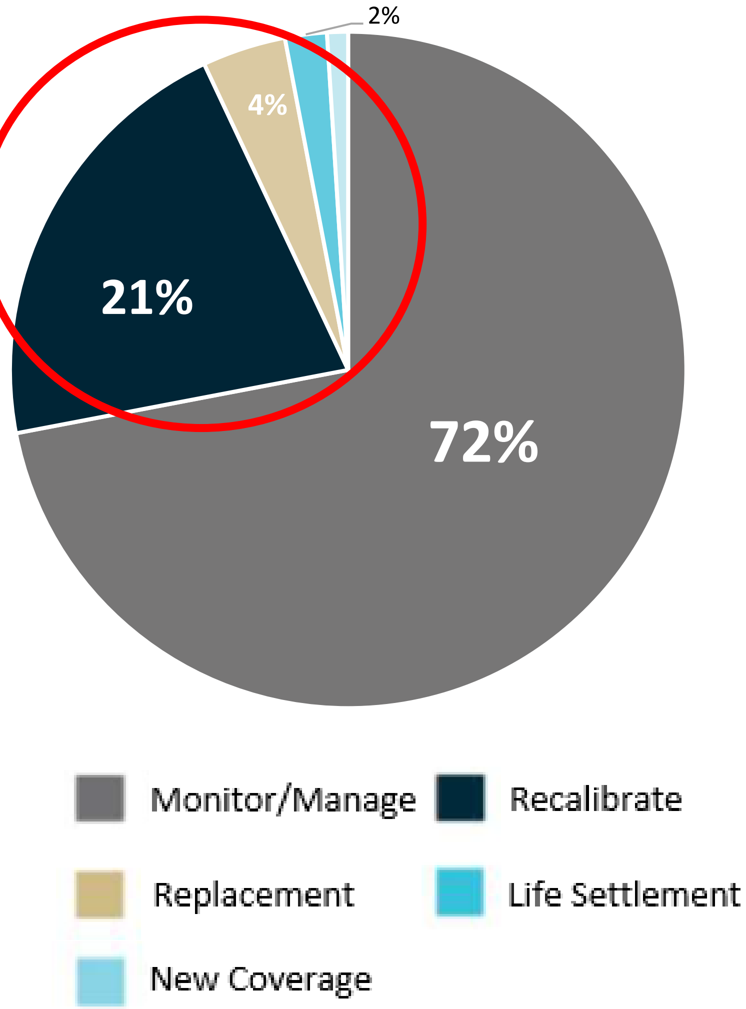
- **COVID-19** – Many held off on selling their policies during the pandemic
- **Economic pressure on seniors** – Rising cost of health care, need for Long-Term Care, and low return on fixed income
- **Increasing premiums** – Due to cost of insurance increases, lower crediting rates, and poorly maintained policies
- **Business planning** – Business is struggling, sold or key person retired
- **Financial and estate tax planning** – Changes in original objectives

LACK OF PROFESSIONAL OVERSIGHT

Reactive Policy Management



Professional Ongoing Management



<u>Over half</u> of unmanaged permanent policies are <u>not</u> meeting client objectives

Results from reviews of permanent policies completed by the Policy Management Company. Data as of March 2019.

LIFE SETTLEMENT EXAMPLES

PREMIUM SPIKE

Jim's Story, Age 84

My premium increased unexpectedly, and I was no longer able to afford it. I was going to have to let the policy lapse.

Policy Type	Universal Life
Death Benefit	$1,000,000
Cash Surrender Value	$6,743
Original Premium	$10,580
New Annual Premium	$65,373 To Age 95
Life Expectancy	6-7 years
Life Settlement Offer	$173,250 Gross*

- The gross offer will be reduced by commissions and expenses related to the sale.
- **Client name has been changed to protect confidentiality.**
- Each client's experience varies, and there is no guarantee that a life settlement will generate an offer. 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.

RETIRED BUSINESS OWNER

Richard's Story, Age 71

I originally bought my policy for business debt and estate purposes. After retiring and years of successful wealth transfer, the taxable liability of my estate diminished. I didn't need the coverage.

Policy Type	Universal Life
Death Benefit	$6,000,000

Situation

- Client owned $16M of life insurance
- Coverage no longer serving original purpose
- Planned to surrender the policy for $880k CSV

Outcome

- $1,936,600 life settlement offer*
- Reduced premium burden of $182,100/yr
- Client maintained $10M of other coverage

- The gross offer will be reduced by commissions and expenses related to the sale.
- Client name has been changed to protect confidentiality.
- Each client's experience varies, and there is no guarantee that a life settlement will generate an offer. 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.

EXPIRING TERM POLICY

John's Story, Age 65

I originally bought my term policy for business and estate purposes. Now that I'm retiring, I no longer need the policy for my business. I'd like to keep $2 million for estate planning.

Policy Type	Keyman Term
Death Benefit	$5,000,000

Situation

- Policy conversion privilege coming to an end.
- Wanted to maintain $2M permanent coverage.
- Planned to lapse the other $3M.

Outcome

- $130,000* life settlement offer on the $3M.
- Proceeds used to cover years of premium for $2M converted policy.
- Client no longer has to pay premium on the $3M that was not needed.

- The gross offer will be reduced by commissions and expenses related to the sale.
- Client name has been changed to protect confidentiality.
- Each client's experience varies, and there is no guarantee that a life settlement will generate an offer. 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.

CHURCHLEY FINANCIAL GROUP LLC

ENHANCED
CASH VALUE OFFERS

A SIMPLIFIED PROCESS TO SELLING YOUR EXISTING LIFE INSURANCE POLICY

ENHANCED CASH VALUE OFFERS

WHAT ARE THEY?

- Non-Medical Life Settlement Offers
- Aggressive offers in under 1 week
- Close in as soon as 3-5 weeks

IDEAL CANDIDATES

- Age 70 or older
- Inforce for 5+ years
- Private clients who do not want to share medical information

WHAT DO WE NEED?

- Name and DOB
- Inforce illustration to age 105

HOW DOES IT WORK?

1

Investor calculates annuity amount to cover future premiums

\+ Makes small spread on the difference

2

Remaining difference offered as a life settlement offer within days

3

Investor bets insured lives and receives ROI back at death

4

OUTCOME

Investor secures 6% investment, client receives aggressive offer to consider

EXAMPLE

Female
Age 76

$5M Death Benefit

Annual Premium:
$110,038 / yr.
(to age 105)

Annuity needs to pay:

- Annual premium: $110,038
- + 6% yield on $5M = $300,000
- Total annuity income needed: $410,038

Annuity purchase needed to generate required income:

$4,567,141

8.98% annuity payout rate on 76 y/o female

Remaining amount can be paid out as a life settlement offer:
$5M-$4.567M

$432,900

Offered within 48 hours

Traditional life settlement estimates value at SNS health:

$125,000

Because they typically look for 10-12% yields

WHEN TO CONSIDER AN ECVO

1

Client asks to surrender a policy immediately

"My client wants to surrender this policy now and isn't interested in a 3–6-month process. Can you get her an offer quickly on this policy?"

2

Client has privacy concerns

"My client doesn't want to share medical information. Can you use this inforce to get an offer on the policy without collecting medical records?"

3

Client is too healthy for a life settlement

"I have this client in great health who doesn't like paying the premium. I'm looking for options."

WHEN TO CONSIDER AN ECVO

4

Alternative to reduced paid-up option on policy

"My client doesn't want to keep paying premiums. She is considering a reduced paid-up option on her policy."

5

Policy lapse is imminent

"I need some type of real offer to convince the client to pay a premium. Can you get me anything with certainty?"

6

Policy loan is eroding death benefit

"My client has a large loan on a policy they don't want to pay back, and we are afraid of the tax risk if it lapses."

CHURCHLEY FINANCIAL GROUP LLC

WHAT MAKES US DIFFERENT?

ADVOCATE FOR YOUR CLIENT

WHY DO YOU NEED AN ADVOCATE?

- Fiduciary representation for your client
- Full transparency of all offers, life expectancy results, compensation and fees
- Marketplace exposure to 18 of the top providers, including many direct providers
- Competitive Auction Process designed to obtain highest market value.

AUCTION PROCESS IN ACTION

MARKETPLACE EXPOSURE + **COMPETITIVE AUCTION PROCESS** = **HIGHEST FAIR MARKET VALUE**

Provider	Initial Offer	Auction Rounds 1	2	3	4	5	6	7	8	9	10	11	12	13	14
Bidder 1		$910,000	$960,000	$1,012,500					$1,160,000	$1,180,600	$1,210,000	$1,220,000	$1,260,000	$1,270,000	$1,270,000
Bidder 2	$900,000	$900,000	$1,000,000	$1,050,000	$1,050,000	$1,100,000	$1,100,000	$1,150,000	$1,150,000	$1,200,000	$1,200,000	$1,250,000	$1,250,000	$1,270,000	$1,280,000
Bidder 3		$910,000			$1,075,000	$1,086,000	$1,125,000			$1,160,000	$1,210,000	$1,210,000	$1,260,000	$1,260,000	$1,280,000
Bidder 4	$800,000	$916,000	$966,600	$1,021,600	$1,076,000	$1,076,000	$1,126,000	$1,126,000	$1,170,000	$1,170,600					
Bidder 5	$900,000	$900,000	$1,002,500	$1,002,500	$1,065,000	$1,100,000	$1,100,000	$1,145,000							
Bidder 6		$925,000	$975,000	$1,020,000	$1,060,000	$1,086,000	$1,086,000	$1,136,000							
Bidder 7		$920,000	$980,000	$1,012,500	$1,060,000	$1,086,000	$1,086,000								
Bidder 8		$950,000	$950,000	$1,002,500	$1,060,000										
Bidder 9			$960,000												
9 Bidders	No offers														

	15	16	17	18	19	20	21	22	23	24	25	26	27
Bidder 1	$1,290,000	$1,310,000	$1,320,000	$1,360,000	$1,360,000	$1,3950,000	$1,395,000	$1,470,000	$1,470,000	$1,520,000	$1,520,000	$1,570,000	$1,570,000
Bidder 2	$1,300,000	$1,300,000	$1,350,000	$1,350,000	$1,375,000	$1,375,000	$1,450,000	$1,450,000	$1,500,000	$1,500,000	$1,550,000	$1,550,000	
Bidder 3	$1,280,000	$1,310,000	$1,310,000	$1,360,000	$1,360,000		$1,415,000	$1,470,000	$1,470,000	$1,520,000	$1,520,000		

The above chart was the result of an actual auction but is intended for illustrative purposes and is not intended to indicate any future rate of success or percentage increase to a future policy holder. Each auction is unique to each policy.

BENEFITS OF USING A BROKER

> I'm glad I contacted my financial advisor for a second opinion about my life settlement direct offer. I had no idea how much my policy was worth.
>
> Rex A., Age 62

Policy Type	Term
Death Benefit	$1,500,000

Situation

- Applied directly to a provider to sell his policy.
- Received an offer of $315,000.
- Contacted us for a second opinion.

Outcome

- As a broker, we negotiated offers using our competitive Auction Process.
- Increased offer to $671,000*.

- The gross offer will be reduced by commissions and expenses related to the sale.
- Client name has been changed to protect confidentiality.
- Each client's experience varies, and there is no guarantee that a life settlement will generate an offer. 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.

LIFE SETTLEMENT PROCESS

CASE PREQUALIFIED

Life Settlement Formal Application

Advisor & Client

Application & Agreement*
HIPAA Authorization and Medical Contacts*
3rd Party Authorization*

1-2 Months

Preparing For Market

Medical Records and Life Expectancies Obtained
Policy and Insureds' Documentation*
Policy Appraisal Report™

READY FOR MARKET

Marketing The Policy

1 Month

Policy Sent to Marketplace
Provider Pricing Assessment
Initial Offers Collected

1-2 Months

Formal Auction Process

Providers Bid to Establish Market Value
Post Auction Review™
Formal Settlement Offer Letter*

OFFER ACCEPTED

Closing Documents and Signatures

1-2 Months

Contract and Forms Signed*
Due Diligence and Document Review
All Issues and Information Requests Resolved

1 Month

Settlement Approval and Funding

Settlement Funds in Escrow
Change Forms Processed by Carrier
Payment received by Client — Rescission Begins

HOW TO GET STARTED

1

CONTACT US FOR AN INITIAL REVIEW

Name
Date of birth
Brief summary of the situation

2

WE HELP YOU GATHER NECESSARY DOCUMENTS

In-force policy illustration
Additional health information if necessary

3

WE PREPARE A POLICY EVALUATION

Preliminary estimate of market value
Consult with you about the case
Determine how to move forward

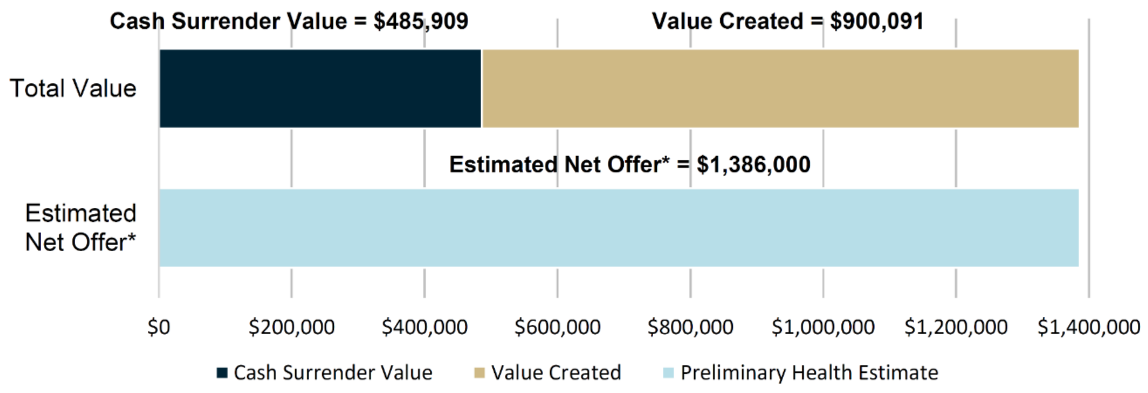
LIFE SETTLEMENT EVALUATION

POLICY INFORMATION			IN-FORCE ILLUSTRATION		
Carrier	Policy Number	Policy Issue Date	Illustration Date	Annual Premium	Cash Surrender Value
Carrier Name	123456789	5/19/2008	1/16/2021	$18,297	$485,909
Policy Type	Death Benefit	Total Premiums Paid	In-Force to Age	Guaranteed DB?	Maturity Age
Variable Life	$3,000,000	$1,260,000	100	No	100

ESTIMATED PROCEEDS

Mortality Estimates	Life Expectancy	Estimated Net Offer	Cash Surrender Value	Estimated Value Created
Conservative Estimate	8.0	$994,000 - $1,098,000	$485,909	$508,091 - $612,091
Preliminary Health Estimate	**6.9**	**$1,317,000 - $1,455,000**	**$485,909**	**$831,091 - $969,091**
Aggressive Estimate	5.5	$1,511,000 - $1,670,000	$485,909	$1,025,091 - $1,184,091

VALUE CREATED



EVALUATION CONCLUSION

Based on the current assumptions, there is a good possibility to receive a net offer greater than the current cash surrender value.

**Estimated Net Offer is midpoint of net offers for the Preliminary Health Estimate, see Life Settlement Offer Range on page 6 for calculation assumptions.*

Keep vs Sell Analysis

The analysis below compares the results of selling your policy vs keeping your policy:

Liquidity Created is the summation of the Estimated Net After-tax Proceeds from selling the policy, plus the premium outlay forgone by selling.

Opportunity Cost is the hypothetical annualized net rate of return needed for the Liquidity Created to achieve the same value of the Tax Free Death Benefit in the given year.

			Sell Policy			Keep Policy	
	Year	Age at Year End	Estimated Net After-tax Proceeds (A)	Premium Outlay Forgone by Selling (B)	Liquidity Created (A+B)	Tax Free Death Benefit	Opportunity Cost
	1	89	$1,267,054	$174,318	$1,441,372	$3,000,000	108.14%
	2	90	$0	$203,119	$1,644,491	$3,000,000	37.39%
	3	91	$0	$242,070	$1,886,561	$3,000,000	18.93%
LE	4	92	$0	$299,626	$2,186,187	$3,000,000	9.97%
	5	93	$0	$353,461	$2,539,648	$3,000,000	4.40%
	6	94	$0	$385,515	$2,925,163	$3,000,000	0.59%
	7	95	$0	$309,456	$3,234,619	$3,000,000	-1.54%
	8	96	$0	$376,864	$3,611,483	$3,000,000	-3.46%
	9	97	$0	$474,525	$4,086,008	$3,000,000	-5.45%
	10	98	$0	$705,980	$4,791,988	$3,000,000	-8.30%
	11	99	$0	$1,209,342	$6,001,330	$3,000,000	-13.74%

Keep vs. Sell Results

1. At the end of year 1, the proceeds from selling the policy plus one year of saving on premiums will create liquidity of $1,441,372.

2. At a hypothetical life expectancy (LE) of 4 years, the total liquidy created would be $2,186,187. This money is free to be used prior to death of the insured.

3. If the entire Liquity Created amount were to be invested, it would require a 9.97% net annual return at the estimated life expectancy to be worth the same as the future Tax Free Death Benefit.

Next steps for closing (2-3 months)

1. Determine if the net after-tax offer of approximately $1,267,054 is adequate to sell the policy. If acceptable, Provider closing documents are prepared and signed by all parties involved in the transaction.

2. Signed closing documents are reviewed and sent to the Provider for final review. Money is then put into escrow and ownership change forms are completed.

3. After all paperwork is signed and approved, Proceeds are released to the seller. Rescission period offered to seller after proceeds are released.

TOP SITUATIONS TO WATCH FOR

- Premiums become unaffordable
- Client planning to surrender or lapse their policy
- Business owners who no longer need their policy
- Trust policies no longer needed for estate planning
- Client has a term policy they don't plan to convert

AVAILABLE RESOURCES

CONTACT US

- A copy of this presentation
- Sample Life Settlement Evaluation
- Sample of Post Auction Review

Bart Snyder | CLU®, AEP®
Churchley Financial Group
Phone: (303) 468-2100
Email: bart@churchleyfg.com

CHURCHLEY FINANCIAL GROUP LLC

QUESTIONS?

Need CE?

IMPORTANT CONSIDERATIONS

Valmark Securities, Inc. (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.

Life Settlement Providers: Valmark markets policies only to Life Settlement Providers. Life Settlement providers are generally responsible for maintaining the policy after the sale, and receive their funding from institutional buyers. Valmark reviews Life Settlement Providers periodically to affirm that their funding sources are institutional buyers, carry errors and omissions insurance, and are licensed in the state of sale.

Institutional Buyers: Institutional buyers include qualified institutions, accredited investors, hedge funds, pension funds, and other qualifying investors. Investors bundle policies to ease any concerns with strangers having access to view millions of dollars of death benefit on an individual.

Value Created: is defined as the difference between an estimated offer to the client and the cash surrender value.

Offer to Client: is defined as the gross offer on the sale of the policy, less any expenses and commissions.

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 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.