

# 5 REASONS TO USE A BROKER

Why use a broker and pay a commission? The most persuasive answer is you will likely get more money, even after commissions and fees, because of Valmark's involvement as your life settlement broker. Here's why.



**HIGHEST FAIR MARKET VALUE FOR YOUR POLICY.** Our experience shows that Valmark's negotiated offers from multiple providers can be two to three+ times higher than offers from a single direct provider. Our 57+ years of life insurance experience and internal pricing methodology help us estimate the value of your policy so that we know when a provider is offering a fair price.



**FIDUCIARY DUTY TO THE SELLER.** A life settlement broker represents the seller and has a fiduciary duty to always do what is in the policyowner's best interest. The goal of the broker is to help you, as the policyowner, receive the highest fair market value for the policy. On the other hand, a direct-to-consumer provider has a duty to the investor, not the seller. A provider's goal is to buy policies at the lowest possible price and maximize investors' investment returns.



**EXPOSURE TO THE MARKETPLACE.** Your policy is marketed to a variety of providers and investors, giving you proof that the top buyers are seeing your policy and may easily place offers on it. Valmark has strong relationships with and markets policies to 18+ of the industry's top providers, removing the risk of a single provider making a low offer for your policy. Some providers are names with which you may be familiar, while others are exclusive to our broker network.



**A COMPETITIVE AUCTION PROCESS.** Valmark uses a formal auction process to create competition that should result in providers paying top dollar for your policy. Our auction platform is designed to send notifications to all providers to encourage them to stay active in the bidding process. This delivers consistent results by driving up the price using other providers as competition until the highest market value is achieved.



**EXPERTISE THAT MAKES THE PROCESS EASIER.** Valmark's dedicated team of experts helps simplify life settlements for you. The team undertakes the complex and time-consuming tasks associated with these transactions—from estimating fair market pricing of the policy; obtaining medical, life expectancy, and policy information; to coordinating providers and offers and managing the closing process. Our team also navigates the regulatory environment and licensing requirements, so you don't have to.

## CLIENT EXAMPLE 1: SECOND OPINION DOUBLES THE PROCEEDS.

A 62-year-old physician with a \$1.5M Term policy received a \$315,000 offer from a direct provider. He asked for our second opinion. Using our Competitive Auction Process, we negotiated an offer of \$671,000 (gross)—more than double his initial offer.

## CLIENT EXAMPLE 2: LIFE INSURANCE EXPERTISE INCREASES OFFER 5X.

An 84-year-old widower with a \$1M UL policy received a low offer of \$30,000 because of the risk the insured might outlive the policy's maturity date. Valmark leveraged its relationship with the insurance company to extend the maturity date and ultimately negotiated an offer of \$173,250 (gross)—over five times the original offer.

# IMPORTANT CONSIDERATIONS

- **Valmark Securities, Inc. (Valmark):** Valmark and its registered representatives act as brokers on the transaction and will receive a fee from the purchaser. Valmark 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 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 death benefit on an individual.
- **Value Created:** is defined as the difference between an estimated offer to 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 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.
- 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.
- Securities offered through Valmark Securities, Inc. Member FINRA/SIPC. Investment advisory services offered through Valmark Advisers, Inc., a SEC Registered Investment Advisor. 130 Springside Drive, Akron, Ohio 44333. (800) 765-5201.