Asset Life Settlements, LLC
SECONDARY MARKET
ADVISORS & BROKERS

A Life Settlement Success Story Featuring ...

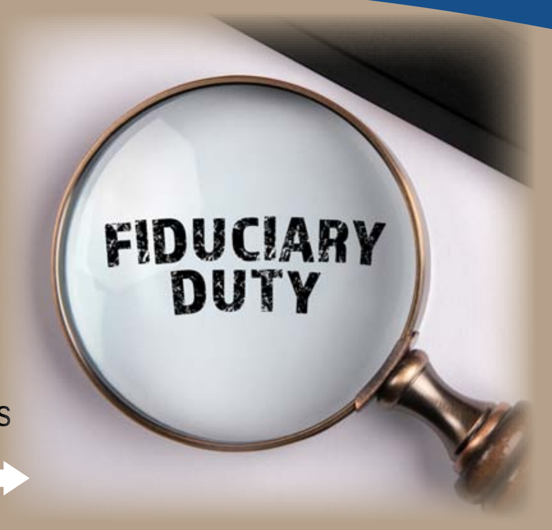
5 Tiers of Fiduciary Best Practices

Estate Trustee, CFP Advisor, CPA, and Insurance Specialist
Team Up with Asset Life Settlements
to Sell $3M Trust-Owned Policy for 50% of Face Value

The Five-Member Team of Fiduciary Advisors

Selling the policy for the highest possible value enabled the client's Five-Member Team of Fiduciaries to achieve the following goals:

(1) Obtain the highest possible value for the policy
(2) Maximize the cash assets in the trust
(3) Pay off a $500,000 loan on the policy
(4) Retain a reduced level of insurance protection
(5) Achieve a win-win-win for grantor, trustee, and beneficiaries



View full success story on reverse side.

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SECONDARY MARKET ADVISORS & BROKERS

5 Tiers of Fiduciary Best Practices: A Model for Financial Professionals

This case involved a 91 year old male who had purchased two permanent life insurance policies (valued at $3 mil. and $2 mil.) over 20 years ago.

Recently, the grantor decided he no longer wished to maintain the annual premiums costing $217,381. The premiums were eroding the cash assets in the trust and the adult beneficiaries wanted the cash for new investments that would be held in the trust.

Following a due diligence discussion, the trustee and insurance specialist invited **Asset Life Settlements** to join the client's four-member team in order to broker the sale of the policy to the highest bidder.

All five members of the client's team of advisors joined together to achieve a "quinfecta" of fiduciary best practices to sell the policy for the highest possible value.

After completing the underwriting process, Asset Life Settlements submitted the case to more than 25 institutional money sources and launched into the auction process where the competitive bidding was rigorous. At the end of the auction process, a total of 15 offers had been submitted from multiple secondary market buyers. The lowest offer submitted was $1,250,000, and once the bidding process had run its course, the highest bid came in at $1,515,000.

The $1,515,000 proceeds from selling the $3 million policy would enable the trustee to achieve several objectives. First, it would eliminate the drain on the trust's cash assets that were being used to make the premium payments. Secondly, after repaying the $500,000 loan and terminating a split dollar arrangement on the same policy, the remaining $1 million from the settlement could be invested. The growth from the new investments would help support the required premiums for the $2 mil. policy.

Key Take-Aways

- Trustees, CFPs, CPAs, attorneys and other fiduciary advisors cannot check their duty to the client at the door when it involves outsourcing the sale of the client's policy to a life settlement buyer. Fiduciary advisors are obligated to understand the distinct differences between **brokers** and **providers,** and why the choice they make (i.e. whether to use a broker, or sell the policy directly to a provider), could impact whether the client receives the highest possible value for their policy.
- While **life settlement brokers** have a fiduciary duty (per state law) to represent the policy seller's best interests when negotiating the sale of a policy in the secondary market, **life settlement providers** (direct buyers) do not. The provider's goal is to purchase the policy at the greatest possible discount.
- In this case, had the client's advisors chosen to partner with a less experienced life settlement broker, or had they sold the policy directly to a secondary market buyer (provider), the outcome may have resulted in a much lower purchase offer -- potentially resulting in a breach of their duty to serve the client's ***best interests***. Fortunately, the outcome in this case resulted in a **win-win-win (a win for the grantor, a win for the trustee, a win for the beneficiaries).**

As a fiduciary, the **trustee** was grateful that their insurance advisor helped vet and select **Asset Life Settlements** to broker the policy for the highest possible offer.

The **trustee** also credited the **insurance advisor** for quarterbacking a careful process that helped the entire team of advisors achieve a **"quinfecta" of fiduciary best practices.**