



Identifying Life Settlement Opportunities

The parameters for a life settlement can vary based on the variety of institutional pricing models. The majority of institutions begin reviewing candidates at age 65, but the ideal candidate is over age 70. The following are additional points to identify a potential case:

1. Client Circumstances

- A situation where a policy is under-performing and the advisor is looking for a method to fund new coverage or another product/service that better fits the client's current needs.
- A client with business insurance
- Key-man policy where the insured is retiring, selling the company and the business no longer needs the coverage.
- Payoff a company debt
- Changes in Deferred Compensation Program
- Bankruptcy forces liquidation of assets
- Client who needs to remove the policy from the estate due to a reduction in size or projected tax liability
- Strategy to create immediate liquidity for another venture or investment
- Client looking to create funds for charitable giving
 - Charitable Organization is looking to relieve itself from premium payments
 - Charitable Organization is looking for immediate gift vs. deferred gift
- Insured has outlived beneficiaries
- Premiums are unaffordable
- Insured Needs Funds for Long Term Care expenses

2. Insurance Parameters

- Face Amount of the policy is unlimited
- Policies with low cash value and zero to minimal loans are favorable
- All types of policies are able to be considered, including convertible term and survivorship

3. Key Settlement Factors when Valuing a Policy

- Cost of insurance (Annual Premiums)
- Age of the insured
- State the policy is domiciled

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4. Benefits to the Advisor

- Strengthen the client relationship by creating a better solution to fit their current needs
- Existing policy stays in-force (persistency and renewals)
- Use the settlement proceeds as an innovate approach to fund a new product or service
- Continue their fiduciary responsibility with their client by presenting this alternative to surrendering, lapsing, or a 1035 exchange
- Generate additional revenue from Life Settlement Term Conversions

The Settlement Process

Brookfield Insurance Partners is committed to working a life settlement case more efficiently than our competitors. Prior to completing our application, speak with a Brookfield Partners representative about your specific case.

1. Complete Brookfield Insurance Partners application/HIPPA and Insurance release forms.
2. Brookfield Insurance Partners collects the following client information, unless provided by the advisor.
 - Current Attending Physician Statements/Medical Records
 - Policy Illustrations
3. Our contracted Medical Director and Insurance Team will conduct a preliminary review of insurance and medical information.
4. If the client falls within the market parameters, the case will be sent out to third party underwriting sources and multiple pricing models within the Secondary Market
5. Brookfield Insurance Partners will negotiate the highest possible settlement offer to the client.
It is our fiduciary responsibility to act on behalf of the client.
6. This is a non-binding offer. If the offer is accepted, contracts and change of ownership forms will be sent to the advisor for completion by the policy owner.
7. Contracts are returned and the change of ownership is transferred from the former policy owner to the Funding Institution.
8. Funds are released to the former policy owner.
 - The typical life settlement case is between four and eight weeks.

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Taxation

The tax implications on a life settlement are similar to surrendering the contract back to the insurance carrier.

- Zero Tax up to Cost Basis
- Cost Basis to Cash Surrender Value treated as Ordinary Income
- Cash Surrender Value to Settlement Offer is treated as Long Term Capital Gains

Case Example:

Policy:	\$1,000,000 Universal Life
Settlement:	\$350,000
Cost Basis:	\$50,000 Zero Taxation
Surrender Value:	\$100,000 Taxed as Ordinary Income
Settlement:	\$200,000 Taxed as Long Term Capital Gains

Tax obligations will vary with the sale of an insurance policy. Neither Brookfield Insurance Partners nor any of their representatives provides tax advice or makes any representations as to the tax treatment of a sale of a life insurance policy. Brookfield Insurance Partners strongly encourages you to consult with your tax advisor, attorney or financial planner regarding your specific situation.

Case Examples:

Case 1:	Client: 70 year-old male Circumstances: \$2,000,000 UL policy with low cash value. Life Settlement Solution: Received \$360,000. Client purchased new life insurance with proceeds.
Case 2:	Client: 84 year-old male Circumstance: \$3,000,000 Term policy. Retiring Key-man policy no longer needed. Zero cash value. Life Settlement Solution: Received \$950,000. Client purchased annuity with proceeds.
Case 3:	Client: 79 year-old male Circumstance: \$1,500,000 UL policy. Estate size reduced and policy was no longer needed for tax purposes. Life Settlement Solution: Received \$421,000. Client used cash towards retirement.

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