



ANAHEIM
2009

The Annual Conference of the Financial Planning Community

TRACK:	<i>RISK MANAGEMENT & INSURANCE</i>
SESSION: 979026	LIFE SETTLEMENTS AS A FINANCIAL PLANNING TOOL
	SUNDAY, OCTOBER 11, 2009
	11:00 AM - 12:00 PM
PRESENTER:	Bryan Freeman
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An insurance and settlement industry veteran, M. Bryan Freeman originally established his first insurance agency some 25 years ago as an independent insurance agency. In 1989 he transacted his first life insurance settlement for a client and soon thereafter was regularly helping people receive cash settlements for their life insurance. Bryan rapidly came to focus almost exclusively as a broker for life settlements, with many of his clients' policies coming as referrals from insurance and financial professionals. In 2001, building on his experience in the secondary market for life insurance, Freeman established Habersham Funding LLC, which provides funds for settlement transactions. In his role as President of Habersham, through his prior brokerage company and as a four term President of the Life Insurance Settlement Association, Freeman is a frequent guest speaker on life settlements and related topics. His training development work also includes certified continuing education programs for insurance and financial professionals, case managers, physicians and nurses. He was educated at The Darlington School and The Georgia Institute of Technology (Georgia Tech).



Life Settlements as a Financial Planning Tool

October 11th, 2009

Presented by M. Bryan Freeman



Life Insurance is an Asset

- Life insurance should be actively managed.
- It has value beyond its cash value and death benefit.
- The need for it changes during an insured's lifetime.
- Manage life insurance assets to meet current needs.

Facts About Life Insurance

- According to national actuarial firm Milliman, less than 12% of all universal life policies pay a death claim.
- Across all types of life policies, only 7% of policies ever pay a claim. Term policies have less than a 1% claim payout.
- Billions of dollars of life insurance lapses every year.
- Billions of dollars of premium paid toward lapsing life insurance is forfeited by the policy owners every year.

Facts About Life Insurance

- When preparing to enter an assisted living facility many people lapse their life insurance to reduce monthly expenses.
- No one had informed them that life insurance is an asset that can be monetized beyond the policy cash value.

Facts About Life Insurance

- Due to declining interest rates over the past 20 years, most universal life, adjustable life & variable universal life policies are under-performing their originally illustrated policy values.
- Premium adjustment is needed to avoid policy lapse sooner than originally projected.

What is a Life Settlement and how does it work?

- Financial transactions in which existing life insurance policy owners sell unneeded or unwanted life insurance policies to a third party investor.
- Purchaser becomes the new owner and beneficiary of the policy. A bank or other entity may become a collateral assignee.
- Seller receives "Fair Market Value" for the policy.

What is a Life Settlement and how does it work?

- Purchaser becomes responsible for future premium payments.
- Life settlements create a secondary market for life insurance.
- Offers greater benefit than the insurance company can provide by way of a cash surrender.

What is a Viatical Settlement and how is it different from a Life Settlement?

- Life Settlement – the insured's life expectancy is over 24 months.
- Viatical settlement – the insured's life expectancy is 24 months or less.

The Life Insurance and Life Settlement Business Abused

Stranger Originated Life Insurance – STOLI

Public policy has moved against STOLI

Life Insurance Settlement Association
advocates strong anti-STOLI regulation

From Estate Planning, August 2006
Life Settlements: Risk Management Guidance for Professional Advisors & Fiduciaries

"Without question, the liquidity and fair market value benefits of life settlements significantly change the economics of traditional life insurance planning for seniors."

"In-force life insurance policies on older insureds now represent a "springing" multipurpose financial asset value..."

"Professionals must help their clients identify planning situations appropriate for life settlement."

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Is Your Client a Candidate?

- Assessment of client need for immediate cash
- Policy type and cash value
- Age + Health + Genetics + Life Style =
Life Expectancy

www.LifeSettlementForecast.com

1. The current age of the policyholder is	<input checked="" type="radio"/> 64 or younger <input type="radio"/> 65 to 69 <input type="radio"/> 70 to 75 <input type="radio"/> 76 to 80 <input type="radio"/> 81 to 85 <input type="radio"/> 86 or older
2. The gender of the insured is	<input checked="" type="radio"/> Female <input type="radio"/> Male
3. The current medical condition of the insured is	<input checked="" type="radio"/> No discernable health concerns <input type="radio"/> Healthy senior <input type="radio"/> Minor Health concerns <input type="radio"/> Serious Health concerns <input type="radio"/> Very serious health problems

www.LifeSettlementForecast.com

4. The type of policy is	<input checked="" type="radio"/> Whole life <input type="radio"/> Term life <input type="radio"/> Universal life <input type="radio"/> Variable life <input type="radio"/> Survivorship (both living) <input type="radio"/> Survivorship (one deceased)
5. Is there a loan against the policy?	<input checked="" type="radio"/> Yes <input type="radio"/> No
6. The policy's cash surrender value as a percentage of coverage is	<input checked="" type="radio"/> 30 percent or more <input type="radio"/> 20 to 30 percent <input type="radio"/> 10 to 20 percent <input type="radio"/> 10 percent or less
7. The policy's annual premium as a percentage of coverage is	<input checked="" type="radio"/> 4 percent or more <input type="radio"/> 3 to 4 percent <input type="radio"/> 2 to 3 percent <input type="radio"/> 1 to 2 percent

Submit Query Reset

Reasons to Consider a Life Settlement

- Insurance no longer needed in Estate Plan.
- Insured has outlived his/her beneficiaries.
- Alternative to lapse or surrender for little or no value.
- Premiums are too high. Some term policies qualify.
- Modern, more efficient life insurance may be available.
- Alternative to reverse mortgage.
- Changes in tax law.

Life Settlements in Financial Planning

- Funds for medical expenses or non-covered alternative treatment.
- Funds for living expenses.
- Funds for assisted living.
- Purchase survivorship policy more efficiently.
- Charitable donation while living.
- Settlement proceeds to purchase significantly more life insurance.

Contact Information



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