



Life Insurance Restructure Case Study

Client Scenario

Male age 69

Irrevocable Trust created in 1998 to create liquidity

Trust owns a Lincoln \$4,200,000 Individual Variable Life Insurance Policy (preferred rates)

Present Insurance Plan

Current projections from Lincoln revealed:

- No premium outlay. Death Benefit ends at age 76 but is only guaranteed to age 72.
- Revised premium of \$133,000 needed for death benefit ends at age 99, but only guaranteed to age 76.
- Cash surrender value of \$511,000.

Client Objective

Guaranteed death benefit to remove the risk of an increased premium or the coverage ending.

Revised Insurance Plan

Monetize current contract. Client is too healthy for “rated annuity” and no offers were received for the sale of the contract (life settlement). Therefore, cash value of \$511,000 from Lincoln policy was rolled into a **new** ING individual life contract (1035 Exchange).

Issued a new ING individual life contract: \$4,200,000 Death Benefit, Annual premium \$62,000, and policy projected to clients death and guaranteed to age 110.

Value to the Client

New policy guaranteed to age 110 (prior policy guaranteed to age 76).

Reduced premium by 53% (from \$133,000 to \$62,000).

Client controls the premium and death benefit due to increased guarantees.

Internal Rate of Return (IRR) at life expectancy (age 92) is 11% (18% pretax equivalent).

The case study results are for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required. No representation is made as to the accurateness of the analysis.

601-414-4455

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