

OPTIONS FOR CLIENTS WHO NO LONGER WANT OR NEED INSURANCE



	Surrender	Restructure	Exchange to New Policy	Exchange to Annuity	Life Settlement
Overview	<ul style="list-style-type: none"> • Get cash surrender value • Income tax due on gain • If cost basis exceeds cash surrender value, lose unrecovered basis 	<ul style="list-style-type: none"> • Mold to a new use or to make self supporting • Reduce death benefit to let grow or to allow for income from policy • Reduce death benefit so policy is self supporting 	<ul style="list-style-type: none"> • Alternative to Keep • Single premium guaranteed maximum death benefit structure • Single premium minimum death benefit structure for distributions 	<ul style="list-style-type: none"> • Option if unwilling to keep life policy in any fashion • Full cost basis transfers to annuity • On existing annuity, infusion of basis can help offset existing annuity gains 	<ul style="list-style-type: none"> • Usually requires health decline since policy issue • May get offer that is less than the death benefit and greater than cash surrender value
Considerations	<ul style="list-style-type: none"> • No underwriting • May incur surrender charges • Modified Endowment Contract (MEC) and/or policy loans could trigger additional tax liability 	<ul style="list-style-type: none"> • No underwriting • May require carrier approval • Could incur surrender charges on face reduction • Watch for MEC especially on survivor policies 	<ul style="list-style-type: none"> • Requires underwriting • May incur surrender charges • Watch for policy loans and/or MEC on existing policy 	<ul style="list-style-type: none"> • No underwriting • May incur surrender charges • Surrender value must be greater than zero 	<ul style="list-style-type: none"> • Requires Attending Physicians Statements (Medical Reports) underwriting – no physical • Only certain policies will be desirable • Carrier ratings may impact availability
Planning Module	Obtain Inforce Ledger	Obtain Inforce Ledger	Design Supplements	GRIP (Guaranteed Retirement Income Plan)	PAR (Policy Appraisal Report)