

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