STONE POINT FINANCIAL GROUP
CASE STUDY

REVIEW MAXIMIZES THE VALUE OF KEY EXECUTIVE'S INSURANCE PORTFOLIO

THE SITUATION

Ray Thomas, age 63, is a partner at a Big 4 accounting firm where he purchased a Group Variable Universal Life (GVUL) insurance policy made available to the partners of the firm. The policy had a $1 million death benefit with approximately $100,000 in cash value. The policy was portable allowing Ray to continue the policy into retirement.

Ray also had six personally-owned whole life policies with a total death benefit of over $2.5 million and annual premiums totaling $70,000. Also, Ray and his wife, Jean, each had traditional long-term care policies where annual premiums of $9,622 for both policies were required to be paid for both their lifetimes.

Ray's investment advisor introduced him to us to evaluate his life insurance policies. Ray is preparing to retire and his intention is to keep a total death benefit of $3 million to protect his pension income and provide for his heirs in the most affordable manner.

THE PROBLEM

After gathering and analyzing policy details, we discovered:

GVUL POLICY: The premiums would increase substantially every five years through age 79, and then annually beginning at age 80.

WHOLE LIFE POLICIES: The dividend crediting rate on the policies had declined significantly since purchase, requiring Ray to continue making ongoing premium payments much longer than originally planned.

LONG-TERM CARE POLICIES: The policies' premiums were increasing every few years and were expected to do so again the following year.

THE TAKEAWAY

Had we not performed a full review of Ray's insurance portfolio, he would have likely paid for insurance for several more years and the policies, if left untended, could have lapsed without value before his life expectancy.

THE SOLUTION

Keeping in mind Ray's goal of a $3 million legacy to protect his pension income, provide for his heirs, and his desire to reduce premium payments, we researched and proposed the following strategy to provide greater efficiency in his insurance portfolio.

- Ray was in excellent health and applied for a Variable Universal Life (VUL) policy with a lifetime guaranteed death benefit.
- Ray qualified for a preferred best rate class and we performed a tax-free 1035 exchange on his existing contracts to purchase a $3,410,691 VUL policy. The death benefit is lifetime guaranteed and no further premiums will be owed.
- Ray and Jean each qualified for a new hybrid long-term care policy with inflation protection. They were able to use a tax-free 1035 exchange to fund these contracts from their existing contracts with no additional premiums required.

SUMMARY

	ORIGINAL DESIGN	PROPOSED PLAN
Policy	7 in-force life policies & 2 in-force LTC policies	1 new life policy 2 new hybrid LTC policies
Annual Premiums	$82,822 and increasing	$0
Guaranteed coverage age	Age 100: Not guaranteed	Lifetime guaranteed
Cash value	$1,016,771	Fluctuates with market
Death benefit	$4,273,434	$3,410,691

[1] Client name has been changed to protect confidentiality. | The information presented here is for educational purposes only and actual results may vary. Variable Universal Life Insurance products are sold by prospectus. A prospectus is available from your insurance professional. Clients are advised to read the prospectus in full before investing. Securities offered through Valmark Securities, Inc. Member FINRA/SIPC. 130 Springside Dr., Akron, OH 44333. (800) 765-5201. Stone Point Financial Group is a separate entity from Valmark Securities, Inc. and Valmark Advisers, Inc.

CONTACT: TOM FAY, CLU®, ChFC® | 312.445.9440
TFAY@STONEPOINTFG.COM | WWW.STONEPOINTFG.COM