MEET BRIAN LANGFORD,

A MAN FACING A DILEMMA

Almost 25 years ago Brian Langford formed and funded a Trust which took out a whole life policy on his life – with a current death benefit of $4.7 million. This was good and proper estate planning. But now, at age 80, Brian is long retired with diminishing liquid assets and he is worried about being able to keep funding the trust to pay the premiums to keep the policy in force. He also wants to set up a couple of trusts for his grandchildren. The policy has built up over $2.5 million in cash value over the years, but now he faces a dilemma as to what to do with it and how he can get the money he needs.

WHAT ARE HIS OPTIONS?

#1 - Surrender the policy. Surrendering the policy would give him access to its cash value, but there would still be a significant tax liability (over $400,000) to worry about. Worst of all, it wouldn't leave a penny in death benefit for his family.

#2 - Take out a loan from the policy cash value. Doing this would give him enough short term cash on hand, but he'll still be responsible for the policy's premiums—while worrying whether the carrier's variable interest rate would increase over the time adding to the amount owed on the loan.

#3 – Sell the policy in a life settlement. This would generate plenty of cash to cover Brian's current need and eliminate the premium expense. But, the sale proceeds are taxable just like a surrender and Brian's heirs are out of luck – no more death benefit.

SO WHAT IS THE BEST THING FOR BRIAN TO DO?

What did Brian do? He got in touch with his agent, who introduced him to Fair Market Advisory Services. ("Fair Market Advisors") They arrange a proprietary, tailored non-recourse fixed-interest loan designed to help people in predicaments like Brian's. FairMarket Advisors was able to design a loan for Brian that allowed him to:

- Keep ownership and beneficial interest of his policy in the trust. No change of ownership or beneficiary as in a settlement.
- Receive $2.3 million in cash loan proceeds at closing—tax-free, unlike a surrender or settlement. (The policy was converted by the lender to a reduced paid up status so that no further premiums were required, thus avoiding those amounts being added to the original loan principal which would reduce the family's on-going interest in the death benefit.)
- Provide his family a net death benefit interest starting at $1,200,000. (See Attached Schedule.)

Brian's other options didn't come close to checking all of the boxes that this loan from FairMarket Advisors was able to. Brian was able to stop making premium payments, get the money he needed, (without worrying about taxes!) and still leave his family with an on-going interest in the policy's death benefit. Now that is a solution!

POLICY BENEFICIARY INTEREST (ESTIMATED)

YEAR	AGE	POLICY BENEFICIARY INTEREST (ESTIMATED)
23	80	$1,200,000
24	81	$1,100,000
25	82	$960,000
26	83	$850,000
27	84	$725,000
28	85	$600,000
29	86	$460,000
30	87	$310,000
31	88	$150,000
32	89	$40,000
33	90	$40,000
34	91	$40,000
35	92	$40,000
36	93	$40,000
37	94	$40,000
38	95	$40,000
39	96	$40,000
40	97	$40,000
41	98	$40,000
42	99	$40,000
43	100	$40,000