

# LOAN FOR LIFE™ WHOLE LIFE RELIEF PROGRAM!

- **Relieve Clients:** Do you have a client with a loan on their whole life policy?
- **No High Interest:** Are your clients suffering from high interest rates attached to those loans?
- **Retain Death Benefit:** Are your clients tired of paying premiums but want to retain a portion of their death benefit?

**NEW**

## How to Qualify?

- ✓ Policy in force minimum of 2 years
- ✓ No age or health requirements
- ✓ \$150,000+ of cash value or loans



**ASK PETER - HE RECEIVED \$15,000 IN CASH, PAID OFF HIS LOAN, & RETAINED A PORTION OF HIS DEATH BENEFIT!**

Peter was a Northwestern Mutual agent who had 13 whole life policies with a gross cash value of \$935,000 and total face amount of \$2,100,000. Over the years, he has accumulated \$880,000 worth of loans. It is necessary for him to pay 8% in interest or it will greatly increase the size of the loan over time. Using the program, Peter got his entire loan paid off, was able to pocket \$15,000 with no tax consequences and kept up to \$1,000,000 in death benefit without ever having to pay a premium again.

## **WE WORK FOR YOU**

**OUR JOB IS TO NEGOTIATE THE BEST VALUE FOR YOUR CLIENT'S WHOLE LIFE POLICY. WE ARE SUCCESSFUL IN GETTING CLIENTS UP TO 95% OF CASH SURRENDER VALUE FOR THEIR WHOLE LIFE INSURANCE POLICIES. WE HAVE STREAMLINED THE PROCESS AND ARE ABLE TO GET A CASH PAYOUT FOR YOUR CLIENTS WITHIN 1 TO 2 WEEKS OF APPLICATION.**

**800-557-4881 | [sales@harborlifebrokerage.com](mailto:sales@harborlifebrokerage.com)  
[harborlifebrokerage.com/loan-for-life-program](https://harborlifebrokerage.com/loan-for-life-program)**

## How is our “Loan for Life™” a better option than a traditional policy surrender?

### Policy Surrender

When you surrender your policy back to the insurance company you will be paid 100% of your current cash surrender value, that may or may not cause a taxable event. If your cash surrender value is more than your policy cost basis, you may owe the government taxes on the gain in your policy. And you will have no future policy coverage for beneficiaries.

When you surrender your policy back to the insurance company you have no future premium obligations, but no future policy coverage for your beneficiaries.

If you have a carrier loan on your policy when you surrender your policy back to the insurance company, the loan will be paid off out of your surrender value, BUT at the end of the year you will receive a 1099 from the insurance company; and if some of the loan that was paid off includes taxable gain, you will owe money to the government.

### “LOAN FOR LIFE™”

When you choose “Loan for Life™” you can get as much as 100% of your cash surrender value (less the Lender’s fees and expenses), but there is NO taxable event, AND you keep a portion of your coverage for your beneficiaries for life.

When you choose “Loan for Life™” you can choose to have no future premium obligations, (Lender will pay) but you have future policy coverage for your beneficiaries.

When you choose “Loan for Life™”, the lender refinances your policy loan into the “Loan for Life™”, on a non-taxable basis and you get all the benefits described above: no future premium obligations, continued coverage for beneficiaries, a fixed interest rate and no taxable event.

### Policy Surrender

### “LOAN FOR LIFE™”

Continued Premiums

**x**

**x**

Continued Coverage for Beneficiaries

**✓**

**x**

Current CSV Received

100%

As much as 100% of CSV (less Lender fees)

Carrier Loan repayment

May cause taxable event

Refinance carrier loans, no taxable event

**Not available in all states. Contact us today to see if your policy qualifies.**

Harbor Life Brokerage has been appointed by FairMarket Advisory Services as an authorized Distributor of the Loan for Life™ program..



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## 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 Harbor Life Brokerage, which is an authorized distributor of Loan for Life™ program. The program is a proprietary, tailored non-recourse fixed interest loan designed to help people in predicaments like Brian's. Harbor Life Brokerage 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 Loan for Life™ 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



## DO YOU NEED CASH?

DO YOU HAVE A WHOLE LIFE POLICY WITH \$250,000 OF CASH OR MORE?

Harbor Life Brokerage has been appointed by FairMarket Advisory Services as an authorized Distributor of the Loan for Life™ program.

## How does the Loan for Life™ program work?

1

CVLC Lends against whole life cash value so that the client can use the funds tax free.

2

The current owner stays as owner, the lender becomes a collateral assignee at the carrier.

3

The value and the maturity payout are the only collateral required.

### How is the Loan for Life different than a bank/ policy loan?

- The Interest is fixed at 5-6% for the entire term of the loan.
- There are no credit checks and no medical underwriting is required.
- There are no interest payments due.
- There is no tax consequences to the owner due to not allowing the loan balance to exceed carrier payout.

### How is our Loan for Life™ a better option than a traditional policy surrender?

When the insured(s) pass(es), the loan balance is calculated, and the loan paid is off from the carrier to release the collateral assignment. The balance of the retained insurance coverage inside the policy goes to the beneficiary of choice as determined by the owner of the policy. This is what differentiates our program vs a normal surrender. The policy owner gives up their coverage when they surrender the policy to the carrier.

# BANK LOAN VS. LOAN FOR LIFE™

Here is a comparison of a traditional bank loan against a policy versus a Loan For Life™, which may be a better option for your Client. Make sure you consider all options before making a decision.

	BANK LOAN	“LOAN FOR LIFE™”
<b>COMMITMENT AMOUNT</b>	\$100,000-55,000,000	\$150,000-No maximum
<b>LOAN INTEREST RATE</b>	Variable 3.25%-9.50*	5%-6% Fixed
<b>LOAN TERM</b>	24-60 months	Permanent - To earlier of policy maturity date or passing of Insured
<b>CASH ACCESSIBILITY</b>	Line of Credit may require an account at bank. Use of funds may be restricted to business purposes.	100% of Loan Proceeds Paid at Closing. No Need Open an Account or To Disclose Use.
<b>CREDIT CHECK</b>	Generally required.	No credit check required
<b>INTEREST PAYMENTS</b>	Paid current or accrued.	Paid current or accrued.
<b>COLLATERAL REQUIREMENTS</b>	Policy plus additional including personal guarantee.	No collateral other than policy ever required.
<b>LOAN BALANCE</b>	Can exceed cash value and result in a foreclosure which can trigger tax liability.	Can never result in foreclosure, even if it exceeds cash value
<b>LOAN RENEWAL</b>	At Lenders option. If not renewed, Loan becomes due. If Policy foreclosed, Borrower may suffer tax liability.	Loan is permanent, no renewal issue/no foreclosure/tax liability.
<b>PREMIUM PAYMENTS</b>	Generally required by Owner. Bank may advance premiums but is not required to do so.	Owner has the option to make payments. If not Lender guarantees to do so.
<b>APPROVED CARRIERS</b>	Guardian, John Hancock, Mass Mutual, MetLife New York Life, Northwestern Mutual, Ohio National, Penn Mutual Life.	Guardian, John Hancock, Mass Mutual, MetLife, New York Life, Northwestern Mutual, Ohio National, Penn Mutual Life, and many others.

\*Prime Rate Range 2001-2020 (JP Morgan)

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## **CURRENTLY APPROVED STATES**

(ADDITIONAL APPROVALS IN PROCESS)

- Alaska
- Arkansas
- Arizona
- Colorado
- Florida
- Kentucky
- Maryland
- Massachusetts
- Maine\*
- Michigan
- Mississippi
- Nevada
- New Jersey
- New Mexico
- North Carolina
- Ohio
- Oklahoma
- Pennsylvania\*
- South Carolina
- Virginia
- Wyoming
- (Washington D.C.)

\*States that require loan broker licensing to receive compensation.



## CHECKLIST



### ILLUSTRATION #1

Pay off any policy loan first\*, then scheduled WL premiums to maturity, using dividends to purchase paid up insurance.



### ILLUSTRATION #2

Pay off any policy loan first\*, reduced paid up with no future premiums, using dividends to purchase paid up insurance.



### ILLUSTRATION #3

Illustrate the policy as is.



### CURRENT POLICY STATEMENT

Separate from illustration to show current values.



### COST BASIS OF POLICY

If not included in the account statement.

\*If no policy loan exists, please disregard this portion of the request. Also, if the policy is already paid up, we only need Illustration #1



## Loan for Life™ FAQ's

### What is a “Loan for Life™”?

A “Loan for Life™” is a non-taxable, non-recourse fixed interest rate loan against a whole life insurance policy, which is secured ONLY by the Policy – there are no additional collateral or personal guarantees required. The term of the loan is fixed at the earlier of the policy maturity date or death of the insured.

### Does my client's policy qualify for a “Loan for Life™”?

Yes, If you have a client with a whole life insurance policy with a cash account value of \$250,000 to \$10,000,000+. In some cases, we will consider policies outside of those parameters.

### How do you determine how much cash a client can borrow against their policy?

The amount the Owner can borrow and how much beneficial interest they keep is determined by the Lenders individual underwriting which considers a number of different factors including: the cash value, the death benefit amount and interest rate of existing policy loan (if any), dividend/crediting rates, premium cost, and historical policy performance.

### What types of policies qualify?

Whole life insurance policies which have been in force for more than 2 years. Contact us today to see if your client's policy qualifies.

### After loan closes, is my client restricted on how they can use the cash proceeds?

No, there are no restrictions on how your client can use the funds they receive from the loan.

### Are the proceeds from the loan taxable?

No, the loan proceeds from the policy are not taxable

### What are some of the reasons why my client might consider a Loan for Life™?

- The policy is no longer needed or wanted
- Premium payments have become too expensive
- May need funds to pay personal expenses
- Estate planning needs may have changed
- Policy is at risk of lapsing due to existing policy loan from the carrier

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### Will my client incur any costs/fees in order to receive an offer?

NO, there are no costs or fees charged to your Client (or to you).

### What happens to the policy the loan closes?

The policy ownership and beneficiary remain unchanged. Future premiums will, upon request, be paid by the Lender and added to the loan amount due. The Client's beneficiary will retain an interest in the death benefit, which will be paid (tax-free) by the Carrier upon the death of the insured.

### Is my client's personal information kept confidential?

Yes, all financial and other personal information obtained during the course of the transaction is treated with the utmost confidentiality and will not be disclosed to any unauthorized party.

### How long does the offer and closing process take?

With the correct submission documentation, you and your client will receive an offer in 5-10 business days. Following

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## COMPARE AND CONTRAST

In summary, through all three stages of the transaction process, “Loan for Life™” is simple, faster and way less intrusive on your Client’s privacy

### BY APPLICATION PROCESS

	LIFE SETTLEMENT	“LOAN FOR LIFE™”
INSURED AGE ELIGIBILITY	70	No Minimum
HIPPA RECORDS REQUIRED	✓	✗
MEDICAL RECORDS REQUIRED	✓	✗
LIFE EXPECTANCY REPORTS	✓	✗
LICENSED BROKER REQUIRED	✓	✗
TIME TO PREPARE APPLICATION	3 Weeks Average	3 Days

### BY OFFER/APPLICATION PROCESS

	LIFE SETTLEMENT	“LOAN FOR LIFE™”
LICENSED BROKER REQUIRED	✓	✗
REQUIREMENT TO SECURE MULTIPLE OFFERS	✓	✗

### BY CLOSING PROCESS

	LIFE SETTLEMENT	“LOAN FOR LIFE™”
CHANGE OF OWNERSHIP/ BENEFICIARY	✓	✗
INSURED CONTINUING CONTACTS REQUIRED	✓	✗
INSURED POA REQUIRED	✓	✗
BANK ESCROW AGENT INTEGRATED	✓	✓
OWNER PROCEEDS TAXABLE	✓	✗
POST CLOSING MONITORING OF INSURED HEALTH	✓	✗

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## MEET ARTHUR , A MAN IN A TERRIBLE PREDICAMENT

Arthur Benson bought his whole life insurance policy many years ago for a lump sum of \$1.9million. It's now worth over \$5.4 million of cash value and has a death benefit of \$7.1 million. He's in great health. Well, that's great, right? ...So what exactly is the problem?

The problem is that just 5 years ago, Arthur took out a policy loan of \$3.5 million to help purchase an investment property. The insurance carrier has been charging him an 8% interest rate and the loan has already accrued to nearly \$5.1 million, a sum he can't begin to pay off. In fact, if he doesn't pay the interest each year (which he can't) then the policy will lapse and terminate in just a few years. This will eliminate his \$7.1 million tax free death benefit and trigger income taxes on a \$3.5 million gain! WHAT!?! How could something so good take a turn so bad?

If Arthur is having trouble paying just the interest, do you think there's any way he'll be able to pay ordinary income taxes on \$3.5 million? What about the penalties? Yeah, he's got a problem...

## SO, NOW WHAT? WHAT ARE HIS OPTIONS ?

#1 - If he were to surrender the policy now instead of waiting for it to collapse, he'll at least get around \$150,000 of surrender value to help offset the nearly \$1.4 million in taxes. There will be no death benefit. Ouch and Ouch.

#2 - He could sell his policy in a life settlement. Assuming he were able to qualify for one, that would allow him to get about the same amount of cash as a surrender. The settlement buyer would want to pay off Arthur's policy loan immediately after purchase resulting in a very large initial investment so it's unlikely Arthur's family would receive any interest in the death benefit. He wouldn't have to worry about paying premiums and keeping the policy active... but what about Uncle Sam? Under the tax rules for settlements, Arthur would still have reportable taxes due from the inside income gain on the policy—which he still can't afford.

## OKAY, SO WHAT THE REAL OPTION FOR ARTHUR?

#3 – The third option (and, you guessed it, the best one!) was for Arthur to talk to his agent about Harbor Life Brokerage who is an authorized distributor of the "Loan for Life™" Program which specializes in proprietary, tailored loans designed to solve predicaments like Arthur's. Under the Program, a non-recourse, fixed interest loan is designed to:

1. Keep Arthur as the owner of his policy, eliminate any taxable event, and let him keep his beneficiaries in place.
2. Never require any out-of-pocket premium payments, obligations or personal liability for the loan.
3. Refinance the massive policy loan in full on a tax-free basis, lowering his interest rate and ensure that the policy never lapses, regardless of how long Arthur lives.
4. Pay Arthur \$50,000 in net loan cash proceeds upon closing.
5. Provide his beneficiaries with a net death benefit interest starting at \$1,950,000. (See Attached Schedule.)



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Now that is a solution! No Uncle Sam, no loss of policy, cash in hand, future tax-free money for his family, and best of all: peace of mind.

## POLICY BENEFICIARY INTEREST (ESTIMATED)

YEAR	AGE	POLICY BENEFICIARY INTEREST (ESTIMATED)
2021	77	\$1,950,000
2022	78	\$1,880,000
2023	79	\$1,820,000
2024	80	\$1,640,000
2025	81	\$1,520,000
2026	82	\$1,380,000
2027	83	\$1,240,000
2028	84	\$1,100,000
2029	85	\$910,000
2030	86	\$710,000
2031	87	\$501,000
2032	88	\$270,000
2033	89	\$50,000
2034	90	\$50,000
2035	91	\$50,000
2036	92	\$50,000
2037	93	\$50,000
2038	94	\$50,000
2039	95	\$50,000
2040	96	\$50,000
2041	97	\$50,000
2042	98	\$50,000
2043	99	\$50,000
2044	100	\$50,000
2045	101	\$50,000
2046	102	\$50,000
2047	103	\$50,000
2048	104	\$50,000
2049	105	\$50,000