

REVIEW SAVES AN UNDERPERFORMING POLICY AND REALIGNS COVERAGE WITH CLIENT OBJECTIVES



THE SITUATION

Jim MacDonald¹, age 61, is a senior executive with a telecommunications company. Ten years ago, he purchased a \$765,000 Variable Universal Life (VUL) policy for wealth protection purposes. The policy had an increasing death benefit feature. According to the original plan design, the projected death benefit at age 87 was \$3.2 million. Jim's Valmark Advisor had arranged for the policy to be managed and monitored by the Valmark Policy Management Company (PMC).



WHAT WENT WRONG

While preparing Jim's annual policy review, the PMC team discovered that Jim had been paying premiums that were far less than the planned amount. As a result, the guaranteed coverage age dropped from age 80 to age 75 and the cash value and projected death benefit were significantly behind the original projections. If left untended, the policy would have lapsed prematurely.



SUMMARY

	ORIGINAL DESIGN	CURRENT PERFORMANCE
ANNUALIZED PREMIUM	\$25,000	\$11,101
GUARANTEED COVERAGE	80	75
AGE CASH VALUE	\$199,585	\$107,696
INCREASING DEATH BENEFIT	\$3,272,912	\$1,372,192



THE SOLUTION

The PMC team determined that Jim's options were to either increase the amount of premium payments to restore the policy's guarantee, or replace the policy with a more efficient design. In reviewing the policy review with his advisor, Jim explained he was most interested in accumulating cash value in the policy but didn't want to increase his premium payments. The PMC Team performed a market study and found that Jim could achieve his objective with a replacement policy that had a more efficient design and lower premium amount.



THE OUTCOME

With the new policy, Jim saved \$500 per year in premiums, extended the guaranteed coverage age to his full life expectancy, and was able to get back on track with accumulating cash value. He said that had he not had the policy review, he wouldn't have been aware of the policy's under-performance, and would have risked having the policy lapse at age 75.



CONTACT US • BEAUPORT FINANCIAL SERVICES • 978-283-0748

¹ Client name has been changed to protect confidentiality.



Fee based planning offered through Beauport Financial Services, LLC A MA State Registered Investment Advisor. Third Party Money Management offered through ValMark Advisers, Inc., an SEC Registered Investment Advisor. Securities offered through ValMark Securities, Inc., Member FINRA, SIPC 130 Springside Drive Suite 300 Akron, OH 44333-2431 800.765.5201. Beauport Financial Services, LLC is a separate entity from ValMark Securities Inc. & ValMark Advisers, Inc.