



PROFILES IN VALUE

Case Studies in the Secondary Marketplace for Annuities from J.G. Wentworth

To Be Vital, You've Got to Be Flexible

The problem seemed insoluble.

Jim needed some of the retirement income his annuity provided, but not all of it. And he needed cash, fast. It wasn't poor financial planning; it was that life changed for Jim in a way he could not anticipate.

In this case it was Jim's son, Nathan, who had started a custom car shop. Business was booming, but Nathan needed some gray hair on the sales floor, someone he could absolutely trust, and

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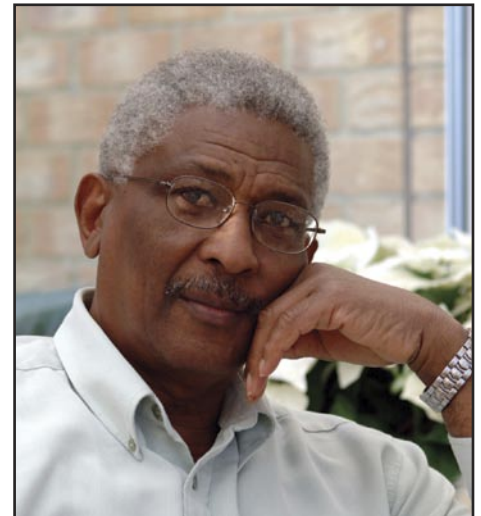
a little bit of growth capital. Jim was perfect for the job, but could not seem to get the numbers to work right. Years earlier, before his wife died, his advisor Susan helped him select an annuity that would offer monthly payments of \$7,865

guaranteed for 20 years or the rest of his life for a premium of \$1.2 million. With the salary Nathan could offer him, Jim didn't need the full monthly payment. At the same time the up front premium had sapped almost all of his liquid investments making it difficult to fund an equity investment in his son's business.

Jim felt handcuffed by his annuity.

Susan, his advisor, crafted an alternative for her client in the emerging secondary market for annuities which deftly solved all of Jim's challenges. In the ensuing transaction, Jim sold 5 years' worth of partial annuity payments – \$2,713 of his \$7,865 monthly payment – for a lump sum of \$137,000, about what his son Nathan needed to finance new capital equipment purchases. During this 60 month period, Jim would continue receiving \$5,152 a month from the annuity, and after the five year period was up, Jim would again begin receiving the full \$7,865 monthly payment.

Jim obviously hoped the new venture would work out and that he wouldn't need the full payment, but knowing it was there gave him enormous peace of mind. He later said to Susan, "You gave



me so much more than access to cash. Knowing the income I need will be there five years from now, allows me to work smart instead of scared, and in the long run, that's going to make all the difference in the world, not only to me, but to my son Nathan as well." 