



# PROFILES IN VALUE

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

## Never Surrender...

John B. grew his auto parts distribution business, Auto PARTners, Inc. very carefully. So carefully in fact that the associates he took on to succeed him – David G. and Patricia C. – took out key man life insurance in the event of his untimely death. The life policy was funded through a \$514,021 single premium deferred annuity, with a guaranteed rate of 5.25%, whereby the company “stripped out” the interest income each year to pay the premium on John’s key man policy.

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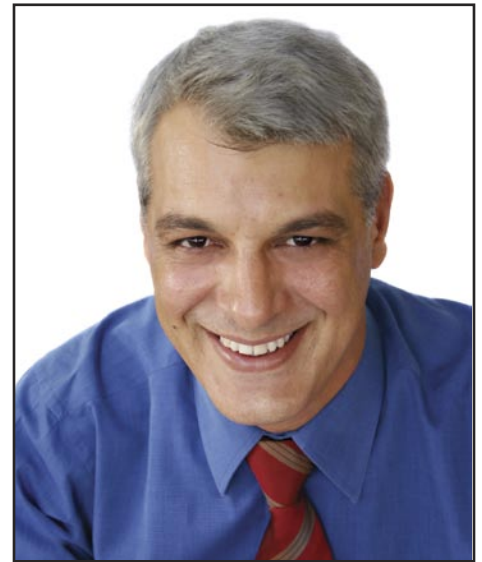
When John B. ultimately decided to retire, the company was going to let the life insurance policy lapse, so they no longer needed the annuity. In fact, the cash in the annuity could provide capital to pursue growth initiatives, if they could access it. The challenge was that even though the current value of the annuity

was \$506,212, the surrender value of \$476,114 represented a “haircut” of over \$30,000. In addition, the annuity policy stated that the insurance company reserved the right to delay the payment of the proceeds for up to six months.

With uncanny timing, John’s broker had recently contacted him to see how everything was going with the business and to introduce a new solution to him – The J.G. Wentworth Annuity Purchase Program™. It was something that none of the partners had heard about previously, but it couldn’t have come at a better time.

“We were just going to bite the bullet,” Patricia told the broker. “The company had opportunities available, and with John getting out of the business, we had to act fast.” But rather than submit the surrender paperwork they had completed, the broker, through his Brokerage General Agent requested a quote from J.G. Wentworth. Could they enjoy some “price improvement” over the insurance company’s surrender value and could they get their money faster?

In the ensuing transaction, Auto PARTners, Inc. received total proceeds of \$482,202 net of all commissions – over \$6,000 more than the surrender value – and received all of their cash in two weeks.



Inside a month, they had put the cash to work with a new inventory management system that would help drive down costs and improve margins. Says Patricia, “through the secondary market, we were off to the races before we would have even gotten out of the starting gate with the insurance company, and we recouped the maximum amount possible for our annuity.” 