

Sample Solicitation Letter For “Generic Charity”

**DON'T CANCEL YOUR TERM INSURANCE,
MAKE A GIFT TO GENERIC CHARITY.**

In recent years, life insurance companies have issued term insurance policies with level premiums for the term of the contract. Because mortality rates increase as you age, this means that insurance companies “overcharge” in the early years, and “undercharge” in the later years of a level-premium term insurance policy.

So, in theory, if you lapse a term insurance policy before the end of its term, there is an “actuarial value” in the policy equal to “the excess of expected future death benefits over expected future premium collections.”

Wall Street investors are now willing to buy the balance of term insurance policies that you might be lapsing, and the balance of cash value policies (whole life, universal life, variable life) that you might be lapsing. These are called **“Life Settlements.”**

There may be an “actuarial value” in your life insurance policy if you are age 65 or older, or if you have a health impairment, and your life expectancy is less than 15 years.

If you are considering lapsing a **term insurance policy** (which has no cash value), you can donate it to Generic Charity. Generic will sell the policy for its “actuarial value,” and you will receive a “charitable donation” for the amount of the actuarial value.

If you are considering lapsing a **cash value life insurance policy**, you can donate it to Generic Charity. Generic will sell the policy for its “actuarial value,” and you will receive both the cash value and a “charitable donation” for the actuarial value.

In some cases, these “actuarial values” are 10% to 20% of the face amount of insurance (death benefit on a term policy, excess of death benefit over cash value on a cash value policy). They are heavily dependent on the insured’s current age and health condition.

(continued)

Recent Case Examples:

1. A man age 68 received a Life Settlement of \$120,000 on a \$750,000 term policy.
2. A man age 69 received a Life Settlement of \$400,000 on a \$3,000,000 term policy.
3. A man age 67 received a Life Settlement of \$52,500 on a \$500,000 universal life policy with \$36,000 of cash value, increasing his return by \$16,500.
4. A man age 65 received a Life Settlement of \$525,000 on a \$4,000,000 universal life policy with \$90,000 of cash value, increasing his return by \$435,000.
5. A man age 82 received a Life Settlement of \$1,200,000 on a \$10,000,000 universal life policy with no cash value, increasing his return by \$1,200,000.

If the man in Case 1 had donated his policy to Generic, Generic could have received a gift of \$120,000 and the donor could have received the tax benefits of a charitable donation of \$120,000.

If the man in Case 4 had donated his policy to Generic, Generic could have received a gift of \$435,000 and the donor could have received both his cash value of \$90,000 and the tax benefits of a charitable donation of \$435,000.

If a donor needs to retain part of any Life Settlement proceeds, Generic Charity will divide the Life Settlement proceeds in the proportions designated by the donor.

If you are considering lapsing a term insurance or cash value life insurance policy, please contact _____ at the Generic Charity Development Office, and we will send you the forms to determine the Life Settlement value of your life insurance policy.