MAGNA LIFE SETTLEMENTS

RETAINED DEATH BENEFIT SETTLEMENT

FREQUENTLY ASKED QUESTIONS

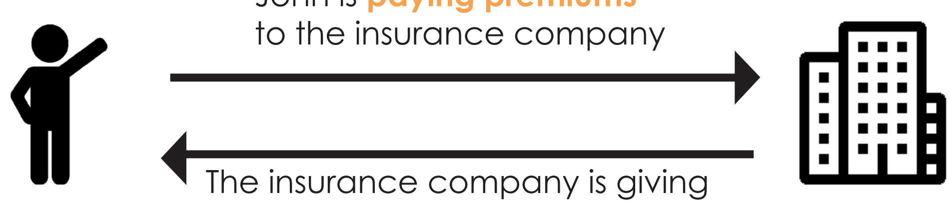
Q: HOW DOES A RETAINED DEATH BENEFIT (RDB) SETTLEMENT WORK?

A: A retained death debefit (RDB) is an ideal solution for an individual who wishes to eliminate premium payments on an existing life insurance policy, while retaining a portion of their life insurance coverage.

To better understand how this transaction works, read the following hypothetical example:

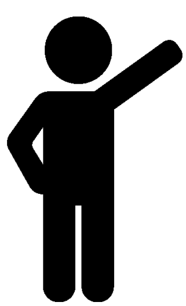
John Doe is 86 years old and currently owns a **US$5,000,000 universal life insurance policy** on his life.

John is **paying premiums** to the insurance company



The insurance company is giving $5M in Life Insurance **coverage**

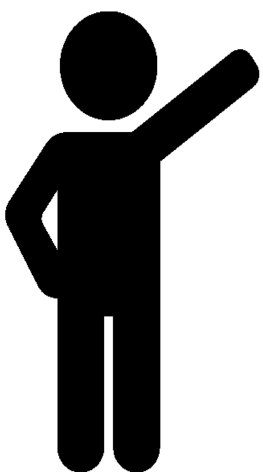
John is **no longer able to afford premium payments** but still wants to keep his insurance coverage.



John's financial advisor suggested an **RDB transaction** as a possible solution.

Through the RDB transaction, John would **transfer ownership of his life insurance policy to an investor**, and the **investor will now pay all further premiums**. Even though the investor is now paying the premiums, John's beneficiary will receive part of the death benefit when he passes away.

***Death Benefit:** The amount of money that is given to the policy owner's beneficiary after they pass away.

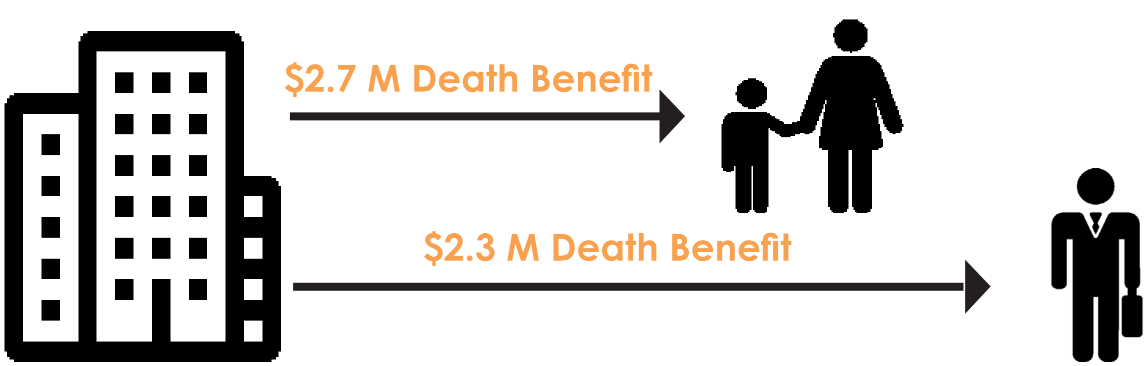


John agreed to a retained death benefit offer. He will retain $2,700,000 of the death benefit, out of his $5,000,000 policy.

POLICY: $5,000,000

RETAINED: $2,700,000

When John passes away, his **$2.7 million death benefit will go to his beneficiary**, and the other $2.3 million from his policy will go to the investor, since they own the policy and have been paying premiums.



Q: WHAT IS AN IRREVOCABLE BENEFICIARY?

A: On a life insurance policy, an irrevocable beneficiary is assigned by the policy owner and can not be changed without the beneficiary's consent. In order to complete an irrevocable beneficiary assignment, the policy owner submits beneficiary change forms to the insurance company.

Q: WHAT DOES RETAINED COVERAGE MEAN?

A: Retained coverage means that after the settlement transaction is completed, the policy seller keeps a portion of the policy's death benefit through an irrevocable beneficiary assignment. (Note that the policy seller DOES NOT have to pay insurance premiums after the settlement.