

## Life Settlement Policy Estimate Calculator Disclosures

### Disclosures related to the calculator:

Please note that this report is not intended to predict the actual worth of any policy. Actual results will vary. There are a lot of factors that could affect this estimate including but not limited to: the annual premium required to maintain the policy, the policy's cash value, insurance carrier strength, issued risk class, policy maturity date, and other factors about the insurance policy and insured. If the health of the insured is overstated in the calculator inputs, then it is likely that the Estimated Gross Offer Range may also be overstated and could be lower than shown. This is not an offer or guarantee that Valmark will be able to sell this policy via a life settlement, obtain offers provided in the Estimated Gross Offer Ranges, or obtain any offers at all. This is just a preliminary estimate designed to assist in determining if a life settlement may be a possible option.

This calculator was developed using data on Valmark issued life insurance policies. Calculations are an average range based on the age and assumed health status of the policy insured. These averages are derived from real life offers made on life insurance policies in the secondary market. Health statuses and the assumed mortality percentages were calculated based on actual life expectancy reports and auction results obtained by Valmark.

### Current Health:

**Healthy - 100% mortality** This option is associated with overall healthy individuals with no notable health issues.

Examples: well controlled diabetes, controlled high blood pressure, mild anxiety or depression, controlled sleep apnea, cancer in long term remission.

**Minor Impairments - 150-200% mortality** This option is associated with generally healthy individuals with some minor health issues.

Examples: Moderately controlled diabetes, coronary artery disease, mild COPD, autoimmune disorders, moderate mental health conditions, moderate obesity, atrial fibrillation, minor stroke/TIA.

**Notable Impairments - 200-250% mortality** This option is associated with health issues that require ongoing management and lifestyle changes.

Examples: Poorly controlled diabetes (elevated a1c3's), severe coronary artery disease (multiple stents or bypass surgery), severe COPD (supplemental oxygen), early-stage cancers such as colon, prostate, breast, kidney, skin (stage 1-3), stroke with neurological side effects, severe obesity, severe mental health conditions, neurological disorders, substance abuse.

**Significant Impairments - 250-300% mortality** This option is associated with severe health issues including comorbidities with multiple notable impairments.

Examples: Multiple of the following: poorly controlled diabetes (elevated a1c3's), severe coronary artery disease (multiple stents or bypass surgery), severe COPD (supplemental oxygen), early-stage cancers such as colon, prostate, breast, kidney, skin (stage 1-3), stroke with neurological side effects, severe obesity, severe mental health conditions, neurological disorders, substance abuse.

**Critical Impairments - 300-550% mortality** This option is associated with significant health impairments that require frequent and intensive management and ongoing concern.

Examples: Advanced heart disease (significantly reduced ejection fraction percentage), multiple heart attacks or strokes/TIAs, advanced dementia or Alzheimer's, high stage cancers such as lymphoma, leukemia/blood cancers, lung, throat, advanced respiratory diseases, chronic neuropathy, chronic substance abuse, liver or kidney failure.

**Terminal Impairments - 2-3 year life expectancy** This option is associated with the most severe health issues that are no longer treatable.

Examples: Stage 4 or higher metastatic cancers, 24/7 skilled nursing attention, significant old age with critical impairment.

Disclosures about Life Settlements:

In a life settlement agreement, the current life insurance policy owner transfers the ownership and beneficiary designations to a third party, who receives the death proceeds at the passing of the insured. As a result, this buyer has a financial interest in the seller's death.

A policy owner should consider the continued need for coverage, and, if the policy owner plans to replace the existing policy with another policy, the policy owner should consider the availability, adequacy, and cost of comparable coverage.

Policy owners considering the need for cash should consider other less costly alternatives to a life settlement.

When an individual decides to sell their policy, they must provide complete access to their medical history, and other personal information, that may affect their life expectancy. This information is requested during the initial application for a life settlement.

After the completion of the sale, there may be an ongoing obligation to disclose similar and additional information to the buyer or servicing agent at a subsequent date.

A life settlement may affect the insured's ability to obtain insurance in the future and the seller's eligibility for certain public assistance programs, such as Medicaid, and there may be tax consequences.

Individuals should discuss the taxation of the proceeds received from a life settlement with their tax advisor.

A life settlement transaction may require an extended period of time to complete. Due to complexity of the transaction, fees and costs incurred with the life settlement transaction may be substantially higher than other securities.

Once the policy is transferred, the policy owner has no control over subsequent transfers. Valmark and its registered representatives act as brokers on the transaction and may receive a fee from the purchaser.

Valmark Securities supervises all life settlements like a security transaction.

Securities offered through Valmark Securities, Inc. Member FINRA, SIPC. Advisory services offered through Valmark Advisers, Inc. an SEC registered investment advisor.

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