



Secondary Market Annuities

A Little Known
High Yield, Fixed Income
Safe Money Alternative



SMA's Are Guaranteed Receivables

- Secondary Market Annuities generally originate as compensation for damages paid over time.
 - Compensation includes income streams and lump sum awards
 - Known as Structured Settlements
- Settlements are funded with period certain annuities from top-rated carriers.
 - Settlements are tax free awards
 - Payees do not own the annuity, they simply receive the payments
- Times Change, And People Sell Their Payment Rights
 - Factoring companies, like 1-800-Cash-Now, JG Wentworth, Peachtree, etc
 - Selling payees sell their payments at a discount. Discount = High Yield For Buyers
- SMA purchasers become the New recipient of these Existing, in-force payment streams
 - Court ordered and legislated process in each state.



Top Quality Insurance Carriers

Top 10 Carriers, From Recent Sampling of 550 cases



THE COMPANY YOU KEEP®



Carrier	A.M. Best	S&P	% of Cases
MetLife	A+	AA-	19.41%
Prudential	A+	AA-	10.81%
Allstate	A+	A+	8.97%
American General	A+	A+	7.69%
Hartford	A-	BBB+	6.78%
Pacific Life	A+	A+	4.95%
Genworth	A	A-	4.76%
New York Life	A++	AA+	4.76%
Symetra	A	A	3.85%
John Hancock	A+	AA-	3.30%
Total			75.27%



Benefits of Purchasing Secondary Market Annuities

- SMA rates are higher than traditional guaranteed products
 - Sellers sell payments at a Discount
 - Discount Rate is the Effective Rate of Return (Internal Rate of Return, or IRR)
 - Current rates on SMAs range from approximately 3.5% to 6% depending on the maturity of the specific contract.
- Low Fees/ Highly Efficient/ Zero Volatility/ Zero Market Correlation
 - No ongoing administrative, investment management, or other fees.
 - Only costs are nominal payment servicing and IRA fees if applicable
 - No market risk, no volatility



Additional Benefits

- SMAs can be purchased with both qualified and nonqualified funds
 - Self Directed IRA, 401K rollovers OK
- SMAs are guaranteed, contractual obligations, not projected returns.
 - Take the guesswork out of planning
- Guaranteed SMA payments transfer to the buyer's beneficiaries
 - Fixed, absolute payments for purchaser or heirs. No loss of principal to insurance carrier
- SMAs are not well-known to the public or to many financial advisors.
 - Unique opportunity for investors, and important point of differentiation for advisors.



Compare SMAs To Safe Money Alternatives

- CD's and Lump Sum/ Zero Coupon
 - 5 Year CD Rate – 1.37%.
 - 5 Year Lump Sum SMA Rate – 4%
- Fixed Annuity
 - 6 Year Fixed Annuity Example Rate – 3.15%.
 - 6 Year SMA Rate – 4%
- Period Certain SPIA Annuities
 - SPIA with 20 year guaranteed payments, 3.21% Effective Rate
 - SMA with 20 Year Guaranteed Payments, 5.1% Effective Rate
- Bonds
 - 20 Year Corporate Bond with Balloon- +/- 4%, Varies with Credit
 - 20 Year SMA Income + Lump Sum- 5%+, W/ Generally Higher Credit Quality

**Industry sampling of rates as of 7/2014*



Compare SMA To Primary Market Annuity



SMA Offers Savings of \$32,282



*\$1,000 per month guaranteed for 20 years, for immediate annuity, joint life, 75 years old California couple vs. SMA.
Rates as of 7/2014 & subject to change.*



Sample Uses for SMAs

- Are You Seeking A Great Safe Money Alternative Option?
 - SMAs Offer Guaranteed Payments, A+ Carriers, Higher Yields
- Are you looking for supplemental guaranteed income?
 - Period certain, guaranteed payments for many planning scenarios.
- Are you looking for a guaranteed college funding vehicle?
 - Guaranteed lump sums, even payable to the student
- Are you looking to move money out of a bond portfolio?
 - Eliminate risk to principal with rate movements
- These & Many more uses



Case Studies: Know Your Retirement & Financial Goals

"I want guaranteed income of \$5000/month lasting for 10 years, starting in 2021 when I retire..."

What Are Your Goals?

"I'm 40, and want to take \$250,000 off the table and lock in the highest safe appreciation possible, and won't touch this bucket of money for 20 years..."

"I want lifetime income starting in 3 years for my wife and me, ages 65/63, Texas residents, \$500,000 401K to work with..."



"I'm 70, need lifetime income, but don't want to give up access to my money or affect my children if I die early..."



Case Study: Immediate Income, Chuck & Barb, Ages 65/64

- \$170,000, looking for joint lifetime income
 - Best SPIA pays \$805 monthly or \$9660 annually with 20 years period certain
- SMA Solution: MetLife case # A030114B-2
 - Purchase price of \$167,189 returns 412 monthly payments of \$1,072,
 - Start income in 3 years, at a 5.75% guaranteed rate
 - 32% increase in payout for same investment, with 37 years guaranteed payout!
 - Total Payout of both, over the same term-
 - SMA \$441,676 (37 years total, 412 payments)
 - SPIA \$360,640 (37 years total, 448 payments, payments cease upon death after 20 yrs)
- \$81,036 More Payout, GUARANTEED, With SMA For Same Investment!



Case Study: Immediate Income Cont'd

- SMA is not guaranteed for life but takes Chuck and Barb to ages 101/102
 - They knew their mortality expectation and don't need MORE longevity protection
- Higher payout
 - Higher effective rate of return
 - \$81,036 More Payout, GUARANTEED, With SMA For Same Investment!
- Guaranteed Payout
 - Pays to them or heirs, no forfeit of principal to Insurance company
- Downside:
 - Needed to pick case from inventory, was not immediate income start, but for them, the added payments and guaranteed return was well worth it.



Case Study: Deferred Income, Cliff and Donna, Ages 56/55

- Fixed Index Annuity With Lifetime Income Rider
 - Defer 10 years until retirement
 - Best quote = \$2,213 monthly | \$26,556 annually for life
 - **Required Investment \$250,000**

- SMA Solution:
 - John Hancock Case # V041515D-2 at 5.5%
 - 240 monthly payments of \$2210 from 8/1/2024 thru 7/10/2044
 - **Required Investment \$190,168**

- **Savings of \$59,832!**



Case Study: Deferred Income Cont'd

- SMA Saved Cliff and Donna **\$59,832!**
 - Same Income, over 20% less cost through their age 86/85
- That \$60,000 can be used for....
 - A deferred life income annuity..
 - A future lump sum to give options...
 - Savings can be held as a cushion, or...
- Savings can be invested for Growth because Cliff and Donna's income is **GUARANTEED**



Case Study: Lump Sums/ Zero Coupon

- CD Replacements-
 - 5 Year CD Rate – 1.37%
 - 5 Year Lump Sum SMA Rate – 4%
- Fixed Annuity Alternatives-
 - 6 Year Fixed Annuity Example Rate – 3.15%.
 - 6 Year SMA Rate – 4%
- Deferred Income Annuity Alternative
 - Lump Sums for guaranteed options and flexibility, instead of locking in income now
- Legacy planning with a chosen future date
 - Guaranteed inheritance, college planning, gifting, etc
- Principal replacement with income stream to mimic bonds
 - Pension, endowment, and future capital needs planning possibilities



Inventory View- Updated On The Web, Live

PRE-ORDER

IN STOCK

RESERVED

COMPACT VIEW

Inventory Changes Throughout The Day

IMMEDIATE INCOME STREAMS

TERM	INVESTMENT	RETURN	PROVIDER	RATE	CODE	STATUS	+
9 years	\$73,453.06	\$93,600.00	Genworth	3.973%	HUB-B041514A	In Stock	+
14 years	\$118,549.95	\$158,770.04	MetLife	4.273%	HUB-A051414B	In Stock	+
14 years	\$36,359.25	\$51,321.60	MetLife	4.229%	HUB-M040314A-1	In Stock	+
15 years	\$46,350.37	\$63,000.00	Prudential Life	4.284%	HUB-B051214A-1	Pre-Order	+
16 years	\$60,005.73	\$86,985.09	Continental Casualty	4.354%	HUB-L071014D	Pre-Order	+
18 years	\$761,576.86	\$1,181,571.96	NY Life	4.482%	HUB-L071014C	Pre-Order	+
19 years	\$76,560.67	\$114,000.00	Pacific Life	4.497%	HUB-A061214C	In Stock	+
20 years	\$88,025.12	\$133,100.00	Hartford	4.547%	HUB-GG050514A	In Stock	+
21 years	\$187,757.10	\$316,918.05	Mass Mutual	4.604%	HUB-L061114A	Pre-Order	+
23 years	\$51,888.89	\$84,300.00	Hartford	4.653%	HUB-J031914D-1	In Stock	+
25 years	\$151,141.90	\$331,410.48	MetLife	4.766%	HUB-L062614A	Pre-Order	+
26 years	\$64,750.11	\$161,206.34	MetLife	5.082%	HUB-A071014A	Pre-Order	+
27 years	\$46,282.23	\$81,750.00	Prudential Life	4.792%	HUB-B051214A-2	Pre-Order	+
32 years	\$61,842.12	\$125,650.00	American General	4.948%	HUB-B070114A-1	Pre-Order	+
32 years	\$283,820.77	\$626,033.00	American General	4.969%	HUB-SS061314A-3	Pre-Order	+
32 years	\$299,111.82	\$659,401.44	American General	4.965%	HUB-SS061314A-2	Pre-Order	+
32 years	\$425,615.22	\$939,049.56	American General	4.971%	HUB-SS061314A-1	Pre-Order	+



Inventory View- Live

PRE-ORDER

IN STOCK

RESERVED

COMPACT VIEW

Be Sure To Expand The Case To See Payment Details

IMMEDIATE INCOME STREAMS

TERM	INVESTMENT	RETURN	PROVIDER	RATE	CODE	STATUS
9 years	\$73,453.06	\$93,600.00	Genworth	3.973%	HUB-B041514A	In Stock
	PAYMENT	FIRST PAYMENT	LAST PAYMENT	SCHEDULE	COLA	ANNUAL PAYOUT RATE
	\$1,300.00	11/27/2017	10/27/2023	72 Monthly		21.238%
	NOTES	Case Complete and In Stock				
	PRICED AS OF	08/01/2014				

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IMMEDIATE INCOME STREAMS

Be Sure To Expand The Case To See Payment Details




Inventory View- Live

PRE-ORDER




IN STOCK

RESERVED

COMPACT VIEW 

Use Filters To See Only In Stock Or Pre Order Cases

IMMEDIATE INCOME STREAMS

TERM	INVESTMENT	RETURN	PROVIDER	RATE	CODE	STATUS		
9 years	\$73,453.06	\$93,600.00	Genworth	3.973%	HUB-B041514A	In Stock		
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	PRICED AS OF	08/01/2014						
14 years	\$118,549.95	\$158,770.04	MetLife	4.273%	HUB-A051414B	In Stock		
	PAYMENT	FIRST PAYMENT	LAST PAYMENT	SCHEDULE	COLA	ANNUAL PAYOUT RATE		
	\$810.54	10/01/2014	12/01/2014	3 Monthly		8.205%		
	\$826.75 - \$1,069.49	01/01/2015	10/01/2028	166 Monthly	2.000%	8.369% - 10.826%		
	NOTES	Case Complete and In Stock						
	PRICED AS OF	10/01/2014						
14 years	\$36,359.25	\$51,321.60	MetLife	4.229%	HUB-M040314A-1	In Stock		
	PAYMENT	FIRST PAYMENT	LAST PAYMENT	SCHEDULE	COLA	ANNUAL PAYOUT RATE		
	\$388.80	10/27/2017	09/27/2028	132 Monthly		12.832%		
	NOTES	Case Complete and In Stock						
	PRICED AS OF	10/01/2014						



Amortization Schedule

The amortization schedule shows the investment, all payments & rate of return for a specific case.

Typically, purchasers consult their own tax advisors who utilize an exclusion ratio to calculate taxable interest vs return of principal.

John Hancock Case # V041515D-2

Compound Period : Monthly
Effective Annual Rate ... : 5.500 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Invest	07/10/2014	190,168.95	1	Monthly	07/10/2044
2 Return	08/10/2024	2,210.00	240		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Return	Interest	Net Change	Balance
Invest 07/10/2014		0.00	190,168.95	190,168.95
2014 Totals			190,168.95	
1 08/10/2024	0.00			324,078.61
2 09/10/2024	2,210.00	136,119.66	760.82-	323,317.79
3 10/10/2024	2,210.00	1,449.18	764.22-	322,553.57
4 11/10/2024	2,210.00	1,445.78	767.64-	321,785.93
5 12/10/2024	2,210.00	1,442.36	771.07-	321,014.86
2024 Totals	11,050.00	141,895.91	130,845.91	
6 01/10/2025	2,210.00	1,435.48	774.52-	320,240.34
7 02/10/2025	2,210.00	1,432.02	777.98-	319,462.36
8 03/10/2025	2,210.00	1,428.54	781.46-	318,680.90
9 04/10/2025	2,210.00	1,425.05	784.95-	317,895.95
10 05/10/2025	2,210.00	1,421.53	788.47-	317,107.48
11 06/10/2025	2,210.00	1,418.01	791.99-	316,315.49
12 07/10/2025	2,210.00	1,414.47	795.53-	315,519.96
13 08/10/2025	2,210.00	1,410.91	799.09-	314,720.87
14 09/10/2025	2,210.00	1,407.34	802.66-	313,918.21
15 10/10/2025	2,210.00	1,403.75	806.25-	313,111.96
16 11/10/2025	2,210.00	1,400.14	809.86-	312,302.10
17 12/10/2025	2,210.00	1,396.52	813.48-	311,488.62
2025 Totals	26,520.00	16,993.76	9,526.24-	
18 01/10/2026	2,210.00	1,392.88	817.12-	310,671.50
19 02/10/2026	2,210.00	1,389.23	820.77-	309,850.73
20 03/10/2026	2,210.00	1,385.56	824.44-	309,026.29
21 04/10/2026	2,210.00	1,381.87	828.13-	308,198.16
22 05/10/2026	2,210.00	1,378.17	831.83-	307,366.33



What Is The Purchase Timeline Of An SMA?

- First, with your advisor, reserve the case.
 - Only a signed purchase order locks in your reservation of the SMA
- Depending on the status (pre-order or in-stock), closing may be as little as 2 days, or as long as 60 days from reservation.
- We Supply Closing Book, You Have 2 Days To Review
 - Comprehensive contractual chain of title, including court orders and all contracts evidencing the transfer of the payment rights to you.
 - Includes payment servicing and account administration details.
- Closing Requires Assignment Signature and Wiring of Purchase Price
 - Irrevocable Assignment and transfer of funds completes the purchase.



Purchase Documentation + Process

- Sign Purchase Order- Takes Case Off The Market
- Review Closing Book
 - Amortization Schedule
 - Irrevocable Assignment
 - Purchase Wiring Instructions
 - Court Order
 - Transfer Acknowledgement Letter Or Stipulation Agreement
 - Original Annuity Documents
 - Factoring Company Contracts And Disclosures
- After Review, Sign Irrevocable Assignment + Servicing Documents
- Wire Transfer The Purchase Price
- Case Closed



Potential Risks

- Transactional Risk- Approximately 1 in 10 cases are not approved in court
 - No financial cost if not approved, however time and lost opportunity.
- Carrier Strength
 - Payments backed by top rated carriers, however SMAs are not FDIC insured or backed by any other federal government agency
- SMAs are subject to interest rate risk
 - The rate of return is locked in once purchased, and can not be adjusted or reset
- SMAs are not typically liquid
 - Payment streams can be sold, but there is not a ready, liquid and fast market. Sales would be subject to prevailing rates at the time of sale, which could result in a loss.



What To Do Next

To Get Started With Secondary Market Annuities:

Watch The Inventory & Lets Us Help You Locate
An Ideal Payment Stream

Contact You Advisor To Reserve A Case

Get Started Today!