

# In the News

As seen in  
**AGENT'S**  
**salesjournal**

*The following article is reprinted in its entirety from the June 2008 Issue of Agent's Sales Journal*

## ***How to Grow Your Business with Annuity Liquidity Options***

*By Michele Hsu, Senior Vice President, Stone Street Capital*

New ways to increase your book of business are hard to come by these days — and new annuity liquidity options can help you do just that.

Traditionally, it has been difficult to provide clients with flexible cash-out options once they have committed to an annuity. There is now a growing secondary market, however, for liquidating annuity payments.

Why would someone be interested in liquidating their annuity? There are as many reasons as there are clients. There may be estate planning reasons, an unforeseen immediate financial need that has arisen, or, most commonly, an inherited annuity stream.

### **Case #1: Inherited annuity benefit**

Take the hypothetical situation of Eric Rogers. Eric received a letter from his uncle's insurance company giving him a choice of two death benefit options: receiving \$1,900 a month for 60 months or a one-time cash payment of \$78,991. To Eric, the annuity seemed like the better deal.

But by liquidating in the secondary market, there is a third option that would give Eric a cash payment of \$91,102 — \$12,111 more than the insurance company offered.

### **Case #2: Unforeseen immediate cash need**

Lisa Richards purchased an immediate fixed annuity five years ago. Three months ago, her agent contacted her with the secondary market cash value of her remaining payments. She did not decide to do anything at that time. Shortly thereafter,

Lisa decided to start a business and needed \$100,000. Lisa remembered that cash value and called her advisor. By liquidating her remaining annuity stream of 60 monthly payments of \$2,200 through the secondary market, Lisa's agent was able to provide her with the cash she needed.

### **Never surrender before checking the cash value**

You owe it to your client before they surrender any annuity to check the market cash value. Many times, you can liquidate the annuity in the secondary market for thousands of dollars more in proceeds.

### **Types of annuities that can be purchased**

The secondary market purchases fixed annuities, whether they're immediate or deferred. If it is a deferred annuity, it usually needs to be in payout. Not all annuities can be sold in the secondary market. For example, variable annuities cannot be sold.

Also, any annuity with a qualified tax status is not eligible.

Insurance agents and advisors who present this new annuity liquidity option can provide a valuable service that is in the best interest of their client. Many times, proceeds from liquidating an annuity can be put into other insurance products — and now you have a new, loyal client.

*Michele Hsu is senior vice president of Stone Street Capital LLC. She can be reached at 800-586-7786.*

As seen in

**BusinessWeek**

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The following article is an excerpt from the recently published BusinessWeek article:

## ***Annuity Exit Strategies***

***Thanks to a nascent secondary market, it is becoming easier to cash out your policy***

By Toddi Gutner

Turning your stocks, bonds, or mutual funds into cash is easy. But what about an annuity? If the annuity is deferred, you might have to pay steep surrender fees to cash out. In the past, if it had already started making payments, you were stuck with it.

Not anymore. A nascent secondary market for annuities is emerging, giving investors the opportunity to sell what was once unsalable or cash in their policies for more than the insurer would give them. These transactions may appeal to you if you no longer need the income from the policy or would rather get a lump sum for another use.

...Wentworth, along with Peachtree Settlement Funding, Settlement Capital, and Stone Street Capital, are branching out from their traditional business of purchasing structured settlements. Such deals allow those individuals who have received annuity-like payouts in court cases to get a lump sum.

As seen on

**Bankrate.com** 

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The following article is an excerpt from the recently published Bankrate.com article:

## ***Don't want that annuity anymore? You can sell it.***

By Vanessa Richardson

Stuck with an annuity you don't want or need anymore? Now you can cash it in and put the money to whatever use you want. A secondary market for annuities is steadily growing, letting investors sell their policies, sometimes for more than their insurer would give them.

As seen in

**THE WALL STREET JOURNAL**

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The following article is an excerpt from the recently published Wall Street Journal article:

## ***Sweet Surrender – Stuck with an annuity you don't want? There are smart ways to sell it. And there are not-so-smart ways.***

By Daisy Maxey

...Financial advisers say there are smart ways to get rid of an annuity, a contract sold by a life-insurance company that guarantees a future lump sum or stream of payments to the investor, usually starting at retirement.

...What drives an annuitant to sell? The reasons vary but often center on a shift in financial goals related to a change in life circumstances, such as a marriage, death or inheritance.

...Annuities can be sold directly back to the insurer or through the secondary market to companies such as J.G. Wentworth, Peachtree Settlement Funding, Settlement Capital Corp. or Stone Street Capital, Inc. Policyholders may sell an entire annuity or just part of it.