LIFE SETTLEMENTS

The Best Investment You've Likely Never Heard Of

STRATEGIC GROUP NW

NW Life Funds

Cornerstone to Financial Security

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2019

NW Life Funds, LP

Authored By: Strategic Group NW

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Chapter 1

About Us

"With 40+ years of life insurance and investment management experience we are experts in the Life Insurance and Life Settlement arena"

STRATEGIC GROUP NW

Is a business and investment management company committed to transforming the life insurance and life settlement industries by creating opportunities for qualified investors to capture yield and capital appreciation from life insurance policies. Another key goal is to build an educational platform working with key financial advisors, legal and insurance professionals to assist consumers in accessing life settlement services and opportunities. We believe acquiring policies on the secondary market is a key source of value for investors. As the General Partner to NW Life Funds, LP, Strategic Group NW is responsible for the operation and daily management of the Fund and has authority over the investment activities of the Fund. www.strategicgroupnw.com

NW LIFE FUNDS, LP

Is a private investment fund open to qualified investors which acquire third-party life insurance policies in a secondary market to profit from those policies. We focus on purchasing high quality life insurance assets in the secondary market based on best origination practices and underwriting procedures, at the same time incorporating our proprietary innovative value-added tools, services and methodologies to improve both the accuracy and efficiency with which we acquire these assets. We typically purchase policies of terminally ill individuals who are 65 or younger, with extremely high impairments (with life expectancies between 36 to 84 months (3-8 years) and between $250,000- $1M face value, as well as low annual premiums, lower acquisition costs and 10-15+ year aging longjevity profitability. This fund is intentionally designed with a buy and hold strategy to maximize returns within a 7 to 10-year horizon. www.nwlifefunds.com

"Never Be So Sure of What You Want, That You're Not Willing to Take Something Better"

Chapter 2

What is a Life Settlement?

By simple definition a life settlement is the sale of a life insurance policy to a third party for an amount greater than the cash surrender value, but less than the face value. Typically, the sale involves an insured age 65 or older with a policy that is no longer needed, wanted or affordable, to an investment company that provides the insured of the policy with a lump sum cash settlement. *(You can learn more about the sale of Life Settlements at the Life Insurance Settlement Association* ***HERE.)***

Life Insurance Settlement Association

For more than 20 years, the LIFE INSURANCE SETTLEMENT ASSOCIATION has been the voice of the industry. Our mission is to advance the highest standards of practice and the professional development for the industry, and to educate consumers and advisors about a life settlement as an alternative to lapse or surrender of a life insurance policy. www.LISA.org

Typically, the sale of a Life Settlement is transacted on the *secondary market*. This highly regulated secondary market for life insurance transactions provides a financially competitive alternative to allowing the policy to lapse or accepting the issuing insurance company's surrender value for the policy.
(To download more information about the Secondary Life Settlement Market click ***HERE****)*

The 7 Most Common Life Settlement Situations

1. The sale of a business or illiquid asset and it is a no longer needed coverage;
2. Business owner retiring or exiting the business;
3. A decline in estate value and/or decrease in estate tax liability or self-sufficient heirs;
4. Term policies or riders that are about to expire, lose their conversion privilege or come to the end of their current premium guarantee;
5. Retirement of the insured or a desire for cash arises;
6. The policy is no longer affordable due to rising premiums or policy performance;
7. Chronic illness with funds needed for long-term care or healthcare costs.

Chapter 3

Why Life Settlements Make Sense

Real Life Needs Demand Real Results

What do school, home, life, teach you about managing your personal financial ecosystem? The answer is – *Nothing*. People need that knowledge. People are hurting for income because of lack of practical, real financial advice/education for a living financial strategy. Every wonder why the rich don't worry about running out of money? Because they have the knowledge to *move money, make money, protect money*. They are financially savvy enough to take advantage of tax codes and investment opportunities that protect their money and provide a consistent steady flow of passive income. To break it down simply – cash is either flowing in or flowing out. So, if you think having a financial strategy where cash is flowing in sounds like a good idea, then an investment in NW Life Funds, LP life settlement pool might be a good fit for you. *(You can learn more about 'Passive Income' **HERE**)*

Growing Market

All qualified investors should assess life settlements as a potential investment. According to a Conning market review nearly $12 trillion in life insurance policy benefits are owned by consumers, and the market potential of the secondary life insurance market is estimated annually at $187 billion. There is about $3 billion in new policies sold per year on the secondary market, so the LS investment market has a lot of room to grow. An investment in NW Life Funds, LP is limited to accredited investors and qualified institutions by applicable securities law.

*(Locate the definition of Accredited Investor **HERE**) (Access Conning Market Report **HERE**)*

Key Source of Value

Originally, mutual funds were heralded as a way for the *little guy* to get a piece of the market, but not all mutual funds are created equal. Sometimes referred to as a *mutual fund of life settlements*, NW Life Fund, LP pools settled policies to create a diversified portfolio, presenting opportunities for investors to create consistent cash flow, stabilize principle protection, and mitigate the risk of other investments by participating in life settlement yields and capital appreciation that is non-correlated to traditional financial markets, political atmosphere or changes in fiscal and monetary policy relative to global economies. *(To learn more, download the Portfolio Allocation Matrix **HERE or** watch a brief video **HERE)**)*

Chapter 4

History of Life Settlements

Justice Oliver Wendell Holmes wrote in his findings …
"Life insurance has become in our days one of the best recognized forms of investment and self-compelled saving."

Asset Since 1911 – Tax Code Since 1913

There is a long history of life settlements going back to the turn of the century and it all started with the Supreme Court ruling establishing life insurance policies were considered an asset and held the right to be sold. *(US Supreme Court case of Grigsby v Russell, 222 U.S. 149 (1911)) … and prior to that, devised in the 17th century and more wide spread in the 18th and 19th century was what some consider the instigation of the 'life settlement' industry, with a practice known as Tontines. (Google it!)*

Death Benefit – Life Insurance

At one time 75% of the wealth of the United States was held in life insurance companies and the industry remains one of the strongest capital formations of our country. Historically, life insurance was considered a dormant asset, typically utilized in providing financial resources for a family in the tragic loss of the *bread winner*. As such, Congress passed liberal tax laws governing the treatment of life insurance benefits to encourage the purchase of life insurance policies. States passed laws to protect those same policy benefits from insurance bankruptcy and creditors. States felt the protection of policy benefits was so important to society they established regulations under the National Organization of Life and Health Insurance Guaranty Association. (*You can learn more about NOLHGA **HERE***)

Living Benefit – Life Settlement

While the 1911 Supreme Court ruling laid the groundwork, it wasn't until the early 80's, that the life settlement industry *officially* emerged into the investment arena with viaticals (terminally ill insured's with life expectancies under 2 years), followed in the 90's with what is commonly now simply referred to as Life Settlements (any insured with a life expectancy over 2 years) being widely purchased by hedge funds, pension funds, multi-national banks and other major financial corporations. Even Warren Buffett invests in life settlements. According to Affluent Magazine, *"Berkshire Hathaway invests $600 million annually in life settlements and even owns a private company that buys/sells life settlements". (You can learn more about Warren Buffett's life settlements company **HERE**)*

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Chapter 5

Myths About Life Settlements

Ever since Benjamin Franklin helped start the first life insurance company in the U.S. in 1759, life insurance has been a key part of our lives and financial planning. Today, the U.S. is the leading life insurance premium writing country in the world with over 290 million life insurance policies in force amounting to approximately $20.3 trillion in face value. At the time of this writing, just policy holders 65 and older have 38 million policies in force with a face value of more than $3 trillion. Yet, the vast majority of people do not know about life settlements as either a saleable asset or investment opportunity. Even if someone has heard about them, preconceived ideas and misinformation abound.

Common Myth vs Corresponding Reality

Myth #1 – Only permanent policies can be sold.

Untrue! Even term policies can be sold. In fact, term policies represent the second most sold type of life policy sold, behind universal life. How? The key is that the policy must be convertible and the policy cannot be past the conversion deadline. Many term policies, if convertible, have conversion deadlines based upon the age of the insured, or on the length of time the insured has held the policy. Some have conversion deadlines corresponding to the end of the policy term.

Myth #2 – Only the very ill can sell their policies.

Untrue! The industry essentially started in the 1980s as viaticals, with terminally ill insured's selling their policies to pay medical bills or improve their quality of life. Some people think that is where we still are today, but the market has changed dramatically since then. Even though viaticals still exist, they are a very small portion of the overall industry.

An investor does consider an insured's health and life expectancy when determining how much to offer on a policy. It is true that the shorter the life expectancy, the higher the value paid for the policy. But that does not mean insureds who are relatively healthy cannot sell their policy. An investor also considers the premiums that need to be paid and the face value of the policy in making a determination about how much to offer the seller. There are many instances where investors are willing to purchase the policy of a relatively healthy individual. Every insured's situation is unique, but their relative health does not preclude them from selling their policy.

Myth #3 – Only large policies can be sold.

Untrue! Each investor has their own parameters surrounding the types of policies they wish to purchase. So often the focus of media articles and blogs are insureds who received hundreds of thousands of dollars for their policy. Yes, it is true insureds can receive that amount, but their policy also usually has a multi-million-dollar face value. Many insureds have policies well below $1 million and are mistaken that only larger policies can be sold. The reality is policies as low as $100,000 in face value can be sold, and in some rarer instances, even below $100,000.

Myth #4 – Most sell their policy because they need the money, or need to pay medical bills.

Untrue! The life insurance industry has done a good job of adding accelerated death benefits and critical illness provisions to their policies, giving insureds additional options, so they don't have to sell their policies in their time of need. And while that is true in some policy sales, most people sell their policy because they no longer want or need the coverage. Many times, insureds purchased the policy 10, 15 or 20 years ago, but now, the reason they originally purchased the policy is no longer relevant. The policy is simply not needed any longer.

Additionally, the Tax Cuts and Jobs Act (TCJA) of 2017 also helped make a large number of life insurance policies unneeded. By more than doubling the estate tax exemption from $5.49 million per individual to $11.2 million, and $10.98 million for married couples to $22.4 million, life insurance policies purchased to cover estate taxes also may no longer be needed. This change is estimated to reduce the number of estates subject to the estate tax by about two-thirds.

Policies also become unwanted: a term policy that is about to expire; some universal life policies are becoming unaffordable as they mature; or due to limited income in retirement, policies become too expensive. There are some adjustments that can be made to these types of policies to make them more affordable, but if nothing is appropriate, a life insurance settlement can be a good option.

Myth #5 – Insureds have to sell the entire policy.

Untrue! An insured may choose to sell only a portion of their policy. A good example is an insured who has a $1.5 million term policy, but is retiring. The mortgage is paid off so she doesn't need all of the coverage and doesn't want to pay the premiums anymore for all $1.5 million, but she still would like some death benefit. She has chosen to sell $1 million of her policy, and retain $500,000 in death benefit.

Myth #6 – Only people in their 80s or older can sell their policy.

Untrue! As we discussed in Myth #2, age is relevant in determining what an investor will offer for a policy, but not relevant to the ability to sell a policy. Generally, life insurance settlements are best for clients age 65 or older, but that is just a guideline. The challenge with guidelines is there can be exceptions, so don't hold too fast to that number. As stated before, each insured's situation is unique and personal, and each investor group also has their own unique parameters. A life insurance settlement broker, who works with many different investor groups, can offer solutions for each unique insured's situation.

Myth #7 – Only the wealthy insureds benefit.

Untrue! A life insurance settlement can be a good option any time a policy is not needed or wanted. A life insurance settlement is very accessible for many people. Remember, as discussed in Myth #3, policies as low as $100,000 in face value can be sold, and in some rarer instances, even below $100,000

Myth #8 – Life insurance settlements are not well regulated or are illegal.

Untrue! As discussed in Chapter 4, a U.S. Supreme Court decision in 1911 paved the legal foundation for life insurance settlements. A life insurance policy is an asset, like a car or house. The owner of a life insurance policy has the right to transfer or sell it to whomever they choose.

So, life insurance settlements are not illegal, but what about being regulated? The life insurance settlement industry is highly regulated. At the time of this writing, 42 states and the territory of Puerto Rico regulate life insurance settlements, affording protection and transparency for approximately 90 percent of the U.S. The National Association of Insurance Commissioners (NAIC) and the National Conference of Insurance Legislators (NCOIL) have also been very involved in crafting model language and disclosure notices to protect consumers, which have been adopted by the majority of states. Disclosures include transparency in the offer details, sales commissions, alternatives to selling a policy, risks of selling a policy and more.

Further, sellers must be deemed competent to enter into a life insurance settlement agreement, and beneficiaries consent prior to a policy being sold. There are also mandatory waiting periods before someone can sell their life insurance policy. In California, the waiting period is two years, with very limited exceptions such as the owner of the policy is terminally ill, a spouse dies, divorce, retirement from full time employment, physical or mental disability, disposition of ownership interests in a closely held corporation or an order or judgment from a court. As a result of this regulation and transparency, there have been no consumer complaints against a licensed life settlement company since 2012.

Chapter 6

Pros and Cons of Life Settlement Investments

Are there DISADVANTAGES to investing in Life Settlements? Yes.

Access

A main disadvantage is that they are simply not available to most investors. Life Settlements are highly regulated, and at this writing, direct or direct fractional policies can only be sold to accredited investors. (The recent JOBS Act has opened a window for that to potentially change, but it will take time to see how the act will be interpreted where alternative investments are concerned.)
(You can learn more about the Jumpstart Our Business Startups JOBS Act ***HERE****)*

Accredited investors include individuals, banks, insurance companies, employee benefit plans, and trusts. For an individual to qualify, they must earn $200k per year ($300k joint income), or have a million dollars in net worth. *(You can locate the official definition of Accredited Investor* ***HERE****)*

Regulations

Both a Pro and a Con. The availability of life settlement investments vary state-to-state. While the industry is highly regulated and stringent, as of this writing, 42 states and the territory of Puerto Rico have passed regulation of the sale of secondary life insurance. Additionally, direct fractional life settlements are not available in most states. *(To learn more, Google your state's SEC life settlement regulations and contact a legal expert in your area)*

Longevity

Funds must be committed for the duration of the investment. Another potential disadvantage is that money will typically be tied up in a life settlement investment for several years, such as 7, 8, even 10 years. Private equity funds have a start date and an end date, and it is possible but not simple or advantageous to pull your money out early. While pooled life settlement investment funds are considered more predictably accurate, and some are structured to provide quarterly disbursements to investors, each investment opportunity will have its own unique set of criteria and parameters to consider.

Mortality

Both a Pro and a Con. We believe mortality is the single largest variable affecting the returns on life settlement investments. Predicting an individual's mortality date is impossible, and the best actuary can do is provide a set of probabilities of survival over time. While, there is more actuarial data available than ever before, which allows investors to work with life expectancy underwriters to determine an accurate estimate of life-expectancy, there are no guarantees to knowing how long an insured will live. This is an important consideration because the longer an insured lives, the smaller the return on investment.

Underwriting

Life settlements must be selected and managed correctly. Life settlements are a sophisticated investment that requires expert selection, management, and oversight. For instance, there must be funds to maintain the policies or they will be cancelled/lapse. And it is essential that the policies were originally purchased and later sold legally, or losses will be incurred. Each investment opportunity will have its own unique set of criteria and parameters.

If Life Settlements are so great, why haven't I heard of them?

Because historically, they have been sold only to institutional investors such as pension funds, banks, and institutional investors. Only recently have life settlements become available to *Accredited Investors* thus there is a lack of trusted and transparent public information or education available. Plus, most financial advisors aren't aware of true alternative investments. If they work for a brokerage firm, they typically have limited options as far as the types of investments they sell. Most advisors and brokers are not educated about, nor allowed to sell outside of what their brokerage firm offers. As an investor it comes down to *"What is your bottom line?"* If your trusted advisor isn't talking to you about the life settlement asset class as a personal investment option, they should be. *(Download an FAQ to learn more about NW Life Funds, LP life settlements* ***HERE****)*

What are the ADVANTAGES of Life Settlements for Investors?

Attractive rates of return

When we say *a good investment is one that generates double digit rates with no loss of principle*, we're thinking about life settlements. While past returns are not indicative of future returns and there are always risks in investing, we have seen life settlement funds produce gains consistently, ranging from mid-single digit annualized returns to low double digits.

The value proposition of owning life insurance policies as an investment vehicle is the opportunity to earn a spread between the (i) purchase price of the policy, plus the premiums and operating costs to maintain the asset, against (ii) the face value of the policy benefits received upon maturity. *(Download a Performance Report to learn more about the performance of NW Life Funds, LP investment opportunity **HERE**)*

Regulations

Both a Pro and a Con. The availability of life settlement investments vary state-to-state. While the industry is highly regulated and stringent, as of this writing, 42 states and the territory of Puerto Rico have passed regulation of the sale of secondary life insurance. Additionally, direct fractional life settlements are not available in most states. *(To learn more, Google your state's SEC life settlement regulations and contact a legal SEC professional in your area)*

Safety and Stability

As discussed in Chapter 4 the underlying asset is protected by The National Organization of Life and Health Insurance Guaranty Associations (NOLHGA), who exists for 3 reasons: *Continuing Coverage, Protection of Benefits, and Rapid Protection.* Meaning NOLHGA ensures death claims will be covered by the state guaranty association in your state of residence at the time of claim as long as the policy remains in good standing.

In life settlement transactions the underlying policies are typically considered investment grade or better paper, with most carrying an A or better Moody's rating with highly rated life insurance companies, known for stability. Additionally, the asset returns are not tied to the performance of the stock market, housing market, interest rates, politics or any other external factor.
*(You can learn more about Moody's rating **HERE**)*

Return Predictability

A Life Settlement has a known future value. The exact rate of return is not known until maturity, but an expected rate of return can be calculated based on known parameters. The most common types of life settlements originate from whole life and universal life policies. Life insurance has traditionally been one of the most protected, heavily regulated, and fully transparent financial tools in the US. These types of policies have a predictable and calculate-able parameter of costs associated with maintaining the policy in force and in effect for the life of the insured.

How many people do you know who have lived forever? Mortality predictability is both a Pro and a Con. We believe mortality is the single largest variable affecting the returns on life settlement investments. Predicting an individual's mortality date is impossible, and the best actuary can do is provide a set of probabilities of survival over time. However, with the increase in available actuarial data than ever before, it allows investors to work with life expectancy underwriters to determine a more accurate (but not exact) estimate of life-expectancy. This is an important consideration because the more accurate the life expectancy, the more accurate the ROI prediction. *(Download TRUE IMPAIRMENT to learn more about mortality (life expectancy) vs Morbidity (Impairment)* ***HERE****)*

"…Your purchase of my policy was the best news I've had in over 3 years…. truly helped me immensely. The stress release of not having to worry about how I am going to make my quarterly premium payments alone will lengthen my life. It was a pleasure speaking with you yesterday…"
- An email exchange with a NWLF policy holder

A true "win-win" investment

Insureds who sell their policies and investors who buy the policy both benefit. Without investors insureds have limited options – pay the premium, lapse the policy or surrender the policy. According to a 2014 London Business School Study, "Americans who sold their unwanted life insurance policies, collectively received more than four times the amount they would have received had they surrendered them to their life insurance company. Insured's that no longer want or need their permanent insurance policies can always surrender them in exchange for the cash value, but if they can sell the policy for more, they benefit." (Click on link to download study http://facultyresearch.london.edu/docs/Life_Settlements_FULL-_10_June_2013.pdf)

Want More Information

Click the link below to access a TEDx type talk to learn more about the Life Settlement industry from both the Insureds and Investors view point.

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An Best Investment You've Likely Never Head Of
By Strategic Group NW

Chapter 7

Why Investors Love Life Settlements

Who Are the Major Investors in Life Settlements?

Only recently available to accredited investors, the market is monopolized by institutional investors, including investment banks, hedge funds, pension funds, and recognizable names such as Warren Buffett and Bill Gates, but the biggest purchaser of life settlements is insurance companies. *Surprised?*

Portfolio Diversification

Do you feel confident in the current and future state of the stock market? Financial managers recommend investors diversify assets. In other words, continue investing in the volatile capital markets (ie stocks) if you like, but add less threatening, more stable and predictable investments like life settlements, which are an uncorrelated, competitive asset to your investment portfolio.

Reducing Risk Exposure with an Uncorrelated Asset

Best or worst case scenario we don't know when the next financial crisis will happen, but we do know that life settlements are a competitive investment option not tied to the economic forces that drive the stock market. Life settlements are an entirely different beast, based on actuarial math, calculate-able expenses and a set face value asset, not on the rise and fall of the stock market.

Out Perform the Stock Market

While past returns are no indication of future returns, life settlements often provide returns in the single digits to low double digits. Research from the University of Connecticut and the London Business School have confirmed this range. *(click on links to download studies)*

Passive Income

Cash flow. Passive income is earnings derived from a limited partnership or other enterprise in which a person is not actively involved. *(To learn more about passive income click **HERE**)*

Funds

Pooled Life settlement funds are an efficient way for individual investors to access life settlements because they provide more accurate predictability, more reliable returns, the expenses are shared and risks can be diversified with hundreds of policies. *(Download a copy of NW Life Funds, LP Performance Report **HERE**).*

Chapter 8

How You Can Participate in the Life Settlement Investment Market

Life Settlements are not for everyone, but they are worth serious consideration if you are in a position to invest in them. The life settlement market is healthy and we expect it represents a lucrative investment opportunity for years to come. Contact Us. We can help.

Investment Opportunity

Established in 2013 **NW Life Funds, LP** is a pooled life settlement investment fund focused on providing competitive, non-correlated investment solutions to individual accredited investor, centered on the acquisition, trading and management of a portfolio consisting of US based life insurance policies of terminally ill individuals with impaired life expectancies.

This investment vehicle has been developed, structured and managed to meet the low risk tolerance, high return demand of the diverse, discerning, and sophisticated accredited or HNW investor seeking a targeted net ROI of 8-12% in a highly competitive, minimally correlated to capital markets, alternative life settlement asset class.

The Fund is designed to generate investment returns based on mortality of the insured and the costs for acquiring/maintaining the policy. Investment performance is based on both **POLICY ACCRETION** (unrealized gains at the time of policy 'purchase' acquisition and quarterly market value increase of policy pool) and profit at **POLICY MATURITY** (realized gains generated by face value profit at the time of policy maturity).

NW Life Funds, LP serves as an investment vehicle for the investor who seeks investment comfort within the medium to long-term, regardless of circumstances occurring in other areas of global finance and the macro-economic environment.

Our management team has experience in both the life insurance and life settlement industries, with complimentary backgrounds and extensive experience from having worked in the medical and financial industries, as well as highly skilled and knowledgeable third-party Fund administrators. *(Download a copy of NW Life Funds, LP Performance Report **HERE**)*

Chapter 9

The Cost of Waiting

In today's fast-paced world, everyone has a need for cash flowing in to cover our daily cost of living, which too often causes us to delay taking the steps necessary to also focus on long-term goals: buying a home, starting a business, sending the kids to college, enjoying a comfortable retirement. There are plenty of excuses for not setting immediate and future financial goals: "I'm barely scraping by". "I can't afford to invest". "I don't understand investing." "I don't have time to plan." "My current plan is fine." "I'll get to it, eventually." The truth of the matter is, you can't afford to delay.

Make Time Your Ally

Fortunately, early planning can help you maximize the power of time to reach your financial goals. It's simple: the sooner you begin to save for your future financial needs, the more wealth you can accumulate. Although the idea is straightforward and logical, most people fail to recognize the enormous increase in value that can result from beginning to save early or which investment assets have the strongest fundamental key to *time value of money* and *compound interest*. Let me give you a hint …. Annuities and Life Settlements.

Present and Future Value

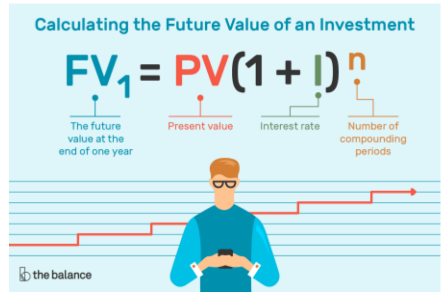
The basic concept behind the time value of money deals with when you have money instead of how much you have. Meaning a dollar today is worth more than the promise of earning a dollar in the future. It is the idea that money available at the present time is worth more than the same amount in the future; this is due to its potential earning capacity. The core principle of finance holds that money in your hand today is worth more because of its potential for investment. The dollar gains value over time because of compound interest. *(You can learn more about the Time Value of Money **HERE**)*

Earnings Earn Earnings

Compounded interest is your friend. Compounded interest is the addition of interest to the principal sum of a loan or deposit or in other words, interest on interest. It is the result of reinvesting interest, rather than paying it out, so that interest in the next period is then earned on the principal sum PLUS previously accumulated interest, which makes the sum grow at a faster rate than simple interest, which is calculated only on the principal amount. *(You can learn more about Compound Interest **HERE**)*

Investment Considerations

Let time work to your advantage, beginning now. Once you understand uncorrelated assets, the time value of money and compound interest, you will realize how important it is for you to start investing as soon as possible into assets that support that combined fundamental foundation. Here's your second hint …. Life Settlements.



For example, when you have a stream of payments that you will receive over time, calculate the present value of those payments by using a discount rate. Calculate the future value of an amount of money based on how much it will earn in interest or how much the asset will gain in value over time.

Annuities vs Life Settlements

Annuities and Life Settlements are both life insurance products, each having their own unique set of pros and cons as a prudent alternative financial asset within an actively balanced investment portfolio, often referred to as a *tactical asset allocation* model.

Which is a More Lucrative Investment?

The real, honest answer is – *It depends*. In finance, an investment strategy is a set of rules, behaviors or procedures, designed to guide an investor's selection of an investment portfolio. Despite what the financial industry markets, there is no *one size fits all* investment strategy simply based off of *risk tolerance.* Individuals have different profit objectives, and your individual needs make different tactics and strategies suitable for you, while others may not fit. To be able to fully understand what's *lucrative*, you need to know your *bottom line*.

Our expertise lies in the life insurance asset arena and while there is no definitive answer to *lucrative*, what we can say is based on the overall assets, annuities insufficiently maximize the full potential of time value of money and compound interest. Whereas, life settlements are a fundamental key source of value for most consumers looking for capital appreciation, wealth protection and cash flow.

Remember, an annuity is similar to an IRA, meaning you save for retirement and delay paying taxes on your earning until you make withdrawals, but you're relying on a structured rate of return and simply trading a portion of your own saved retirement assets in exchange for a set income as long as your annuity retains a value. In comparison a life settlement is a guaranteed face value asset that increases in value over time, not simply your earnings drawing interest. Not all investments are created equal, but when you combine life settlements in a pooled investment vehicle such as NW Life Funds, LP, the value increase of the asset, plus the roll over gains, maximizes *compounded interest* and *time value of money.*

Now is Better Than Later

This goes back to understanding *time value of money* and *compound interest*, combined with an understanding of the *value calculation* of a Life Settlement asset in comparison to other investment assets such as the stock market, real estate, bonds, et al.

As with most typical investments, especially the Stock Market, it's a timing issue for investors. We try to figure it out; when it's best to buy, sell, be in, be out or sit on the sidelines *(which can be more costly than investing at the worst possible time in the market*). We are all aware the stock market fluctuates, greatly. Even when history and evidence has shown that market timing doesn't yield superior results we peer into the future with hope and expectation, and how many times has your investment advisor said *just hold tight, it will come back*.

What if the future value of your investment asset could be calculated and its value continually grew on a daily basis without downturn fluctuation? Sounds too good to be true, right. It's true. Remember back in Chapter 6 we discussed the value proposition of owning a life settlement and return predictability. This asset grows in value each and every day. *How?* In simple terms, each day the life expectancy of the insured decreases, the value of the asset increases. Remember this asset is a life insurance product with a set *face value* based on life expectancy.

In life settlement acquisition, life insurance policies are purchased on a discount to face value of the policy on the secondary market. (Chapter 2) The industry uses a standard actuarial program called Model Actuarial Pricing Systems (MAPS) to determine an anticipated return on investment in a policy. The exact rate of return is not known until maturity, but MAPS takes the estimated expenses of servicing, the expected premiums, the expected death benefit, and a specific life expectancy, then calculates a projection of how much a policy is worth for the expected rate of return.

Combine the constant value barometer of a life settlement asset with the pooled investment structure of NW Life Funds, LP and you have an investment vehicle that generates monthly gains for capital appreciation, wealth protection and cash flow suitable and lucrative for most investment strategies. (Download a Portfolio Allocation Matrix **HERE** showing a 3-year comparison with the S&P500, 10-year bond and 90-day treasure returns based on a $1M investment portfolio with and without incorporating an investment in NW Life Funds, LP)

As a pooled life settlement investment, NW Life Funds, LP shares are valued by the amount of capital invested and the *time duration* the funds remain actively invested. By adding up all of the policies in the portfolio we calculate a monthly gain or loss based on the MAPS aging valuations. This gain or loss is distributed to investors interests based on the percentage of ownership. *(Download a Performance Report* ***HERE****)* ***Contact info@nwlifefunds.com to request the NW Life Funds, LP Private Placement Memorandum***

Chapter 10

Contact Us

Now that you have a better understanding of life settlements as an investable asset class, what is your next step?

Live life on your terms. Contact us. We can help. Don't fall into the *woulda, coulda, shoulda* group. You work hard providing for your family and planning for your future. Shouldn't your investment strategy have the same focus on your financial security, now and in the future?

Most people don't like to talk about money, but money matters. Real life needs demand real results, and we are not afraid to have the tough conversations. We're not here to disrupt your investment strategy or replace your trusted financial advisor, simply make it more lucrative and enhance the relationships with practical, honest, real life, expert advice regarding life settlement investments.

We realize the life insurance asset class can be confusing, that's why we're here to change that. We agree your time is valuable and understand trust is key to any successful relationship. With transparent education and expert knowledge, we strive to earn your trust and share our expertise to unlock hidden value for you.

An investment in life settlements may or may not be a good fit for you…. *but, how will you know if you don't consider the possibility?*

Let's have a basic conversation
to answer questions,
compare notes and explore suitability.

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DISCLAIMER: Any and all information contained here is qualified in its entirety by the information contained in the NW Life Fund, L.P. Private Placement Memorandum and Operating Agreement. This document is intended to not an offer to sell, or the solicitation of an offer to buy securities. Any such offer will be made by confidential private placement memorandum to a specific individual. This document contains forward looking statements within the meaning of the federal securities laws. For example, forward looking statements may predict future economic performance, describe plans and objectives of management and make projections of revenue, investment returns or other financial items. Such forward looking statements are inherently uncertain, because the matters they describe are subject to known (and unknown) risks, uncertainties and other unpredictable factors, many of which are beyond NWLF's control and accordingly, should not be relied upon. **To the extent there is any inconsistency between the information provided in this Summary and NW Life Funds, LP's Private Placement Memorandum, the information in the PPM et al shall control.**

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LINKS

Below is a listing of all of the e-book links as directed in this printed material:

Strategic Group NW Website www.strategicgroupnw.com

NW Life Funds, LP Website www.nwlifefunds.com

Life Insurance Settlement Association www.LISA.org

Passive Income https://www.investopedia.com/terms/p/passiveincome.asp\

Conning Market Review
Available for purchase from Conning by calling (888) 707-1177 or by visiting www.conning.com.

Definition of 'Accredited Investor' https://www.investopedia.com/terms/a/accreditedinvestor.asp

VIDEO: SGNW Asset Allocation (Pending)

The National Organization of Life and Health Insurance Guaranty Association (NOLHGA)
https://www.nolhga.com/

Warren Buffett and Berkshire Life Settlements http://berkshiresettlements.com/

Jumpstart Our Business Startups (JOBS) Act https://www.sec.gov/spotlight/jobs-act.shtml

Moody's https://www.moodys.com/ratings-process/Ratings-Definitions/002002

VIDEO: SGNW TEDx Talk (Pending)

University of Connecticut Study:
https://global.business.uconn.edu/wp-content/uploads/sites/1931/2017/01/Joe-Golec-Working-paper.pdf

London Business School study
http://facultyresearch.london.edu/docs/Life_Settlements_FULL-_10_June_2013.pdf

Time Value of Money https://www.investopedia.com/terms/t/timevalueofmoney.asp

Compounded Interest https://www.investopedia.com/terms/c/compoundinterest.asp

Download Attachments

Below is a listing of the e-book downloads as directed in this printed material. You can download these documents directly from our website www.nwlifefunds.com or ask your agent representative for a copy.

1. Secondary Life Settlement Market
2. Portfolio Allocation Matrix
3. NW Life Funds, LP FAQ
4. NW Life Funds Performance Report
5. True Impairment (aka Morbidity)