

WELCOME FUNDS INC., A VIATICAL SETTLEMENT BROKERAGE

Toll Free: 1-877-227-4484
Phone: 561-862-0244
Fax: 561-862-0242

301 Yamato Road
Suite 2110
Boca Raton, FL 33431-4929

California Policy Owner/Insured Information Booklet

Section 1 General Information

1. Receipt of payment under a Viatical Settlement may affect your eligibility for public assistance programs, such as SSO, MediCal, Food Stamps, medical assistance (Medicaid), aid to families with dependent children, supplementary social security income, AIDS drug assistance programs, and other governmental benefit programs; and it also may be taxable and subject to claims of your creditors. Before applying for a life insurance settlement, you should consult with the appropriate social services agency such as the Social Security Administration or the State Department of Social Services under Section 11022 of the Welfare and Institutions Code, concerning how receipt could affect your eligibility and that of your spouse or dependents.
2. There may be certain tax consequences associated with selling a life insurance policy. The HIPAA Act of 1996 makes the proceeds from Viatical Settlements free from Federal taxes for people whose life expectancy is less than 24 months, or who are chronically ill (under special circumstances). While some states may, California does not tax the proceeds from Viatical Settlements. Due to the complexities associated with this type of transaction and its various forms of taxable interest, Welcome Funds Inc. recommends that you obtain advice from a qualified financial or tax advisor.
3. Your insurance policy may offer options for you to receive a portion of your death benefit now without selling your policy. These options include accelerated or living benefits, which in some circumstances can provide more value than a Viatical Settlement. Some policies may offer such options even if they do not appear on the policy. We recommend that you obtain information from your insurance company regarding these options prior to selling your policy(ies).
4. As a viator or seller of this insurance policy(ies), you hereby consent to a Viatical Settlement, and you acknowledge that if this transaction is considered a Viatical Settlement that You, or the Insured does have a catastrophic or life threatening illness, and that You, and the Insured have a full and complete understanding of the Viatical Settlement Transaction.
5. You have the absolute right to rescind the sale of any policy at any time up until fifteen (15) days after signing a Viatical Settlement Agreement by notifying the Provider. Any waiver or settlement language attempting to nullify this period shall be considered void pursuant to Section 10113.2(n) of the California Insurance Code.
6. Furthermore, if a proposal is presented for the sale of the policy(ies), the proposal will not include a detailed description of how the payment amount was determined, unless this is requested with the application.
7. Please be aware that WFI is not affiliated or associated with any provider or life insurer, and WFI is an independent Viatical Settlement Broker. WFI will be compensated directly by the funding source (provider) for the sale of the policy(ies), and that you are in no way responsible to pay the company any type of commission. Additionally, if you are working with a financial professional in regard to this sale, he/she may also be receiving a commission from the provider. The commission for a life insurance settlement averages 1%-6% of the face value of the policy, depending on the purchase price paid by the provider.
8. The proceeds received for the sale of your policy will be paid to you in a lump sum payment by wire or by certified check. Installment payments are not permissible unless the Viatical Settlement Provider is a licensed insurance company or the provider has effected the purchase of an annuity or a similar financial instrument issued by a licensed insurance company.
9. These settlement funds you may receive may not be exempt from your creditors, personal representatives, trustees in bankruptcy, and receivers in state and federal courts.
10. There may be alternatives to a viatical settlement contract including, but not limited to, accelerated death benefits offered by the issuer of the policy for which you may be eligible. Also, loans to the policy or secured by the policy may be available to each Viator. The terms and conditions of such benefits may vary with each individual insurance policy.
11. All medical, financial, and other personal information obtained by Welcome Funds Inc. about the viator will not be disclosed to any source besides the providers and medical/insurance underwriting groups that WFI works with, unless written consent is received from the viator that has been signed and witnessed in standard letter format.
12. Once a policy settlement is completed, the viator, insured, or previous beneficiaries will not receive any payment whatsoever from the death benefit, unless the funder has only purchased a portion of the policy, then the proceeds will be dispersed as per the life insurance policy's beneficial interests. Additionally, unless otherwise specified previous to the sale, all accidental death proceeds and riders will be payable to the purchaser and not to the viator, insured, or previous beneficiaries.

Section 2 The Settlement Process

Step 1 Application and supporting documentation are submitted.

Step 2 Medical and insurance records are obtained.

Step 3 Review of information is completed and our underwriting team then conducts an eligibility determination.

Step 4 Welcome Funds Inc. presents the highest offer to the client or the agent.

Step 5 Upon acceptance, contracts and related forms are completed.

Step 6 Policy ownership is transferred to the purchaser and funds are then released from escrow to the client.

Section 3 Tax Consequences

The funds clients will receive may have certain tax ramifications. This is why we recommend that all clients contact a tax advisor prior to the sale of their insurance policy

In 1996 the United States Congress passed the Health Insurance Portability and Accountability Act. This act laid the groundwork for insureds with a 24 month or less life expectancy to receive their settlements completely free from federal taxes. California does not tax the settlement funds at the state level.

For those clients whose life expectancy is above 24 months, the federal tax may be levied as follows: The amount of the cash surrender value of the policy minus the premiums paid into the policy will be taxed as ordinary income, and the amount of the settlement value received minus the cash surrender value will be taxed as a capital gain.

In most cases, the cost basis is higher than the surrender value, so the only tax would be on the income gained between the cash settlement and the cost basis, which would be taxed at a capital gains rate. Please be advised that the IRS may look at each transaction on an individual basis.

Each individual viator's tax situation may differ, therefore these previous statements are only provided as a guideline for you to start with. WFI is not a tax or financial advisor and it is recommended that you contact a local advisor.

Section 4 Frequently Asked Questions?

What are my costs?

There are never any out-of-pocket costs to our clients; the purchaser of the policy pays all of the fees.

What if I have several types of policies, can I sell all of them?

In most cases, YES. Usually all individual policies and most group policies qualify.

How long does this process take?

The average time to complete the process is 4-6 weeks. This will vary depending on how responsive your doctors and insurance companies are to our requests.

Can I stop the settlement process at any point?

You have the absolute right to rescind the sale of any policy at any time up until fifteen (15) days after signing a Viatical Settlement Agreement by notifying the Viatical Settlement Provider. Any waiver or settlement language attempting to nullify this period shall be considered void pursuant to Section 10113.2(n) of the California Insurance Code.