Summary of Plan of Distribution

The Receiver has proposed a Plan of Distribution setting forth how he expects to make restitution to the investors and to pay the other creditors of Retirement Value. This Summary provides a short description of the Plan. For details about the Plan and its proposed operation, you should refer to the Plan itself. In the case of any differences between this Summary and the Plan, the Plan will control. You may find a copy of the Plan on the Receiver's website.

How will the Receiver generate the money necessary to pay the investors?

The Receiver proposes to hold the policies until maturity, distributing the net proceeds after payment of premiums and expenses to the investors. In order for this to work, the portfolio must be operated as a single pool of assets where all of the assets of the estate are available to pay premiums on all of the policies in the portfolio. When a policy matures, the proceeds of the policy will be used to pay premiums on the policies that have not matured. Since the life expectancy of each insured is a median, some of the policies should mature prior to their stated life expectancy and some will mature after their stated life expectancy. The policies that mature early will generate proceeds that the estate can use to pay the premiums for policies that have yet to mature. By using all of the available cash to pay premiums as they become due, the estate can avoid the significant and often imminent shortfalls in the reserve accounts to maintain all of the policies in force and realize their maturity.

Lewis & Ellis, the Receiver's actuaries have analyzed the portfolio to determine the probable results of various options available to the Receiver. They have concluded that restructuring the portfolio so that it is operated as a single pool as opposed to 57 separate investments will yield substantially better results. L&E has determined that if the Receiver administers the estates' assets as single Portfolio, then the Portfolio is expected to yield $77.9 in cash for the investors at maturity, an amount sufficient to repay 100% of the amount invested. Statistically speaking, there is: (i) a 68% probability that the cash available for the investors will be between $70 million and $85 million (returning between 91% and 110% of the investors' initial investment); and (ii) a 95% probability that the cash available for the investors will be between $62.5 million and $92.5 million (returning between 81% and 120% of the investors' initial investment).

What is the order or priority of payment?

The Receiver will classify claims against the estate into three classes: administrative claims, investor claims and general claims. Administrative claims are the costs and expenses of operating the receivership estate. They include premium payments, servicing costs, taxes and the Receiver's fee. Investor claims are all claims for payment arising out of an investment or an attempted investment in the Retirement Value Resale Life Insurance Policy Program. General claims are all other claims against the estate.

Administrative claims will be paid first. Investor claims will be paid second. If there is any money left after paying investor claims, then general claims will be paid.

How is an investor claim calculated?

Each investor claim is equal to the amount of money the investor invested with Retirement Value minus any amount of money that the investor received from Retirement Value. For a licensee who is also an investor, this means that the amount of the licensee's claim will be reduced by any commissions or other payments received from Retirement Value.

Interest will not be paid on investor claims unless all investor claims are paid in full. At that point, the estate will pay interest on the claims at the judgment rate set by Texas law as of the time the Court approves the Plan. The judgment rate is currently 5% per year.

How will claims be paid?

Each investor claim will share pro rata in any distribution to investors until the claim is paid in full with interest, if any.

What happens to the Participation Agreements and Loan Agreements?

The Participation Agreements and Loan Agreements will be rescinded and replaced by an investor claim.

How do I make a claim?

After the Plan is approved by the Court, the Receiver will publish a list of all known claims against the estate. The list will show the name of the claimant, the amount of the claim, whether the claim is disputed, contingent or unliquidated and the amount by which the claim has been reduced by prior payment. Claims that are not shown as disputed, contingent or unliquidated are approved.

If your claim is approved and you believe that the amount is accurate, you don't need to do anything more.

If your claim is disputed, contingent or unliquidated or you disagree with the allowed amount or how it is classified, you must file a proof of claim with the Receiver. The proof of claim must be filed by a deadline (called the "Bar Date"), which will be set by the Court.

When can I expect payment?

In the Plan, the Receiver recommends that the Court approve an initial distribution of $7.7 million to the investors. If approved, this distribution will be made after the Bar Date. Future distributions will be made when the estate has more cash available than it needs to maintain an appropriate reserve for premium costs, contingencies and expenses.