

LIFE SETTLEMENTS CAN HELP FUND PRESENT FINANCIAL NEEDS

With the United States facing what the Federal Reserve has described as an “unusually gradual and prolonged” period of recovery, the nation’s economic outlook is somber, and many families are reassessing their financial needs and goals. As the economy struggles, your financial strategies are likely to change. Now is the time to re-examine all your assets of value—including life insurance policies—to assess whether these products still meet your present and future objectives.

Many families are concerned about liquidity and looking for ways to increase cash flow. One option to consider is a life settlement. A life settlement is the sale of a life insurance policy, which is no longer meeting one’s current needs, in exchange for its present market value. A life settlement can provide you with a way to access the equity value that has built up in your life insurance policy in order to fund present financial needs. Funds from a life settlement can be used to purchase products such as a single premium annuity that can provide supplemental income, a survivorship policy, long-term care insurance, or other asset protection tools.

The first step is to determine the value of your life insurance and to analyze whether it is still meeting your needs. A life insurance valuation is appropriate for everyone, especially seniors 70 to 75 years of age with a

change in health status and healthy seniors 76 or older.

Circumstances in which life insurance policies may not be needed include:

- Beneficiaries are now grown and are financially secure.
- Your current amount of coverage is unnecessary due to increasing estate tax exclusions or the death of a beneficiary.
- You would like to stop paying high premiums on an old policy and purchase a new policy with no or lower premiums.
- Your asset mix is weighted too heavily in insurance.
- You would like a way to transfer assets to beneficiaries now.
- A reduction in estate size means less insurance is required to pay estate taxes.

In the past, the only ways to obtain money from your insurance policy were to either “cash in” (borrow against the policy’s cash value) or “surrender” (lapse the policy for the surrender value). These options do not benefit the owners of term policies and are limited by the insurance contract and carrier, often at prices below the fair market value.

It is important to recognize that the current market value of some life insurance policies is often considerably more than the policy’s surrender value. In fact, the policy does not need to have any cash value to be

considered for a life settlement. In addition, any type of life insurance policy is suitable for a life settlement including universal, survivorship, term, whole and variable life insurance policies.

Most life insurance companies have more competitive rates on life insurance policies now than they did years ago. By combining these competitive rates with life settlement payouts, many people have found that they can reduce and/or eliminate their future premiums on a new policy with the same coverage amount.

During these tough economic times, a life settlement can be an untapped source of liquidity given the right circumstances. Contact us to learn more about this option.



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