

# WHAT IS A LIFE SETTLEMENT?

## Selling an Existing Life Insurance Policy

Life Settlements are a financial transaction. Life Settlements allow policy owners to sell an unneeded life insurance policy to an institutional funding source for more than the policy owner would receive by cashing in the policy. The seller walks away with cash, which can be used for any purpose. Meanwhile, the buyer takes over the premium payment obligations and records its name as new owner and beneficiary of the policy.

There are multi-billion dollar funding sources pooling financial capital to purchase thousands of life insurance policies, some with face values of \$10,000,000--and more.

To qualify for a Life Settlement, the following general guidelines need to be met:

1. The insured (or insureds for a survivorship policy) need to be 65 years of age or older.
2. The policy must have been in force for at least two years.
3. The policy must have a face amount of \$250,000 or more.

Any kind of policy will be considered, even term policies. Policies can be owned by individuals, businesses or trusts. The effect is the same. The owner sells the policy for cash which can be used for any purpose.

Why do a Life Settlement?

There are many reasons why a policy would be sold.

1. Policy owner feels he is over-insured. Objectives can be handled with other coverage.
2. Policy is simply no longer needed. Over time, estate planning needs change, family needs change, business relationships change, and financial needs change. These are all reasons why the policy no longer makes sense.
3. Premiums are too expensive.

When contemplating cashing in a policy, consider a Life Settlement instead. There is no cost to have an offer generated, and the cost of not considering a Life Settlement option can be very substantial.