

This information is forwarded by the **Love Thy Neighbor Ministry** at Saint Rose of Lima Catholic Church, Milton FL.

Source of Information: The Catholic Foundation of Northwest Florida. Due to the many references, some may not be current but have many useful reference sources. Emails are sent using the Blind Carbon Copy (BCC) method.

This quality of life series focuses primarily on senior citizens plus other supplemental information. You do not have to be a Senior to make use of this information. If you know of a Senior, a parishioner or a neighbor who could use this information you are invited to give them a copy of this email. Fellowship through improved communications is guided by the second greatest commandment. Sometimes an act of kindness can be as simple as a phone call, a visit, or receipt of an email.

Suggestion: Create a separate folder for this information for ease of reference.

For information about our Parish, click on the following link: <http://parishesonline.com/scripts/HostedSites/Org.asp?ID=14423>

**Our parish spirit is rising, is ri**

## Life Settlements

[http://www.legacygifts.org/savvy\\_senior.jsp?WebID=GL2004-0129&D=200715](http://www.legacygifts.org/savvy_senior.jsp?WebID=GL2004-0129&D=200715)

Dear Savvy Senior,

I have a life insurance policy that I've been thinking about dropping, because I don't really need it any longer. But my neighbor was telling me I could sell it to a life settlement company for a nice profit. What can you tell me about life settlements?

Interested In Selling

Dear Interested,

If you think you no longer need your life insurance policy or are having a difficult time keeping up with the premium payments, a life settlement is a nice option to consider. Here's what you should know.

## Life Settlements

A life settlement is the sale of an existing life insurance policy (term, whole life, universal and others) to a third party company for cash. Life settlements are typically best suited for people over age 65 with some health problems and who own a policy with a face value of \$200,000 or more.

Historically, if an owner of a life insurance policy decided they no longer needed it, they would either let the policy lapse or turn it in for a meager cash surrender value. But now, with the life settlement option, you can actually sell your policy for three or four times more than the cash surrender value would be - but less than its net death benefit. Once you sell it, however, the life settlement company then becomes the new owner of the policy, pays the future premiums and collects the death benefit when you die.

Note: Viatical settlements are similar to life settlements but are available to those who are terminally ill with a life expectancy of less than two years.

## Cashing Out

How much money you will get in your life settlement will depend on several factors including your age, medical condition or life expectancy, the type of insurance policy, the premium costs, the rating of the insurance company and the value of the policy. For example, a 70-year-old with a life expectancy of 10 years, and a \$350,000 life insurance policy (depending on the premium) could get up to around \$60,000.

## Consumer Tips

If you're interested in a life settlement here are some things you should know:

Comparison shop - How much you can get for your policy will vary, so get quotes from several brokers or life settlement providers to be sure you are getting the best deal. Also, find out what fees or costs you'll be required to pay. To locate credible providers or brokers, the Life Insurance Settlement Association (LISA) provides a referral service at [www.lisassociation.org](http://www.lisassociation.org), or call 407-894-3797.

## Tax implications ♦

Life settlements are usually tax-free up to the amount you have paid in life insurance premiums during the life of the policy. However, the balance over that amount is taxable. Consult your tax advisor.

## **Fraud protection**

Life settlements are not regulated in every state so be careful who you're dealing with. Make sure the life settlement company or broker you choose is either licensed in your state or is a member of LISA.

### **Other Options**

If you don't like the idea of selling your life insurance policy but could use some extra cash, here are some other options to consider:

#### **Cash value** ♦

Ask your insurance agent if you have any cash value in your policy. If so, you may be able to use some of the cash value to meet your immediate needs and keep your policy for your beneficiaries. You may also be able to use the cash value as a security for a loan.

#### **Accelerated benefit** ♦

Find out if your life insurance policy has an accelerated death benefit, which typically pays some of the policy's death benefit before you die.

#### **Reduce Premiums.**

If paying the premium has become a burden, there are various ways to reduce it. Ask your insurance agent about the possible options.

**Savvy Resources** ([http://www.legacygifts.org/savvy\\_senior.jsp?WebID=GL2004-0129&D=200825](http://www.legacygifts.org/savvy_senior.jsp?WebID=GL2004-0129&D=200825))

National Association of Insurance Commissioners:

Offers consumer information, protection and links to every state insurance department. Visit [www.naic.org](http://www.naic.org) or call 816-783-8500.

Viatical and Life Settlement Association of America:

A trade association that offers information, answers questions and provides a referral service to brokers and companies that offer life or viatical settlements. Call 407-894-3797.