

Insurance Expert Warns Senior Citizens: Don't Cash in Your Life Insurance Policy

An insurance expert explains why senior citizens should not cash in their life insurance policies for their current cash surrender value, when that policy can be sold through a life settlements brokerage to a buyer for more than 3 to 5 times the cash value of the policy.

Memphis, TN (PRWEB) September 19, 2006 -- According to Daniel Katz, Vice President of Operations for [Settlements for Life](#), senior citizens who are contemplating cashing in their life insurance policies could receive 5 times or more than the cash value of their policy by not cashing that policy in at its current cash surrender value. Instead, by using a reputable life settlement brokerage firm, a buyer can be found to purchase that policy and take over the payments on it. While the buyer ultimately reaps the larger financial benefit at the time of that person's passing, the individual receives a lump sum payment for that policy that is typically substantially higher than the policy's current cash surrender value."

Here's how it works: A life settlement is the sale of a life insurance policy, whereby, the owner of the policy receives more than the cash surrender value of the policy. After an application is submitted by an individual, medical and insurance carrier information is gathered to help evaluate whether an existing policy might be attractive to a buyer who invests in this kind of product. To qualify, individuals must be age 65 or older and the policy must have a death benefit of at least \$250,000. Once it is determined that the policy is worthy of purchase, a life settlement firm sends the policy to companies who are buyers in the marketplace. After the sale is made, the buyer will continue to make the premium payments for as long as that individual lives.

"This is a previously untapped asset that most elderly people don't even know they have," says Katz, who has helped scores of individuals to get extended cash value for their policies. For example, Bill Johnson (name changed to maintain confidentiality), was 82 years old, in good health, and still working. With premiums of \$80,000 a year, his estate planning attorney advised him to sell his policy. "Surrendering that policy for the cash value would have netted Bill \$105,613. However, by selling his policy to an interested buyer, we got Bill \$515,000 for his \$1.5 million policy," says Katz.

Selling a life insurance policy can be an ideal solution for seniors who want to:

- Fund a retirement
- Pay for a child's education
- Pay off credit cards or get out of debt
- Eliminate a policy that is not performing well or which is no longer needed
- Cover medical bills for eldercare, nursing homes, or assisted living facilities
- Buy a better life insurance policy with a guaranteed death benefit

While buyers only buy permanent insurance products, such as "whole life" or "universal life" insurance, "term policies" can often be converted into permanent policies, then sold to a buyer, depending on various circumstances. "Day after day, we speak to people whose term policies have just lapsed," says Katz. "They let them lapse because they have no cash value; they only provide a death benefit. They had no idea we might have been able to sell that million dollar policy for \$300,000 or \$400,000."

In addition to working with individuals who have policies, life settlement brokers, such as Settlements For Life, also work with insurance agents, financial advisors, CPAs and attorneys who are looking out for the best interests of their elderly clients. “As a broker, it’s our responsibility to represent and look out for the best interest of the seller of the policy,” says Katz. “We submit the policy to a large number of “providers”, or buyers of policies, creating an environment where competition for the policy drives the price up. That’s the best way to know you’re getting the true value of the policy.”

When considering a life settlement brokerage, Katz encourages individuals to visit [LISA – The Life Insurance Settlement Association](#), which lists the standards for compliance for life settlement firms, which vary from state to state. “LISA is the only association for life insurance settlement companies,” says Katz. “It is designed to protect the consumer and provide information about how policies are bought and sold. They also provide industry links, explanations of terms, and list the states that require licensing.”

To receive a free Special Report called, “Enhancing the Value of Your Life,” which explains the benefits of selling a life insurance policy from an estate planning, business, divorce or philanthropic perspective, or to request an application, please contact [Settlements for Life](#) or call 877-588-5558.

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