

RAYMOND JAMES®



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Dear Friends,

Below is an article on some insight regarding obsolete life insurance policies that we hope can be beneficial while planning for your future.

One option for your unwanted life insurance policy: Sell it

“When it comes to life insurance, there’s a variety of reasons why older Americans might wonder if they should let their policy lapse.

As a younger adult we often get life insurance for the purpose of ‘risk management’; that is, as an income surrogate to our family in the case of our premature death. If you owned a policy for many years or decades your ‘risk parameters’ may have changed, thus making your old policy obsolete.

Regardless of the cause, one option for an unwanted life insurance policy is to sell it. That’s right: Get cash now from investors, who will get the death benefit when you die.

While the thought of strangers financially benefiting from your death might be creepy, selling a policy can be wiser than simply walking away from it or only getting the surrender value.

How life settlements work

The transaction basically involves a life-settlement company giving you cash in exchange for your policy. You no longer pay the premiums, and when you pass away, the death benefit goes to the investor who now owns it.

Generally speaking, if you’re age 65 or older and your policy’s death benefit is at least \$100,000, it could have value to investors, according to the Life Insurance Settlement Association.

If you’re worried that a Tony Soprano-like hitman will appear to free up that benefit quickly, there’s little need to worry.

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When you sell the policy, it gets held in a blind pool overseen by a financial institution other than the buyer. Additionally, your policy can only be resold as part of a larger transaction that includes other policies.

Manage your expectations

Don't expect to get the face value of your policy: The settlement comes in somewhere above the cash value and below the death benefit. The exact offer depends on a variety of factors, including the premium amount, the cash value and whether there are any loans against the policy.

The amount also depends partly on your life expectancy, which in turn is based on your age and your health. The shorter the life expectancy, the larger the settlement. Remember, though, selling is only one option" (O'Brien, 2018).

If this seems confusing, or should you have any questions, please call 207-621-2626 to speak to your advisor or to make an appointment.

P.S. Reminder for our annual **Shredding Day on Tuesday, May 14 from 9am to 11am**. We will be behind the Augusta office building with coffee and doughnuts – rain or shine. RSVP not required!

P.P.S Unwanted Mail? I was chatting with someone recently about global climate change. We have differing perspectives, but one point we agreed on was the nuisance and clutter of unwanted paper mailings; it is irritating and not great for the environment. So, I am adding it to "New Year's Resolutions" and would like to invite all of us (despite our busy lives) to carve out even a small bit of time this year to contact mailers and *stop unwanted mail*. Let us know how it goes. Whoever reports the most "turned off" junk/unwanted paper mail by June 1st, I will take to lunch or even send you a nominal gift card (if you are one of our friends who do not make it back to Maine). Lastly, if you have any easy tips, hacks, or steps to be more careful of resources, would you let us know at mendallfinancialgroup@raymondjames.com? I am sure many of you have excellent recommendations. Let's do this! Thank you very much.

Sincerely,



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O'Brien, Sarah. (2018). One option for your unwanted life insurance policy: sell it. *Strait Talk*, Retrieved From <https://www.cnbc.com/2018/05/10/one-option-for-your-unwanted-life-insurance-policy-sell-it.html>

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