Woody Allen once said, “There’s only one thing worse than death and that’s spending an evening with an insurance agent.”

However, that said, a lot of people have life insurance and in some cases there may no longer be a need for the life insurance when originally purchased. There are a lot of things one can do with a life insurance policy that is no longer needed or wanted. They are called non-forfeiture values, namely:

- Surrender the policy for its cash value
- Reduced Paid-up – reduces the death benefit but the policy is paid-up, no more premiums.
- Extended Term Insurance – convert the policy to a term policy.

However, there are sometimes other valuable options that can be available to the owner/insured. One of these options is called *Life Settlement*. With Life Settlement the owner/insured can often obtain cash for the policy in an amount much more than its cash surrender value because the policy has a greater market value than its cash surrender value. When might this be prudent to pursue?

- No longer need the insurance
- No longer afford the premiums
- Insured outlived the beneficiaries
- Estate or business needs no longer viable need.
- Needs cash

A Life Settlement is where a third party buys the policy from its current owner and pays the owner cash now while the third party continues paying the premium. Many people and regulators still call any settlement “viatical” but most professionals know that “viatical” settlements require that the insured has less than 2 years to live. Life Settlements are different.

While we know you’re not an insurance agent, you may still run across situations with your clients where something like this might be appropriate. If so, let us know and we can help you determine if a Life Settlement approach is a viable option.

Sincerely,

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