

# life insurance policy options for seniors

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Over \$666 billion of individually owned life insurance policies LAPSED or were SURRENDERED in 2015. Many of those policies were surrendered without an understanding of all of the options that are available to the policy owners.

## UNDERSTANDING LIFE SETTLEMENTS

A Life Settlement involves the sale of an existing life insurance policy that is either no longer needed or wanted to an investment group. Yes, it is legal and regulated on a state-by-state basis. Insurance companies have been known to try and penalize agents and advisors who let policy owners know they may sell a policy that might otherwise lapse or be surrendered.

A Life Settlement is not to be confused with a Viatical Settlement, which involves the sale of a policy by an insured who has a life expectancy of two years or less. A Life Settlement transaction involves a policy owner giving up ownership and control of the policy to another party, usually the settlement provider. The settlement provider will have accumulated funds available for investment and purchases the policy at a discount. This means the policy owner receives less than the face value or death benefit of the policy.

It is estimated that nearly 88% of universal life insurance policies issued in the United States never result in the payment of a claim. Recently, the news has been filled with reports of life insurance companies raising the mortality charges on those types of policies in order to offset decades of low interest earnings. As the mortality charges increase, sometimes as much as 400%, the cash values of the policies plummet and policies begin to lapse. Frequently, the owner of the policy is faced with the hard choice of paying significantly higher premiums or letting the policy lapse.

## EXPLORING YOUR OPTIONS

REDW Stanley Financial Advisors, LLC stands ready to assist you in exploring all of the options that you may have relative to your life insurance. In many cases a policy can be sold for significantly more money than would be realized by surrendering the policy. Contact our office today to see how you might benefit from an analysis of the options surrounding your existing life insurance. REDW Stanley is a fee-only service provider; we do not earn or accept any commissions from our recommendations. You can be confident our recommendations are based entirely on your needs and that we will advise you with only your success in mind.

