

LIFE SETTLEMENTS

WHY SELL YOUR POLICY?

- **POLICY IS TOO EXPENSIVE:** As people get older, the probability of death goes up and as a result, the cost of the insurance goes up as well. In addition, sometimes, policies were only funded until an age less than what the person lives to and these increases in costs for the policy can be too expensive to keep, so instead of the policy lapsing and getting nothing, people sell their policies.
- **HEALTHCARE/LTC COSTS:** Several bankruptcies arise out of medical issues and this can deplete people's savings and leave them without sufficient money to pay for their policy.
- **POLICIES ARE NO LONGER NEEDED:** Some policies have outlived their purpose on a personal or business level. For example, estate tax limits have increased causing some people to not need the coverage for liability. In addition, the original intent for having a policy changes (i.e. a beneficiary was a spouse and the insured is now divorced or said spouse is deceased).
- **BUSINESS SOLD:** As people enter the twilight of their careers, they usually look to sell their businesses and when that is done, key man or buy sell life insurance policies are no longer needed and can be sold for a material windfall.
- **POLICY IS UNDERPERFORMING:** Life insurance policies underperform when crediting interest rates are lower than when what they were originally projected at and when the costs of insurance for a policy are increased from what was originally projected. Both of these factors can cause the policy not to last as long as it was originally expected to.
- **PAY DOWN DEBT:** As people age and are on fixed incomes, selling one's policy can free them up from the premium obligation as well as provide them with money to retire debts.
- **RETIREMENT INCOME:** Selling one's policy can provide one with money to help support themselves when in retirement.



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