

## **DISCOVERING FINANCIAL FREEDOM**

Finding the perfect senior housing situation can be a difficult and stressful search for seniors and their loved ones. After all, what could be more essential than the care of a loved one? However, changing needs, preferences, and finances make this decision not only important, but also complex. The financial element of this decision cannot be underestimated since the costs of senior housing can be significant and can range widely. Most importantly, who wants to go bargain shopping with a loved ones' quality of life?

This situation often gets complicated further when seniors lack the necessary positive cash flow to fund their financial independence. This is precisely why intelligent financial planners are turning to more innovative wealth and estate planning tools. This demand has begun to turn attention on Life Settlements, which present a unique opportunity to extract value from an existing life insurance policy and repurpose those funds for more pressing needs, such as financing senior housing.

### ***What is a Life Settlement?***

Put simply, a Life Settlement is the sale of a life insurance policy in exchange for a cash settlement in excess of the policy's cash surrender value (even if none exists). In addition to the cash settlement, this transaction also removes the burden of making expensive insurance premium payments. There are no restrictions on how the cash settlement can be used, and often, seniors use these funds to pay medical, living, or other expenses.

For that purpose, Life Settlements can be a valuable financial option for many seniors seeking to fund their housing. The inflow of funds and elimination of expensive premiums help ease cash flow worries and open up new financial possibilities. Furthermore, the opportunity to reinvest funds in more appropriate financial products can help any portfolio. In fact, the sale of an existing life insurance policy is often seen as converting a future asset into a resource that should be evaluated and managed as part of the overall financial plan. As Life Settlements become more integrated into comprehensive estate and financial plans, policy holders will see greater value from their life insurance policies. Remember, a successful financial outcome is never by accident. It is the result of high intention, sincere effort, intelligent direction, and skillful execution.

### ***Am I getting the maximum value from my life insurance?***

Regrettably, life insurance often goes as an underutilized resource. As you may already know, 90% of all life insurance policies lapse or are surrendered due to non-payment of premiums (mostly due to rising insurance costs). In fact, an estimated \$1.6 trillion in life insurance is lapsed or surrendered annually. On the other hand, policies that stay in force are often underperforming or no longer needed. Especially problematic are universal life policies written since the 1980's, as these policies fail to meet expectations because of the rate of interest they were written at. In some cases, the premiums did not "disappear" as had been projected; leaving seniors with expenses they had not planned for.

Unfortunately, many of these policies have not been replaced. For these reasons, and others, many people are losing out on the value they have accumulated in their policies.

### ***Would my policy qualify?***

The responsible thing to do is simply to have your policy appraised. All types of life insurance can qualify and no policy is too small to review. My company, Settlement Benefits Association, conducts policy appraisals without cost or obligation so that policy holders can truly understand their policy's value. The process is simple and non-invasive, not even a medical exam is required. One straightforward request form begins the process. Most importantly, the appraisal is conducted with the policy holder as the number one priority. Confidentiality and privacy are held in the highest regard, and every precaution is taken to maintain discretion. In fact, even after a transaction is completed and a lump sum check is deposited, we maintain a grace period where the policy holder may freely reverse the decision and return the funds.

By requesting an appraisal, those who qualify can see exactly what the highest purchase offer is. Those who do not receive an acceptable offer will, at least, know the total liquidation value of that asset, and therefore be able to properly recalculate their net worth and better understand their true financial picture.

### ***Request a policy appraisal***

While this seems like an obvious component to any financial due diligence, unfortunately, we are still living in a time when some financial planners are failing to honor their fiduciary duty to clients because they are simply unaware of this type of transaction. This lack of awareness results from the relative newness of these transactions, but should not be tolerated. Without this information, policy holders could be missing out on a golden opportunity to recast their financial picture in an improved light.

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