

the guide for terminally ill patients & their support systems

# CONVERTING LIFE INSURANCE INTO INCOME



 SETTLEMENT BENEFITS  
ASSOCIATION

# CONVERTING LIFE INSURANCE INTO INCOME

## *Understanding & Maximizing The Value Of Life Insurance*

When a family member is diagnosed with a terminal illness it brings many challenges. As life insurance specialists and patient advocates, we can play a role in finding financial strategies to confront some of those challenges. Life insurance can play an important role in the financial lives of anyone, but when policies exist on terminally ill patients, it can often be converted into income via one or more of these options:

- » Accessing accelerated benefits
- » Selling your life insurance policy for cash
- » Obtaining a loan using the policy as security
- » Initiating a line of credit
- » Terminating and surrendering the policy for cash

Of course, life insurance held by other family members can be useful too. Accessing the cash or loan provisions of a policy is often a first step. Many different options and strategies exist.



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## *Accessing Accelerated Benefits*

Accelerated benefits can be available through the life insurance carrier. Depending on the exact provisions of your policy, you may be able to qualify to receive a portion of the death benefit now. This is often referred to as an accelerated death benefit or advanced death benefit. Additionally, you may be eligible for waiver of premium, whereby premium obligations may be suspended. Some policies have more unique benefits, including long-term care.



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## *Selling Your Life Insurance Policy For Cash*

A Life Settlement or Viatical 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. This innovative wealth and estate planning tool removes the burden of expensive insurance premium payments in addition to providing the lump sum cash settlement. It is flexible and can be applied to a portion of a policy or to the whole thing.



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## *Obtaining A Loan Using Your Life Insurance Policy As Security*

You may be able to obtain an internal loan through the insurance carrier that wrote your life insurance policy. Often, this loan can be repaid by reducing the death benefit of your life insurance policy. External loan options may be available from other lenders or family members using the policy as collateral.



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## *Initiating A Line Of Credit*

Several companies specialize in providing a unique line of credit to terminally ill patients. This loan is collateralized by the policy itself and can be an innovative way to maintain a portion of the death benefit for the family while accessing much needed cash now.



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## *Terminating & Surrendering Your Life Insurance Policy For Cash*

Once all other options have been exhausted, and if no benefits can be found, it may be time to simply surrender the policy back to the insurance carrier. This will eliminate any remaining premium payments. It will also discontinue any death benefits on the policy. However, if the policy has any cash surrender value, it may be available in exchange for the termination of the policy.

Of course, this option should only be used as a last result since the policy will most likely not be reinstated in the future and the insured most likely will never again qualify for a new life insurance policy, even with health improvements.



## *About The Authors*

Noam S. Weiss & Adam Lippman are the Managing Partners of Settlement Benefits Association, a full-service Life Settlement brokerage in Wellington, Florida. Through a network of licensed providers, the company helps policyholders understand and maximize the value of life insurance.

Noam & Adam have been maximizing life insurance since 2002 and serve as subject-matter experts for LIVESTRONG Foundation. Noam has also written extensively for The Society of Financial Service Professionals.

To review your specific options, please call **888-255-0444** or visit **SettlementBenefits.com**





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