



A GUIDE TO LIFE SETTLEMENTS

UNLOCKING THE HIDDEN
VALUE OF YOUR LIFE
INSURANCE POLICY

A Guide to Life Settlements

A life settlement is the sale of a life insurance policy to a third-party for a cash payout. The seller receives more than the policy's surrender value but less than the death benefit. The buyer takes over premiums and collects the death benefit when the insured passes. Life settlements offer immediate cash, often used for retirement or other financial needs.

Understanding the value of a life insurance policy is essential for seniors, especially when planning for retirement or senior living. Many policies lapse or are surrendered, leaving significant value untapped. According to the 2023 Life Settlement Market Data, seniors who used life settlements received 6.2 times more than the surrender value, totaling over \$842 million. Recognizing a policy's true worth allows retirees to explore options like life settlements, converting insurance into funds for healthcare or lifestyle needs, and maximizing financial security.



Life settlements provide a payout higher than the policy's cash surrender value, but less than the death benefit. This allows policyholders to access immediate liquidity without waiting for the policy to mature, offering a viable option for those seeking to maximize their financial options during retirement or senior living.

\$842 million

The total amount seniors received through life settlements in 2023, earning an average of 6.2 times more than the surrender value.

over \$707 million

Over \$707 million was gained by seniors through life settlements in 2023, compared to what they would have received from lapsing or surrendering their policies. This highlights the substantial financial benefits of exploring life settlement options.

+9M life insurance policies lapse yearly

According to the 2023 LISA report, over 9 million life insurance policies lapse every year, representing more than \$725 billion in face value. This highlights the missed opportunity for seniors to explore life settlements as a way to gain significant financial benefits from their policies instead of letting them lapse.

Why and When to Sell Your Life Insurance Policy

A life settlement is worth considering when the premiums of your life insurance policy have become unaffordable or if the policy is no longer needed, such as when children are grown or debts are paid off. Seniors often find themselves paying high premiums for coverage that no longer aligns with their financial goals. Selling the policy can eliminate that burden while providing cash for other important needs.

Additionally, a life settlement can be a smart option if you need liquidity to cover unexpected medical or long-term care expenses. Many seniors also choose to sell their policies to fund a more comfortable retirement lifestyle. Common scenarios include financial planning for retirement, covering healthcare costs, or simply freeing up funds for lifestyle enhancements. If your policy no longer serves its original purpose, selling it can turn an inactive asset into much-needed financial flexibility.

Life Settlement Process

Initial Review

Determine if the policy qualifies based on factors like age, health, and the type of policy.

Valuation

The broker collects life expectancy reports and market valuations to assess the policy's worth.

Competitive Bidding

The broker secures multiple offers from interested investors, ensuring competitive pricing.

Final Sale

The highest offer is accepted, and the policyholder receives the payout, converting the policy into immediate cash.

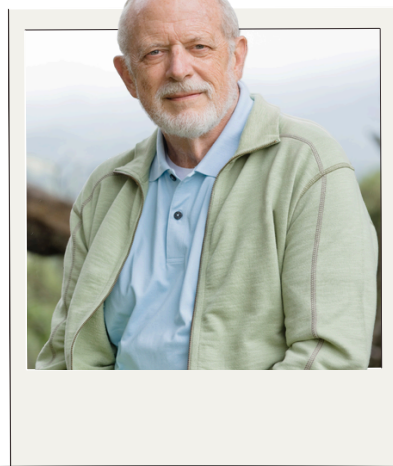
Meet Steve

*Strategic Liquidation of Life Policies:
Unlocking \$1.545 Million in Retirement Funds*

LOWEST BID **\$800K**
HIGHEST BID **\$1.545M**
SOLD FOR **\$1.545M**

Steve is a 78-year-old male, unable to sustain annual premiums of \$360,000 for his two Universal Life policies with a combined death benefit of \$4.5 million, explored life settlements as a financial strategy. He received 21 offers from 13 buyers, with bids ranging from \$800,000 to \$1.545

million, highlighting significant market interest despite life expectancies of 5 to 9 years. The sale of Steve's policies for the highest bid allowed him to enhance his retirement quality of life, illustrating the strategic value of life settlements in managing costly premiums.



Success Story



How to Know If Your Policy Qualifies for a Life Settlement

To determine if your life insurance policy qualifies for a life settlement, several key factors must be considered. Generally, the type of policy, its value, and the insured's age and health will influence eligibility. Most commonly, policies with larger face values and older individuals with health issues are prime candidates. A broker can evaluate these factors to assess whether your policy qualifies and help you navigate the process.

Basic criteria include:

- Policy type: Universal life, whole life, or convertible term.
- Policy value: Typically \$100,000 or more.
- Age and health: Older individuals or those with declining health.

Why it's Critical to Work with a Broker Instead of a Provider

Working with a broker instead of a provider is critical because a broker acts as your advocate throughout the process. Brokers represent the seller's interest, ensuring you receive the highest possible offer by soliciting bids from multiple providers. In contrast, a provider works for the buyer and typically presents a single offer, which may not reflect the true market value of your policy.

Brokers use a competitive bidding process to drive up the price of your policy. This competition is crucial because the first offer you receive is rarely the best. By attracting multiple offers, brokers ensure that your policy is sold for its maximum value, potentially bringing in significantly more money than what a provider alone might offer.

Additionally, brokers manage the complex aspects of the transaction, including the paperwork, legal requirements, and negotiations. This professional guidance helps you navigate the life settlement process with ease, ensuring that everything is handled properly and efficiently, so you can focus on making the best financial decision for your future.

SUCCESS STORY

THE \$2 MILLION MILESTONE

Meet Henry



\$1.4M
LOWEST BID

\$1.5M
HIGHEST BID BEFORE
ALS' INVOLVEMENT

\$2M
SOLD FOR

An 85-year-old business owner needed \$2 million to relocate his company to a central U.S. location. Despite health concerns and a potential prostate cancer diagnosis, his \$5 million John Hancock Guaranteed Universal Life Policy held value. After multiple unsuccessful attempts with other brokers and buyers, Asset Life Settlements secured the desired offer, helping Henry meet his financial goals.