

You Don't Have to Die First To Cash In On Your Life Insurance

By Frank N. Darras

Everyone is under the gun these days with economic worries, unemployment soaring, folks having hours reduced at work. Keeping a life insurance policy in force during these trying times can be difficult. In order to keep some money flowing, people are selling what they can just to keep a roof over their head and put a hot meal on the table.

Five years ago if you said to your life insurance agent or broker you were thinking about selling your life insurance policy, you had to have been recently diagnosed with a dread disease, says Frank N. Darras, the nation's top insurance lawyer. See <http://www.darrasnews.com>.

"Today, just turn on any radio or TV program, or open a newspaper and you can see ads about selling your life insurance policy. This trillion dollar shift in life insurance settlements looks like a sure bet for Wall Street," says Darras.

Here is why:

Savvy investors are putting these life settlements into bond portfolios much like maturing CD's and they don't have to worry about the bank going down, they are going to get paid because the insured will eventually die. This is a sure thing for Wall Street.

The reasons a client may want to sell his insurance policy are many:

- If your insurance needs or estate planning goals have changed
- Your premiums are no longer affordable
- Cash may be needed to fund a different or better performing life insurance policy or investment vehicle
- There have been changes in your closely held business that funded key man life insurance that is no longer necessary
- Funds may be needed for off label or out of the United States medical care or to fund a long-term care policy or senior annuity
- Funds may be needed as a source of cash for charitable giving

Reasons to sell your life insurance policy:

- When the premiums are out of reach and the policy is going to lapse
- If your health has turned and you need the money to pay for life saving medical treatment
- If you bought the coverage when you were younger to protect your wife and kids and your needs and the family requirements have changed
- If your policy was expensive when you bought it and now your health history has improved, you can get cash for what was too expensive and trade into a cheaper policy with more death benefits
- Divorce
- Your kids are grown and on their own
- You are financially down and have nothing left to sell

Remember, if you are receiving Medicaid or income assistance, selling your life insurance policy may provide income that renders you ineligible. If the cash payout you receive is more than the premiums you have paid in, you will get a tax call from the government, so factor that in when selling your policy. Once you sell your life insurance policy, you will not be able to buy more insurance than your current net worth.

Be sure to shop your policy with a national company that has been around 10 years or more with a proven track record. Get three quotes for sale, in writing, from your agent or broker. Make sure the agent or broker discloses his commission for the sale in writing.

You must provide the agent or broker who is marketing your policy for sale with all your current medical records including those you might be embarrassed about. Crucial records like notes to the therapist, psychologist or psychiatrist must be disclosed. This includes notes that may upset loved ones if they learn you had suicidal ideation or plans to end your own life. These are the records that are most crucial and they will be privately evaluated by doctors to assess your current state of health and, based on your medical conditions, how soon you may leave the planet. If you are contemplating selling, you need to put all the medical information on the table so your mortality is fairly evaluated.

"Liquidating your life insurance must be a smart move for you and your family. Make sure your agent is working with a bona fide, reputable and experienced life settlement company — it can mean the difference between financial success and failure," says Darras.