

An Innovative Way to Improve Your Company's Bottom Line - Life Settlements

**By Jolene Fullerton, General Counsel
First Secured Life**

Amid falling corporate profits and a shaky economy, a new way to improve your company's balance sheet has emerged – Life Settlements.

Without cost and job cutting, slashing employee benefits or selling productive corporate assets, your company can achieve significant bottom line improvement by utilizing Life Settlements.

What is a Life Settlement?

A Life Settlement is the sale of an existing life insurance policy for a lump sum of cash that is less than the policy's face amount but more than the cash surrender value. A life insurance policy is property, like a car, house, stocks and bonds can be legally sold in accordance with applicable laws. Through a Life Settlement, a policy owner can realize value today from an asset that is generally thought to only have a benefit when the insured passes away.

Does your company own a life insurance policy that meets the following criteria?

1. Insures a person over age sixty-five (65)?
2. Has a face value of at least \$100,000?
3. Is at least two (2) years old?

If so, then your company may be able to sell that policy for lump sum of cash to spend or invest any way it wants.

How can Life Settlements benefit your company?

Get a lump sum of cash and eliminate premium payment expense for life insurance policies that your company no longer needs or wants.

Here are some examples:

- Executive retires or leaves the company
A key executive is retiring. The company owns a 5 million dollar life insurance policy insuring his/her life that it no longer needs. He/She does not wish to assume the policy because he/she cannot afford the premium payments to keep the policy in force.
*Does the company have any options other than surrendering the policy for cash value or just letting it lapse? **Yes, a Life Settlement.***
- Buy/Sell arrangement obsolete
Partners in a small business have a buy/sell agreement utilizing life insurance to fund the buy-out in case of death of a partner. The partners retire and the business is sold during their lifetimes to a third party and the policies are no longer needed.

*Is there any alternative to surrendering the policies for cash value or just letting them lapse? **Yes, a Life Settlement.***

How does a Life Settlement work?

First, the life insurance policy should be appraised. A Life Settlement Broker can determine the policy's eligibility for a Life Settlement and will seek to obtain the highest possible offer for the policy.

The value of a life insurance policy is determined by a number of factors, including, but not limited to:

- The age and medical condition of the insured
- Type of insurance policy, rating of the issuing insurance company
- Amount of premium payments to keep the policy in force

Most types of insurance policies can qualify, including universal, whole life, and converted term.

When a mutually agreed upon price is determined for the life insurance policy, the company is paid a lump sum in cash. The ownership and beneficiary rights are transferred to the purchaser, all future premium payments are the responsibility of the purchaser and upon the death of the insured, the death benefit is payable to the purchaser.

Your company can use the cash proceeds from the Life Settlement in any way. There are no restrictions on use of the funds. The money may be invested or spent.

Increase your company's bottom line by generating a lump sum of cash and eliminating premium payment expense with Life Settlements.