



Term life insurance policies fulfill an obvious need in the market, helping people with a specific need for life insurance for a set amount of time. They're a great "just-in-case" option, and one that the policy holder doesn't need to continue paying for after the need is no longer there.

Yet it can certainly feel like you're letting a lot of money simply wash away after the need is gone or the term expires on the policy. That's why term policies don't always get the credit they should—it may sometimes be difficult to justify the investment in them when there's no ROI whatsoever.

That's a big misunderstanding, though. Term policies *can* provide ROI. It's just that more often than not, advisors don't think about the option that can make the policy fruitful.

The Convertible Rider

Odds are, when the policy was sold to your client, it included a convertible rider that allows the policy to convert it to a permanent policy. It's a great safety net that allows someone who may have become uninsurable during the policy's term to keep the policy. But that rider does more than that: it allows the policy to be sold in a life settlement, providing return that otherwise simply wouldn't exist.

What is a Life Settlement?

A life settlement is the sale of a person's life insurance policy to a third-party investor. In a life settlement, the policy's owner transfers the ownership of that policy in exchange for an immediate cash payment from the buyer. Candidates for life settlements are typically 70 and older, with a life insurance policy that has a "face value" (death benefit) of more than \$100,000.



What Can a Life Settlement Do For My Client?

Let's look at a case study. Mr. Nixon, a retired father of three, had a convertible term policy with a death benefit of \$3.5 million. The term was expiring, so he was debating letting the policy lapse. Yet his advisor suggested exploring a life settlement. He converted the policy, and then sold it in a life settlement for \$350,000.

Just imagine: he was going to let the policy simply lapse, and get nothing in return. Instead, he received \$350,000 to invest in other, more lucrative investment opportunities. Every case is different, but the options certainly beat the alternative of letting the policy lapse.

How Can I Know If It's a Good Fit?

1. Does the client no longer have a want and/or need for the life insurance policy?
2. Is the term policy about to expire?
3. Does the term policy have a convertible rider that will convert it to permanent life insurance?
4. Has the insured had a change in their health since the policy was issued?

If you answered "yes" to any of these questions, your policy may be a good fit for a life settlement. Visit www.lsa-llc.com/do-i-qualify to see.

Contact Life Settlement Advisors today to learn more about how we can help turn underperforming policies into liquidity for other investments.

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