

Why Bother With a Life Insurance Settlement?

A life insurance settlement is the amount of money your beneficiary collects when you die during the term specified under the life insurance policy. The premiums you pay depend on the type of life insurance and the amount of the settlement you want to have if and when the life insurance company has to pay out. You might get a life insurance policy a lot cheaper if you opt for term life insurance because there is a possibility that you will never get to collect the life insurance settlement.

Settlements have become a very important factor in the estate planning process for seniors. Prior to the life insurance settlement industry, if a senior owned a policy that was no longer wanted, needed or could afford, there was no option but to lapse, cancel, or surrender the policy back to the carrier for the cash surrender value. Senior life insurance policies allow qualified policyholders to liquidate a policy for an amount much higher than the cash surrender value. Then, these seniors can take advantage of important financial opportunities using the proceeds of an unneeded or obsolete life insurance policy.

There are two types of life insurance settlement transactions: One kind creates immediate liquidity from a non-performing asset, allowing policy owners to cash out of unwanted, unaffordable or obsolete life insurance policies insuring a senior over age 65. The other is a Viatical settlement, which enables someone facing a terminal illness to utilize the present day value of their life insurance policy to ease the financial burdens that can be caused by the high costs of medical care. Knowing that there are options on how to receive a settlement with senior life insurance can take off some stress in a stressful situation.

Over the past few years, life insurance settlements have gained popularity among the financial planning community as the financial benefits to policyholders have become far too beneficial to ignore. As this industry continues to grow, many financial professionals have begun to recommend this financial service to their friends and families. This enables more and more life insurance policy owners to access the unrealized equity built up inside an asset that is normally considered only as a future benefit. Thus, it has become much more than a settlement that is used at the time of death.

By being informed on your life insurance settlements, you can help turn a policy on the verge of cancellation, surrender or lapse, into an immediate cash settlement. It's a true win win opportunity!

A life insurance settlement is an important event.

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About the Author

For a website totally devoted to Life Insurance visit Peter's Website Life Insurance Answers at <http://www.life-insurance-answers.com/> and find out about Life Insurance as well as Cheap Life Insurance at <http://www.life-insurance-answers.com/cheap-life-insurance.html> and more, including Online Life Insurance, Term Life Insurance and Life Insurance Agents.