

LEGACY WEALTH SERVICES · 2026 COMPLETE GUIDE

Your Life Insurance Policy May Be Worth **More Than You Think**

The complete guide to life settlements — how to turn an
unwanted life insurance policy into immediate cash

4-8x

MORE THAN SURRENDER
VALUE

\$250K+

TYPICAL MINIMUM FACE
VALUE

65+

TYPICAL SELLER
AGE

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THE BASICS

What Is a Life Settlement?

A life settlement is the sale of an existing life insurance policy to a third-party buyer for an immediate cash payment — more than the surrender value, but less than the death benefit.

If you own a life insurance policy and no longer need it, want it, or can afford the premiums — you have a choice most people don't know about. Instead of surrendering the policy to the insurance company for its cash value (often very little), or letting it lapse entirely, you can **sell it** on the secondary market for a lump sum payment.

The buyer — typically an institutional investor — takes over the premium payments and collects the death benefit when you pass away. You receive cash now that you can use for retirement, medical expenses, travel, or any purpose you choose.

Step 1

You apply to sell your policy through a licensed life settlement broker

Step 2

Multiple buyers compete, driving up your offer price

Step 3

You accept the best offer, receive a lump sum, and stop paying premiums

ELIGIBILITY

Does Your Policy Qualify?

Life settlements are not available to everyone. Buyers look for specific characteristics in policies and policyholders. Here's what typically qualifies:

Policy Requirements

- Face value of \$100,000 or more
- Policy is at least 2 years old
- Universal life, whole life, term with conversion rights
- Policy is in-force (not already lapsed)
- Premium payments are current

Insured Person Requirements

- Age 65 or older preferred
- Any age with serious health condition
- Life expectancy typically under 15 years
- Must be the policy owner or beneficiary
- No pending contestability issues

Common Situations That Lead to a Life Settlement



Business partner died, key-person policy no longer needed



Children are grown, estate no longer needs the death benefit



Health care costs rising, need cash to fund long-term care



Better investment opportunity found — want to liquidate



Retirement shortfall — need funds to maintain lifestyle



Premiums becoming unaffordable — policy at risk of lapsing

STEP-BY-STEP

The Life Settlement Process — From Start to Cash

1

Free Policy Evaluation

We review your policy documents, current premium schedule, and health status at no cost. This takes 1-2 business days and tells you whether your policy is marketable.

2

Medical Records & Application

Buyers require recent medical records (last 5 years). A licensed life expectancy company reviews and issues an LE report. This is confidential and used only for pricing.

3

Competitive Bidding Process

Your policy is submitted to multiple institutional buyers simultaneously. They compete for your policy, which drives up the offer price. This process typically takes 2-4 weeks.

4

Review Offers & Accept Best Bid

You review all offers with no obligation. Accept, reject, or counter. You have full control. Once you accept, we move to closing paperwork.

5

Close & Receive Payment

Paperwork is completed, the policy ownership is transferred, and funds are placed in an escrow account. You receive your lump sum within 7-14 business days of closing — typically wired directly to your bank account.

MAXIMIZE YOUR VALUE

Life Settlement vs. Your Other Options

Option	Cash Received	Stop Premiums?	Overall Value
Let Policy Lapse	\$0	✓ Yes	★☆☆☆☆
Surrender to Insurance Company	Cash value only (low)	✓ Yes	★★☆☆☆
Policy Loan	Partial (must repay)	✗ No	★★☆☆☆
Life Settlement ✓	4-8x surrender value	✓ Yes	★★★★★

Tax Considerations

The tax treatment of life settlements can be complex. Generally:

- The portion up to your cost basis (total premiums paid) is **tax-free**
- The portion between your cost basis and the cash surrender value is taxed as **ordinary income**
- Any amount above the cash surrender value may be taxed as **capital gains**
- Viatical settlements (terminal illness) may be entirely **tax-free**

Important: Consult your tax advisor before completing a life settlement. Tax laws change and individual circumstances vary significantly.



Don't Let Your Policy Lapse for Nothing

A free policy review takes 15 minutes and tells you exactly what your policy might be worth on the secondary market. There's no obligation and no cost to find out.

CALL OR TEXT RODNEY

(503) 832-8555

SCHEDULE YOUR FREE REVIEW

www.legacywealthservices.com

This guide is for informational purposes only. Life settlement transactions are subject to state regulations and tax implications. Consult your financial and legal advisors before proceeding.

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