

# An Option for Wealthy Senior Clients with Changing Needs

by Alan Niemi

Financial service professionals who are working with senior clients face an exciting, but challenging future. The many Americans who are set to retire will increase the demand for advisory services and related products and alter the traditional way they are managed.

Seniors are living longer and face a growing number of changes, which is why their need for flexible options will increase, particularly when it comes to estate planning. This article looks at life settlements and estate planning. It examines how life settlements can meet the changing needs of wealthy senior clients.

Over the past several years, economic fluctuations, tax law changes, and updates to mortality tables have forced many financial service professionals to reevaluate estate-planning strategies for their high net worth senior clients, including adding life settlements to their annual review process. They are considering life settlements because of their flexibility and pro-consumer benefits.

Before the advent of the secondary life insurance market, financial service professionals had limited options for senior clients whose life insurance needs had changed, including those related to estate planning. The only exit choices available to policy owners with outdated or underperforming policies were to lapse or surrender for any cash value, which offered little or no return on investment.

Through a life settlement transaction, financial service professionals can help seniors eliminate expensive or unnecessary premiums by selling their policy to providers in exchange for a cash settlement greater than a policy's surrender value. So, a

financial service professional can move quickly to support the senior client who has a life-changing event like divorce, death of a beneficiary, retirement, sale of a business, a change in health, or other needs.

In addition to flexibility, the tremendous success of the secondary life insurance market is likely to be tied to its pro-consumer benefits, such as an additional exit choice and a competitive market environment.



- Liquidity needs
- Healthcare or medical care needs
- Business bankruptcy
- Key person ownership change
- Buy-sell agreement change

## Who is a candidate?

Generally, seniors age 65 or older who:

- Own a transferable life insurance policy from a rated carrier that is beyond

the contestability period and with a face amount greater than \$100,000.

- Had a recent change in health.
- Have a life expectancy greater than two years.

Life settlements give financial service professionals a flexible option to help meet wealthy senior client's changing needs. Professionals who want to offer better service with the latest financial options and stand out in a competitive environment should consider making the move to life settlements. □

## When to Consider a Life Settlement

Common situations when a financial service professional should consider a life settlement for a senior age 65 or older might include the following:

- Divorce
- Death of a beneficiary
- Underperforming policy
- Unaffordable premiums
- Estate plan change

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