

# Life Settlements: Another Way to Give

*Buckeye Life Resources*

**What** A life settlement is the sale of an in-force life insurance policy to an institutional investor. Some or all of the proceeds of the sale may be directed to charity, and the buyer of the policy assumes responsibility for all future premiums.

**Why** Life settlements are highly regulated transactions that enable donors to witness the fruits of their benevolence while realizing immediate tax benefits.

**Who** Generally, the policy's insured must be above the age of 75 or have a life expectancy below 15 years.

**When** Life settlements are ideal when the policy owner otherwise plans to surrender or lapse the policy in question. This typically means the donor no longer needs the coverage or can't justify its ongoing expense.

**How** Donors may enlist the help of a qualified and fiduciary-minded life settlement broker like Buckeye Life Resources to oversee all facets of the sale.

## *Case in Point*

Insured:	76 y/o male
Life expectancy:	9 years
Policy type:	Universal life
Death benefit:	\$2,000,000
Cash surrender value:	\$0
Sale proceeds:	\$300,000

Originally in place as a key-person policy for an LLC, coverage was no longer needed after the business sold. The policy owner directed the sale proceeds to a charitable organization and realized a tax deduction of the same amount.

## *Fact*

On average, the proceeds from a life settlement are **5-7 times greater** than the cash surrender value, if any, of the underlying policy. This finding is according to the U.S. Government Accountability Office.

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Life insurance is a versatile means of philanthropic giving, and life settlements are one such way for donors to make a lasting financial impact on the charitable organization of their choice. Please contact **Todd Everson** of Buckeye Life Resources to explore matters in more depth.