

After 25 years as a Financial Planner, I thought I knew all the tricks. I did full financial plans, sold life insurance in all forms from term to 4 way buy-funding arrangements. It was a client who alerted me to a new way to earn income, Life Settlements. Of course, I had heard of Viatical Settlements for years, but because of all the bad press they had received I never gave any thought to doing one. My client had a policy that I sold him 15 years ago to fund his buy-sell agreement with his partner. Well, the partner passed away and he was left with a \$2,500,000 policy that he no longer needed. He had all the Life insurance in place that he needed to protect his family and his assets, but was now paying premiums on a policy he no longer needed. He told me that he had heard from a colleague that you could sell the policy on the open market and possibly receive an amount greater than the cash surrender value of the policy. He asked me to look into it and because of the power of the internet I was able to find a great deal of information on the subject. To make a long story short, this Universal Life policy which had a face value of \$ 2,500,000 and a cash surrender value of \$ 245,000 was eventually sold in a Life Settlement transaction with the insured receiving \$525,000 and in addition I received a very nice commission on the sale. By the way, the insured used part of the proceeds to purchase Long Term Care policies for both himself and his wife.

This happened 4 years ago and needless to say Life Settlements are a large part of my practice today. I have been going through my book of business and contact those clients who might qualify and I have a pretty good success ratio with those clients. Three things have come out of my Life Settlement business:

1. Clients made money from an asset they never thought of.
2. Over 50% of Life Settlement clients purchased some type of new policy with the proceeds.
3. They referred their friends to me, who have become new clients.

Thanks to a client's question, I now have a more lucrative and varied practice than I had before.

Harvey Quitko, CSA