



Life Settlements as an Asset Class

What do you know about life settlements?

Are they an important part of you or your clients' portfolios? If not, you might want to take a second look at this investment class. Life settlements have unique advantages as an asset of which most investors either ignore or are not aware.

Let's clarify what a life settlement is. An investor purchases the ownership and beneficiary rights of an existing life insurance policy from the current owner.

This is done for a fraction of its payout value. Once the policy has been transferred to the investor, they are responsible for the annual premium payments, and in return become the sole beneficiary for the cash payout upon maturation. Life settlements serve as a profitable asset class in the investment portfolios of Warren Buffet, Merrill Lynch, Bill Gates, Credit Suisse and more.

With so many well-known financial institutions investing at least some of their money into life settlements, it's time for you to examine this growing market. Let's take a look at 5 distinct advantages life settlements have over some traditional investments.

1. Market Independence

Unlike many other investment classes, life settlements have no correlation to the stock market or the larger economic market as a whole. Life insurance is a necessity for millions of Americans, regardless of the current state of the economy.

Instead of letting these policies lapse when they are no longer needed, many people offer these policies for sale on the open market. Your payout as an investor has no tie to the current state of the economy. Your profit is tied strictly to the insurance policy and its performance.

Because of the non-correlated nature of the product, life settlements are an excellent way to hedge against the volatility of more dependent investments.

2. Predetermined Outcome

We've already established that no matter what happens in the financial markets your investment will remain unchanged. The same can be said for the return. There's a fixed amount that an investor will receive from every investment. You can count on that payoff despite any of the market's ups and downs. Really, the only thing that affects your rate of return is the health and longevity of the insured.

* Brookfield Insurance Partners, is a licensed Life Settlement Broker and maintains solid relationships with some of the insurance industry's largest life settlement purchasers. Through these relationships, we have the ability to connect investors with Life Settlements as part of their portfolio.



Life Settlements as an Asset Class

3. Low Risk

As a market independent investment, risk is far lower than many other asset classes. Your investment is simply the initial acquisition cost plus ongoing premium payments made directly to the insurance company. The only variable involved with a life settlement transaction is the life expectancy of the insured. As registered life settlement brokers, Brookfield Insurance Partners helps to mitigate that variable by performing in-depth reviews of both medical records and insurance illustrations. In fact, your principal is only ever at risk if you default on your premium payments.

4. High Return

Provided you continue paying the premium payments associated with your life settlement policy, you can expect a return of between 8% and 14% on average. That is because many of the firms that originally purchase these policies; purchase them at a large discount. Numbers like that far outperform many asset classes like stocks and bonds. When you add the reduced risk of these investments to their consistent return figures, you can see why so many successful investment portfolios are partially built with life settlements.

5. Partial Liquidity

The value of life settlements really lies in its relative simplicity as an asset. You're buying someone's life insurance policy for a fraction of the face value and when the policy matures the insurance company pays the full benefit to you. Just as you purchased the life insurance policy from its current owner, you have the ability to sell the policy as well.

With every day that passes, the value of the policy increases (since the insured has a statistically lower life expectancy). With the help of Brookfield Insurance Partners, you can resell the policy into the open market and potentially make a profit on a policy "flip". If at any time you need to liquidate your position in a policy, you have the ability to do so.

For these reasons, life settlements are an ideal addition to pension plans, 401(k)s and other investment funds. They instantly add diversification to a portfolio and help to hedge against riskier investments; this is all done while providing a relatively reliable income source and an average return higher than the stock market and other traditional investment classes tend to offer.

In addition to the uniquely advantageous wealth building qualities of the secondary life insurance market, there are a myriad of social benefits as well. Purchasing a life settlement puts cash into the pocket of an individual who would rather have the money now than after they have passed away. While adding a financial benefit to the insured, you are also lessening their annual cash outlay as they are no longer responsible for ongoing premium payments.

Now that you've heard some of the strategic advantages that life settlements provide, get started by investing with one of the most knowledgeable and experienced firms. Brookfield Insurance Partners has received no complaints and they have no pending litigation. All of their transactions are forthright in nature and they do not engage in any of the "gray" areas of life settlements, such as STOLI policies.