SAGE

SETTLEMENT CONSULTING

Life Insurance

While most people can acknowledge the importance of life insurance, many choose to ignore the reality of what would happen if we were to die suddenly without the proper protection. The results could be devastating for surviving family members, leaving them with a large bill for final expenses, or even worse, loss of the family home because they can no longer cover the mortgage.

Life insurance proceeds are generally received income tax-free. Life insurance proceeds if included in the estate, are not estate tax-free. Careful planning is required with settlements where assets plus the insurance exceed, or may exceed in the future, state or federal estate tax exemption.

Top Reasons Why Life Insurance Is So Important

1. **Pay Off Debts:** A life insurance policy can pay off any debts that would be a burden to a family member. Debts such as a mortgage, credit cards, car loans and even funeral expenses can have a dramatic impact on a family and their lifestyle.
2. **Provide for Kids:** A life insurance policy will ensure that children can go to college, buy a home and even pay for their wedding if a parent dies unexpectedly.
3. **Peace of Mind:** A term life insurance policy is an inexpensive way to give a family member peace of mind, knowing that they will be protected if something happens. The worry about children's financial futures are gone.
4. **Funerals Are Pricey:** Even a basic funeral can cost $7,000-$10,000. A small life insurance policy will make sure final expenses are covered so loved ones don't have to worry at an already stressful time.
5. **Supplement Retirement:** Permanent life insurance policies accumulate a cash value over the life of the policy that can be borrowed against tax-free. These policies can be used to supplement retirement if other investments fall short.

Funding Life Insurance with a Structured Settlement

A structured settlement allows the injured party to tailor payments over his or her life. They can be designed for virtually any need. Proper settlement planning for the injured party is critical, and life insurance is a key component to providing a comprehensive financial plan. Often, the Structured Settlement payments are income tax free. In general, IRC Section 104(a) provides an exclusion from gross income certain amounts which are received for personal injuries or sickness.

For more information about life insurance and structured settlements, contact Sage Settlement Consulting today.

With local offices across the country, our team offers award-winning comprehensive settlement planning services.

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