



ACCESS FUNDS FROM YOUR LIFE INSURANCE

When You Need Cash Now:
**Turning Life Insurance into Money for
Treatment, Care, and Family**

A practical guide for cancer patients and their families on how to access funds from a life insurance policy — what changes, what doesn't, and what to watch out for.

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A Note Before You Begin

If you've picked up this book, something has happened. Maybe you or someone you love has been diagnosed with cancer recently and the medical bills are starting to come in. Maybe you've been in treatment for months or years, and the financial side of this illness has become its own crisis. Maybe you're past the point of curative treatment and are thinking about what you want the time you have - to look like — and how to leave your family in a better place.

Whatever brought you here, the first thing we want to say is this: we're sorry. Cancer is hard enough without the financial weight that comes with it, and it's not fair that you have to think about money at all right now. The fact that you do is one of the things that needs to change about how this country handles serious illness.

The second thing we want to say is that this book has a specific, narrow purpose. It is about one financial option — selling your life insurance policy for cash — that many cancer patients don't know exists, and that for some people, can be a meaningful source of money when other options have been exhausted. It is not a complete guide to coping with cancer financially. There are many resources for that, and we'll point you to some of them.

We also want to be upfront about who we are. This book is published by Cancer Funding, an organization that helps cancer patients access financial resources from their life insurance policies. Cancer Funding does not buy policies directly. Instead, Cancer Funding works in partnership with Settlement Group, a licensed life settlement provider that handles the actual evaluation and

purchase. Throughout this book, when we describe "the provider," "the buyer," or "working with us" in the context of a transaction, we are describing Settlement Group's role.

Both Cancer Funding and Settlement Group have a financial interest in this topic, and we'd be misleading you to pretend otherwise. We've written this book in good faith, with accurate information that you can verify. But you should treat what follows the same way you'd treat any other piece of information from a company that might benefit from your business: read it, check it, ask questions, and don't make a major decision without independent advice.

With that said: there is a real and helpful product behind this book. Selling a life insurance policy you no longer need or can no longer afford can put cash in your hands when you need it. For some readers, that cash will pay for treatments insurance won't cover. For others, it will keep the lights on while you focus on getting well. For others, it will allow you to do something meaningful with the time you have — pay off the house, take a trip with the grandchildren, set up a college fund. For some, it will simply be the difference between losing the policy entirely (which is what happens when you can't pay the premiums any longer) and getting something for it.

In the chapters that follow, we'll explain what a life settlement is, how cancer specifically affects what your policy might be worth, what the process looks like, what alternatives you should consider, what the tax and benefits implications are, and how to make sure you're being treated fairly. The chapters are short on purpose. If you're going through treatment, you don't have unlimited energy for reading.

If at any point a question comes up that this book doesn't answer, call Settlement Group directly. There's no charge for a conversation, and there's no obligation. They'd rather you call with a question and decide not to sell than not call at all and miss an option that could have helped.

If you'd like to know what your policy might be worth

To find out whether your specific policy could provide cash for treatment, care, or your family, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**. A policy review costs you nothing and creates no obligation to sell.

Chapter 1: What a Life Settlement Is, in Plain English

A life settlement is the sale of an existing life insurance policy to a third party in exchange for a lump sum of cash. The buyer takes over premium payments going forward and, when the insured eventually passes away, receives the death benefit. The seller — you, the policy owner — walks away with cash today and no further obligations under the policy.

That's the whole concept. Everything else is detail.

Why this exists

Life insurance is a contract that promises to pay a certain amount when you die. To you, that promise is mainly meaningful as protection for your family. To an investor with patience, that same promise has present value, the same way a bond has present value before it matures. If the present value of your policy to such an investor is greater than what your insurance company is willing to pay you to cancel the policy, there's room for a transaction that benefits both sides.

This isn't a loophole or a workaround. The right to sell a life insurance policy was established by the United States Supreme Court in 1911, in a case called *Grigsby v. Russell*. Justice Oliver Wendell Holmes wrote the opinion. The market that grew from that ruling, is now regulated by most states and is a multi-billion-dollar industry — not a fringe practice.

The three numbers that matter most

Three numbers will keep coming up. Knowing them in your specific case is the foundation of a good decision.

- **Death benefit (face amount).** The amount your policy pays when you die. This is the headline number on the policy itself.
- **Cash surrender value.** The amount your insurance company will pay you if you cancel the policy today. For many policies — especially term policies — this is zero. For permanent policies it can be substantial, but is almost always far less than the death benefit.
- **Life settlement value.** The amount a third-party buyer is willing to pay you today for the policy. When a settlement makes sense, this number falls between the surrender value and the death benefit — often significantly higher than the surrender value.

A life settlement, in essence, captures the gap between what your insurance company will pay to cancel the policy and what the policy is actually worth in the open market.

Why cancer matters here

This is the part of the conversation that can feel uncomfortable, so we want to be straightforward about it. The economic logic of a life settlement is that the buyer is paying for a future death benefit. The closer in time that death benefit is expected, the more the buyer can reasonably pay today. A serious illness like cancer often shortens life expectancy — and that, in turn, increases what your policy is worth on the secondary market.

This sounds harsh on the page. But consider what it means in practice: a policy that might have sold for ten or fifteen percent of face value for a healthy senior could sell for thirty, fifty, or seventy percent of face value for someone with a serious diagnosis. That difference can be the difference between a small amount of cash and life-changing financial support during the hardest period of your life.

The market is structured to recognize this, and it's why cancer patients, in particular, often have meaningful options through life settlements that healthier policy owners do not.

What kinds of policies qualify

Most life insurance policy types can potentially qualify, including:

- Universal life insurance
- Whole life insurance
- Convertible term life insurance (often even after a cancer diagnosis, conversion may still be possible)
- Some group life insurance, where conversion or portability rights exist

Generally, the policy needs to be past its initial contestability period (typically two years from issue), the face amount usually needs to be at least \$100,000 (some providers will look at smaller policies on a case-by-case basis), and the policy needs to be transferable. None of these are absolute rules. The only way to know whether your specific policy qualifies is to have it reviewed.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**, or visit **settlementgroup.io**.

Chapter 2: Viatical Settlements — The Branch of This Industry Built for Patients Like You

Within the broader life settlement market, there's a specific type of transaction called a viatical settlement. The word "viatical" comes from the Latin *viaticum*, originally meaning provisions for a journey. In modern usage, a viatical settlement is the sale of a life insurance policy by someone with a serious or terminal illness.

Why does this distinction matter? Two reasons: tax treatment and history.

The tax advantage

Under Section 101(g) of the Internal Revenue Code, the proceeds of a viatical settlement may be entirely free from federal income tax if the seller meets the definition of terminally ill or chronically ill. This is the same tax treatment that applies to a life insurance death benefit paid to a beneficiary — and it's a much more favorable result than the partially taxable treatment of a standard life settlement.

Terminally ill

Under federal law, terminally ill generally means a physician has certified that you are reasonably expected to die within 24 months. The certification has to come from a licensed physician, based on actual medical evaluation. Many cancer patients — particularly those with advanced or aggressive cancers — qualify under this standard.

Chronically ill

Chronically ill has its own definition under tax law, focused on whether you are unable to perform a certain number of activities of daily living (such as bathing, dressing, eating, or transferring) without substantial assistance for at least 90 days, or require substantial supervision due to cognitive impairment. Some cancer patients qualify under this category as well, particularly during intensive treatment phases or in advanced stages.

If you may qualify under either definition, the tax savings can be very large. On a six-figure settlement, fully tax-free proceeds versus partially taxable proceeds can mean tens of thousands of additional dollars in your pocket. We strongly encourage you to discuss your specific situation with a tax professional before signing any sale agreement.

The history

Viatical settlements as a distinct industry emerged in the 1980s during the AIDS crisis, when people facing terminal diagnoses needed access to money quickly — for treatment, for caregivers, for the chance to live their remaining months on their own terms. Insurance policies they owned had real value, but a death benefit can't pay for treatment while you're alive. Viatical settlements bridged that gap.

As the industry experienced early growth, state regulators responded, and the result is the modern regulatory framework — licensing, disclosure requirements, anti-fraud rules, rescission periods — that protects sellers today. When new HIV treatments dramatically extended life expectancies in the mid-1990s, the viatical market shrank from its peak, but the legal infrastructure remained.

Today, viatical settlements are a smaller but important part of the broader life settlement industry. The infrastructure built for AIDS patients three decades ago now serves people with cancer, ALS, advanced cardiac and pulmonary disease, and other serious illnesses. The same protections, the same tax treatment, the same legal foundation.

Viatical vs. standard life settlement: which is which

In practice, the line between a viatical settlement and a standard life settlement isn't always sharp. Both involve the sale of a policy to a third party. The differences are mainly:

- Viatical: typically shorter life expectancy (often 24 months or less under federal tax definitions, though state definitions may differ); proceeds may be entirely income-tax-free under Section 101(g); historically associated with younger insureds with terminal diagnoses.

- Standard life settlement: typically longer life expectancy; proceeds taxed in three layers (basis is tax-free, gain up to surrender value is ordinary income, excess is capital gain); historically associated with older insureds whose policies are no longer needed.

If you have a cancer diagnosis, your transaction may qualify as either, depending on your prognosis and your state's specific definitions. A reputable provider will tell you upfront which category your case is likely to fall into and what the implications are.

If you'd like to know what your policy might be worth

If you've been diagnosed with cancer, your policy may qualify for the favorable viatical settlement tax treatment under Section 101(g). To find out, contact **Settlement Group** at **912-882-0840** for a no-obligation review.

Chapter 3: Who Qualifies, and How Cancer Affects Your Options

Not every cancer patient with a life insurance policy will qualify for a settlement, and we want to be honest about that upfront. The economics of these transactions depend on a combination of medical, financial, and contractual factors. This chapter walks through the main ones so you can form a realistic expectation before going further.

Medical factors

Cancer is not one disease. Different cancers, different stages, and different treatment responses lead to very different prognoses. Some of the factors that buyers consider, working from medical records:

- Type of cancer (some cancers historically progress more aggressively; others are highly treatable)
- Stage at diagnosis and current stage
- Treatment history and response to treatment
- Whether the cancer is currently in remission, stable, or progressing
- Other health conditions and overall functional status
- Age

Buyers commission independent medical underwriting reports, called life expectancy reports, prepared by specialty firms. These reports estimate, in months, how long someone with your specific medical profile is statistically expected to live. The estimate is based on actuarial data

across many similar cases — it is not a prediction about you specifically, and many people live substantially longer (or shorter) than their estimates.

Why a shorter life expectancy generally means a higher offer

This is the math of the transaction, and we want to address it directly because it's the part patients sometimes find unsettling. The buyer is paying today for a death benefit they'll receive at some future date. The closer that future date is expected to be, the more the buyer can pay today and still earn a return.

In practical terms: a healthy 65-year-old might receive an offer of around 8 to 12 percent of face value. A 65-year-old with a serious cancer diagnosis might receive an offer of 30 to 60 percent of face value, sometimes more. The exact number depends on all the factors above plus the specific terms of the policy.

These percentages are illustrative ranges, not promises. Some cases come in higher; some come in lower. The only way to know your number is to put your policy through an actual evaluation.

Policy factors

Beyond your medical situation, the policy itself drives a lot of what's possible:

- **Policy type.** Universal life, whole life, and convertible term are the most commonly transacted. Group life sometimes works through portability or conversion provisions.
- **Face amount.** Most providers focus on policies of \$100,000 face amount or more, with the most active market for policies between \$250,000 and several million. Smaller policies can sometimes be evaluated, especially in viatical cases where life expectancy is shorter.
- **Premiums.** Lower future premium requirements increase what a buyer can pay. Universal life policies, where premiums can sometimes be flexed downward, often command better pricing than rigid-premium products.
- **The carrier.** Buyers prefer policies from financially strong, well-rated insurance companies. Most major carriers qualify.
- **Contestability.** Policies are usually past contestability after two years from issue. Sales of newly issued policies are uncommon and may face scrutiny.

If you have a term policy

Term life insurance policies are often dismissed as having no settlement value because they have no cash value component. That dismissal is wrong in cases involving serious illness. If you have a term policy with a conversion option that allows you to convert to permanent coverage, that conversion right may make the policy sellable — even years after issue. A policy that you assumed was worthless when you stopped paying premiums could in fact be worth a meaningful amount today.

Even if your term policy isn't convertible, in some viatical cases involving very short life expectancy, a sale can still be structured. The window is narrower, but it's not always zero.

If you have group coverage through an employer

Group life coverage is more complicated, but not always impossible. The key question is whether the policy can be converted to an individual policy or otherwise made portable. Many group policies allow conversion within a defined window after coverage ends. If you're considering reducing work hours, taking medical leave, or stopping work due to your illness, find out what your conversion rights are before that window closes. A converted individual policy may have settlement value; lapsed group coverage typically does not.

The rough threshold question

As a starting point, you may have a workable case if you can answer yes to most of these:

- I own a life insurance policy with a face amount of at least \$100,000 (or close to it).
- The policy has been in force for more than two years.
- The policy is universal life, whole life, convertible term, or another transferable form.
- I have been diagnosed with cancer or another serious illness, and my treatment team has indicated that my prognosis involves meaningful life expectancy reduction.
- I either no longer need the death benefit for its original purpose, can no longer afford the premiums, or need the cash now more than I need the future benefit.

If you answered yes to most of these, an evaluation is worth doing. If you answered no to several, a settlement may still be possible, but it's less likely. In either case, a brief conversation with a provider can usually tell you within a few minutes whether further evaluation makes sense.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**, or visit **settlementgroup.io**.

Chapter 4: What Your Policy Might Be Worth

This is, understandably, the chapter most readers turn to first. We want to give you a useful answer without making promises we can't keep.

What we cannot tell you in a book

There is no way to give you a specific dollar figure without seeing your actual policy and your actual medical records. Anyone — anyone — who quotes you a specific number before reviewing those documents is guessing. Be skeptical of any company that does this. We don't, and you shouldn't trust anyone who does.

What we can tell you

We can tell you what drives the answer, and we can give you ranges that are consistent with industry experience over the past decade. With those caveats clearly stated, here's the framework.

The four main drivers

- Life expectancy of the insured. The shorter the expected timeframe, the higher the offer. This is the single biggest factor in viatical and serious illness cases.
- Future premium requirements. Every year the buyer holds the policy, they have to pay premiums to keep it from lapsing. Lower future premiums mean a higher offer today.
- Face amount and policy structure. Larger policies attract more bidders and better pricing. Universal life policies are typically more flexible to administer and may price better than rigid whole life.
- The carrier. Policies from financially strong carriers price better than policies from weaker ones.

Realistic ranges

Across the industry, life settlement transactions have historically produced amounts in the following rough ranges. These are ranges across the entire industry, not promises about your case:

- **Healthy senior (no major impairment):** often 8 to 15 percent of face value.
- **Senior with moderate health impairment:** often 15 to 30 percent of face value.
- **Cancer or other serious illness, multi-year prognosis:** often 30 to 60 percent of face value.
- **Viatical case, terminal diagnosis under 24 months:** often 50 to 80 percent of face value, sometimes higher.

On a \$500,000 policy, that range, from healthy senior to viatical case is the difference between roughly \$40,000 and \$400,000 — for the same policy. The medical situation drives an enormous portion of the answer.

How an actual evaluation works

To get a real number for your specific policy, the process is:

- You provide a copy of your policy and authorize the release of your medical records.

- The medical records are reviewed by an independent life expectancy underwriter, who produces a report estimating your life expectancy in months.
- Your policy details and the life expectancy estimate are evaluated against current market pricing.
- You receive a written offer (or an explanation of why an offer cannot be made).

This whole process, from your first call to a written offer, typically takes a few weeks. There is no cost to you for the evaluation. If you decline the offer, the process simply ends — you owe nothing and have not committed to anything.

Time pressure and your case

If your medical situation is changing, there can be a real reason to move quickly — both because your needs are immediate and because life expectancy estimates today reflect today's medical picture, not yesterday's or tomorrow's. We mention this not to pressure you, but because some readers will assume there's no urgency when in fact there may be. A conversation with a provider can clarify whether speed is or isn't a factor in your specific case.

If you'd like to know what your policy might be worth

To find out what your specific policy might be worth based on your actual policy and medical situation, contact **Settlement Group** at **912-882-0840**. The evaluation costs you nothing and creates no obligation.

Chapter 5: How the Process Actually Works, Step by Step

If you decide to move forward with an evaluation, here's what happens, in order, with realistic timeframes.

Step 1: The first conversation

You call or email a provider to begin the process. The first conversation is a screening call: how old are you, what kind of policy do you have, what's the face amount, what's your general medical situation. This call usually takes 15 to 20 minutes. At the end, the provider should be able to tell you whether your case is likely to qualify for further evaluation. There are no costs and no obligations at this stage.

Step 2: Application and authorizations

If you decide to proceed, you sign a short application and a set of authorization forms that allow the provider to gather your policy information from your insurance company and your medical records from your treating physicians. These authorizations are specific — they name who can pull records, what records, and for what purpose. You can revoke them at any time.

If you have a spouse, adult child, attorney, or other person you want involved, this is the right time to designate them. Many patients ask a family member to be a co-point-of-contact so they don't have to handle every call themselves during treatment.

Step 3: Records gathering

The provider's case team requests your policy information from the insurance company and your medical records from your providers. This is usually the slowest part of the process, mostly because hospitals and clinics vary widely in how quickly they respond. Two to six weeks is typical, sometimes faster, sometimes longer.

During this period, you generally don't have much to do. The provider should keep you updated on progress and flag any obstacles.

Step 4: Medical underwriting

Once records are in, they're sent to one or more independent life expectancy underwriting firms. These are specialized companies whose job is to review medical histories and produce life expectancy estimates. Their estimates are not predictions about you — they're statistical assessments of how long, on average, people with similar medical profiles live. The underwriters are paid for their work but have no stake in the outcome of any specific transaction.

Underwriting typically takes one to three weeks once the records are complete.

Step 5: The offer

With the policy details and life expectancy estimates in hand, the provider produces a written offer. The offer should specify:

- The dollar amount being offered for the policy
- The structure (cash sale, retained death benefit option, or other)
- Any contingencies (such as the policy remaining in force, no material change in your health since records were pulled)
- The expected closing timeline
- How and where the funds will be paid (typically through a third-party escrow account)

Step 6: Your decision

You take whatever time you need to consider the offer. We strongly encourage you to discuss it with a tax professional, a financial advisor if you have one, your spouse or family, and a hospital social worker or patient financial counselor if benefits are involved. There is no obligation to accept. If you reject the offer, the process ends.

Step 7: Closing

If you accept the offer, closing documents are prepared and signed. Ownership and beneficiary of the policy are transferred to the buyer. The purchase money is placed into a third-party escrow account first, then released to you (typically by wire to your bank account) once the insurance company confirms the ownership change.

Total elapsed time from first call to cash in your hand is typically 60 to 120 days. Viatical cases — where life expectancy is short and time matters — can sometimes be expedited to closer to 30 to 60 days. If your situation is genuinely urgent, say so at the first conversation, and the provider can advise on what's possible.

Step 8: After closing

After the sale, the new owner of the policy continues paying the premiums. They will, periodically, want to confirm that the insured (you) is still living — typically once or twice a year. This is usually done through a brief check-in call or letter, often through a third-party tracking service. You can designate a family member or attorney to handle these contacts on your behalf if you'd prefer not to.

Your rights and obligations are otherwise unchanged. The policy is no longer yours. The cash is.

The rescission window

Most states give you a window — commonly 15 to 30 days after closing — during which you can change your mind, return the funds, and unwind the transaction. This is a real and important protection. If, during this window, you decide the sale wasn't right for you, you can typically reverse it. Beyond the window, the deal is final.

In most states, if the insured dies during the rescission window, the buyer is required to return the death benefit (less the purchase price and premiums paid) to the insured's estate. This isn't a strategy you'd plan around, but the rule exists.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**, or visit **settlementgroup.io**.

Chapter 6: Alternatives Worth Knowing About

Selling your policy is one option. Before you make a final decision, you should know what the other options are — partly because one of them may serve you better in your specific situation, and partly because knowing the alternatives helps you evaluate whether a settlement offer is fair.

This chapter is short by design. Each of these options is something to ask a financial professional about. We're not going to walk through every detail — we're going to make sure you know they exist.

Accelerated death benefit (ADB) rider

Many life insurance policies include a built-in accelerated death benefit rider, sometimes called a living benefits or terminal illness rider. If you qualify under the policy's definition (typically a terminal illness with life expectancy under 12 or 24 months, depending on the policy), you can receive a portion of the death benefit early — paid by the insurance company itself, not by a third-party buyer.

This is often the first option to investigate. ADB benefits are typically tax-free under Section 101(g), can be quick to access, and don't require finding a buyer. The amount available is usually a percentage of the death benefit (often 25 to 75 percent, varying by policy), and the policy itself may continue with a reduced face amount or may end entirely. Read your policy or call your insurance company and ask whether you have an ADB or terminal illness rider, and what the terms are.

In some cases, an accelerated death benefit will give you all the cash you need and a settlement is unnecessary. In others, the ADB amount available is less than what your policy could fetch in a viatical settlement, and selling is the better option. Sometimes you can use both — taking the ADB amount and then evaluating whether to sell what's left.

Cash surrender

If your policy has accumulated cash value, you can cancel it and receive that cash from the insurance company. The amount is usually far less than what a viatical settlement would pay — sometimes by a factor of 5 or 10 — but it's quick and certain. The most important thing to know is this: surrendering should almost never be your choice without first finding out whether the policy has settlement value. The check costs nothing.

Policy loan

Permanent policies typically allow you to borrow against the cash value at relatively favorable interest rates. The loan reduces the death benefit by the outstanding balance but doesn't end the policy. This is a strong option if your need is short-term and you want to preserve the death benefit. It's a weaker option if you can't afford the premiums or your need exceeds the available loan.

Letting the policy lapse

Stopping premium payments and letting the policy expire is the worst common outcome. The policy ends, you get nothing, and the insurance company keeps the premiums you've already paid.

Industry estimates suggest that millions of dollars in policy value are walked away from every year through lapses by people who didn't realize they had other options.

If you can't afford the premiums, do not let the policy lapse without first finding out whether it has settlement value. Even a partial settlement is better than zero, and for cancer patients the value is often substantial.

Charitable gift of the policy

A few patients, particularly those without family beneficiaries, choose to donate their policy to a charity that has the resources to maintain it. The charity receives the death benefit eventually, the donor may receive a tax deduction, and premiums become the charity's responsibility. This is uncommon but worth mentioning if it fits your situation.

Comparing options

The right answer is the one that produces the most useful outcome in your specific situation. For many cancer patients, a viatical settlement provides substantially more cash than any other option. For some, an accelerated death benefit is faster and simpler. For a few, a combination is best. The only way to know for sure is to look at the actual numbers for each option in your case.

A reputable provider will tell you about your alternatives even though we have a financial interest in your choosing a settlement. We do this because we'd rather have you make the right decision for your situation than the wrong one — both because it's the right thing to do, and because a well-served client is the best advertisement we have.

If you'd like to know what your policy might be worth

To compare a life settlement offer against your other options, contact **Settlement Group** at **912-882-0840**. They'll walk through the comparison with you and tell you honestly when another option may serve you better.

Chapter 7: Taxes — Why a Cancer Diagnosis Often Means Tax-Free Money

This is one of the most important chapters in this book, and one of the most underappreciated aspects of viatical settlements. We want to be straightforward about it: cancer patients who qualify

under the right tax provisions can often receive their settlement proceeds entirely income-tax-free. The dollar value of that tax treatment is enormous.

This chapter is general information, not tax advice. The specifics of your situation should be reviewed with a CPA or tax attorney. But the framework is worth understanding before you have that conversation.

Section 101(g): the favorable provision

Section 101(g) of the Internal Revenue Code provides that the proceeds of certain accelerated death benefits and viatical settlements are excluded from gross income. In plain English: the money you receive isn't taxed, the same way a death benefit paid to your beneficiary after your death wouldn't be taxed.

To qualify, you generally need to meet one of two definitions:

Terminally ill

A licensed physician must certify that you are reasonably expected to die within 24 months. This is the more common qualification path for cancer patients with advanced disease. The certification is based on actual medical evaluation, not self-reporting. Many patients with stage III or IV cancers, certain aggressive cancer types, or cancers that have progressed despite treatment will meet this standard. Your treating physician is the right person to make the certification, and a reputable provider will help you obtain it.

Chronically ill

A licensed healthcare practitioner must certify that you are unable to perform at least two activities of daily living (such as eating, bathing, dressing, transferring, toileting, or continence) without substantial assistance for at least 90 days, or that you require substantial supervision due to severe cognitive impairment. Some cancer patients meet this standard during intensive treatment phases or in advanced disease, particularly when treatment side effects are debilitating. A care plan must also be in place.

There are additional technical requirements, including that the buyer of the policy must be a licensed viatical settlement provider in states that license them. This is one of several reasons it matters whether you work with a properly licensed provider.

Why this matters in dollars

Consider a hypothetical: a \$500,000 universal life policy that you've owned for many years, with a cost basis (total premiums paid) of \$80,000 and a cash surrender value of \$50,000. A buyer offers you \$250,000.

If your sale qualifies as a standard life settlement (no Section 101(g) treatment), the federal tax breakdown looks roughly like this:

- First \$80,000 (return of basis): tax-free
- Next \$0 (because basis exceeds surrender value, no ordinary income layer applies in this example)
- Remaining \$170,000 (excess over basis): potentially taxed as long-term capital gain at federal rates of 15 or 20 percent depending on your overall income

Federal tax could be in the range of \$25,000 to \$34,000 in this scenario, leaving you with roughly \$216,000 to \$225,000.

If your sale qualifies under Section 101(g) as a viatical settlement, the entire \$250,000 may be income-tax-free at the federal level. The difference — \$25,000 to \$34,000 in this example — is yours to keep.

On larger transactions, the difference is proportionally larger. On a \$1 million policy with a \$500,000 settlement, the tax savings under Section 101(g) can run \$50,000 to \$100,000 or more.

State taxes

Most states follow the federal treatment under Section 101(g), meaning state income tax is also avoided. A few states have their own rules. Confirm with a tax professional in your state.

Other tax considerations

Public benefits

Receiving a large lump sum can affect Medicaid eligibility, Supplemental Security Income (SSI), and certain other means-tested benefits. We address this directly in the next chapter because it's important enough to deserve its own discussion.

Estate tax

Most readers will not have estates large enough to face federal estate tax. If yours is large enough that estate tax is in play, talk to an estate attorney before selling the policy — the disposition of large policies can have estate planning implications, particularly if the policy is owned by a trust.

Reporting

The provider that purchases your policy will issue tax forms (typically 1099-LS and possibly 1099-R) reporting the transaction. Whether or not the proceeds are ultimately taxable, the transaction is reported. Keep these forms; bring them to your tax preparer.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**, or visit **settlementgroup.io**.

Chapter 8: Medicaid, SSI, and How a Settlement Can Affect Your Benefits

This chapter is critical for any reader who currently receives, or expects to need, means-tested public benefits — most importantly Medicaid, Supplemental Security Income (SSI), and certain veterans' benefits. If you are not in this category and don't expect to be, the chapter is shorter for you than it looks; just confirm that with a benefits specialist.

If you are in this category, please read this chapter carefully, twice. The single most preventable mistake we see in this industry is a patient receiving a large lump sum and inadvertently disqualifying themselves from benefits they desperately need.

The basic problem

Means-tested programs look at both your income and your assets. While you own a life insurance policy, the death benefit is generally not counted as a current asset; the cash surrender value sometimes is, depending on the program and amount. When you sell the policy, the cash you receive is unambiguously a countable asset. Depending on the size of the proceeds and the rules of your specific program, this can push you over the eligibility threshold.

In some cases, this is a non-issue: the proceeds dwarf any benefits at risk, or the relevant programs aren't asset-tested. In other cases — particularly when Medicaid is paying for skilled nursing care, home health services, or expensive cancer treatments — the loss of benefits can be catastrophic, far exceeding the value of the settlement.

Medicaid

Medicaid is administered by states under federal guidelines, and the rules vary. Most states have a \$2,000 asset limit for the Medicaid recipient, with some assets excluded (your home up to a value limit, one vehicle, certain prepaid burial accounts, and a few others). Income limits vary by program type.

When you receive a life settlement, the proceeds become countable resources for Medicaid purposes immediately. If those proceeds exceed the asset limit, you become ineligible until you spend them down to the limit.

Critically, Medicaid has a five-year lookback period for transfers. If you sell a policy and then give the proceeds to a family member, Medicaid can treat that as a disqualifying transfer and impose a penalty period during which you're ineligible for benefits.

There are legitimate planning strategies — Medicaid-compliant annuities, special needs trusts, pooled trusts, irrevocable funeral trusts — that can shelter settlement proceeds for specific purposes while preserving Medicaid eligibility. These strategies must be set up carefully, often

before the proceeds arrive, and they must comply with both federal and state rules. Do not attempt this without an attorney experienced in Medicaid planning in your state.

Supplemental Security Income (SSI)

SSI has very low asset limits — currently \$2,000 for an individual and \$3,000 for a couple. A life settlement of any meaningful size will almost always disqualify you, at least temporarily. Note that SSI is different from Social Security disability or retirement, which are not means-tested and are not affected by your assets.

Veterans' benefits

Some VA benefits, particularly pension and aid-and-attendance benefits, are means-tested. The VA also has its own lookback rules. Coordinate any life settlement with a VA-accredited representative if these benefits are in your picture.

Hospital charity care and indigent care programs

Many hospitals offer charity care or financial assistance based on income and assets. Receiving a settlement may affect eligibility for these programs. If you're currently receiving discounted or free hospital care, ask the hospital's financial counselor how a settlement would affect your status.

Marketplace (ACA) insurance subsidies

If you have insurance through the Affordable Care Act marketplace and receive premium tax credits, a large lump sum could affect your modified adjusted gross income for the year of the sale, potentially affecting your subsidies. Note that viatical settlement proceeds excluded from income under Section 101(g) are not counted as income, which is helpful here, but the rules are complex and worth confirming with your tax advisor.

How to think about this in your situation

Before pursuing a settlement, make a list of:

- Every public benefit you currently receive (Medicaid, SSI, VA pension, ACA subsidies, hospital charity care, prescription assistance programs, etc.)
- Every benefit you might apply for in the next several years (including possible future Medicaid for long-term care)
- The asset and income rules for each
- The total dollar value of those benefits, ideally over a realistic time horizon

Then compare that total to the after-tax settlement proceeds. If the comparison is close or unfavorable, slow down and get specialized advice before proceeding. If the comparison clearly

favors the settlement, document the analysis and proceed with awareness of which benefits you'll be giving up.

Get a benefits specialist on your team

If Medicaid or SSI is in or near your picture, an elder law attorney or certified Medicaid planner is not optional. A single consultation often costs a few hundred dollars and can prevent six-figure mistakes. Many hospitals have social workers who can refer you to qualified specialists. Some communities have free or low-cost legal aid services for benefits planning.

Settlement Group cannot give you benefits planning advice — they're not licensed to, and the specifics of your situation require an independent professional. What they will do is wait for you to complete your benefits planning before pushing any transaction forward. If you tell them, you need time to consult with a Medicaid attorney, they'll respect that and hold the case open.

If you receive Medicaid, SSI, or VA pension benefits, please read this twice

A lump sum from a life settlement can disqualify you from means-tested benefits, sometimes immediately. There are legal structures that can reduce or eliminate this problem, but they have to be set up before the proceeds arrive. Talk to an elder law attorney or certified Medicaid planner before signing anything. The cost of that consultation is small compared to what's at stake.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**, or visit **settlementgroup.io**.

Chapter 9: Putting the Money to Work

This chapter is about what comes after the cash arrives. Many of our clients have told us, after the fact, that they wish they'd thought more about this before signing. The settlement itself is a financial event; the real value is in what the money allows you to do.

There is no right answer. What follows is meant to help you think through the choices, not to push you toward any particular use.

Treatment expenses

For many cancer patients, the most pressing use is treatment related. Even with good insurance, out-of-pocket costs add up fast: copays, deductibles, prescription coinsurance, transportation to treatment centers, and the income lost when you or a caregiver can't work. Less obvious are the

treatments insurance won't cover at all — second opinions at out-of-network specialty centers, clinical trials with travel costs, complementary therapies that help with side effects, integrative care that mainstream insurance often excludes.

If treatment access is your driver, talk to the financial counselor at your cancer center. They often know about programs and resources you don't, and they can help you sequence settlement proceeds, manufacturer copay programs, hospital financial assistance, and other sources to stretch the dollars further.

Caregiver and household support

Cancer treatment is typically not something you go through alone. Spouses, adult children, parents, and friends become caregivers — sometimes leaving their own jobs to do so. A settlement can compensate caregivers fairly for their time, hire professional in-home help to relieve them, or simply pay the household bills so a working spouse doesn't have to take unpaid leave.

Some families pay caregivers formally through a written agreement. There can be tax and Medicaid implications to this — both positive and negative depending on circumstances — and it's worth a conversation with an attorney before setting one up. Done right, it can simultaneously protect Medicaid eligibility and fairly compensate a family caregiver.

Quality of life

This is the hardest topic to write about and one of the most important. For some readers — particularly those facing advanced disease — the most valuable use of a settlement is not paying bills but creating experiences that matter: a trip with grandchildren, a long-delayed visit to a place that means something to you, time with family in comfort rather than scarcity.

There is nothing frivolous about this. Money used to make the time you have meaningful is money well spent. Don't let anyone — including yourself — talk you out of putting some of the proceeds toward what makes life feel like life.

Long-term care planning

If you anticipate needing nursing care, in-home help, or assisted living down the road, a settlement can pre-fund some of those costs. There are several specialized vehicles — Medicaid-compliant annuities, long-term care insurance, hybrid life/long-term care products — that can be funded with settlement proceeds and provide ongoing care support.

This is a planning area where professional advice matters a great deal. The right structure depends on your state, your existing benefits, your prognosis, and your family situation.

Debt reduction

Many patients carry medical debt, credit card debt accumulated during treatment, or other obligations that became hard to manage during illness. Paying down high-interest debt is rarely glamorous, but the relief of a clean balance sheet — particularly the elimination of medical collection accounts and high-interest credit cards — has real psychological as well as financial value.

A nuance: medical debt has different collection rules than other debt, and some medical debt may be negotiable to a fraction of its face value. Talk to a patient advocate or financial counselor before paying medical debt in full; you may be able to settle for substantially less.

Family gifts and legacy planning

Some patients use part of a settlement to provide for family during their lifetime — funding a grandchild's education, helping an adult child with a down payment, or simply distributing meaningful gifts. There can be advantages to giving during life: you get to see the impact, and it can simplify estate matters.

Be thoughtful about Medicaid implications if benefits are or might be in your picture (see Chapter 8). Outright gifts can trigger lookback penalties. There are structures that allow charitable or family giving while preserving benefits, but they have to be set up properly.

Holding cash for uncertainty

There is real value in keeping a meaningful portion of the proceeds liquid and accessible. Cancer is unpredictable. Treatment plans change. Out-of-pocket costs surge unexpectedly. Holding cash that's available when you need it is itself a form of treatment-readiness. There's no requirement to deploy all the proceeds the day they arrive.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or inquiries@settlementgroup.io, or visit settlementgroup.io.

Chapter 10: Talking to Your Family

Selling a life insurance policy isn't only a financial decision. It's a decision that affects the people who would have received the death benefit. Whether or not you have any legal obligation to involve your family — and you generally don't, if you're the policy owner — most patients find the conversation worth having.

Why families sometimes resist

Adult children and spouses sometimes react to the idea of selling a policy with surprise or pushback. The reactions usually come from a few places, all understandable:

- **They were counting on the death benefit.** If your beneficiaries were planning around an eventual payout — paying off a mortgage, funding retirement — the news that the benefit will be reduced or eliminated can be hard.
- **Discomfort with the underlying conversation.** Talking about a settlement requires acknowledging mortality. Some family members find that hard, and their resistance can mask grief or fear.
- **Worry about being taken advantage of.** Family members sometimes assume that anyone offering to buy a policy must be predatory. Once they understand how the legal market works, this concern usually fades.
- **Genuine financial dependence.** In some cases, family members really do depend on the policy in ways the patient hasn't fully thought through. This is a real consideration, not just a feeling.

Why involving family usually helps

Even when the decision is yours alone, involving family in the conversation tends to produce better outcomes. They can help with paperwork during a tiring period of treatment. They can attend calls and remember things you might forget. They can spot questions you didn't think to ask. And they're far less likely to feel surprised, hurt, or suspicious if they're part of the process from the beginning rather than being told after.

How to start the conversation

There's no universal script. But the structure that often works:

- Explain why you're considering this — what need the cash would meet.
- Be clear about what you're giving up (the death benefit, in whole or in part).
- Acknowledge that this affects them, even if the decision is yours.
- Invite their input and questions, while being clear that the decision is yours.
- Offer to have them join calls with the provider or your advisors.

If you're a family member reading this on behalf of a patient

You may be reading this for someone you love. A few thoughts:

First, your role is to support and help, not to direct. The decision belongs to the policy owner. Even when you have strong opinions, your job is to be useful — gathering information, attending calls, asking questions, and helping the patient think clearly through the choices.

Second, be careful about your own assumptions. Adult children sometimes assume a parent should keep a policy because the death benefit is a planned inheritance. The patient sometimes feels — but doesn't say — that the financial pressure of premiums or the immediate need for cash matters more than leaving an inheritance. Letting the patient own the conversation, including their own preferences about legacy, is part of respecting them.

Third, if you suspect the patient is being pressured — by a family member or by an advisor — speak up. Pause the process. Get an independent opinion. Cancer patients are sometimes targeted precisely because they're vulnerable, and it's appropriate for family to be on guard.

Retained death benefit: a middle path

If your family is concerned about losing all of the death benefit, ask the provider about a retained death benefit transaction. In this structure, you sell the policy but keep a portion of the eventual death benefit for your beneficiaries. You receive less cash upfront than in a full sale, but your family receives a defined sum when you pass away.

This isn't always available, and the terms vary, but it's worth asking about. For some families, the combination of present cash and partial future benefit fits the situation better than either extreme.

If you'd like to know what your policy might be worth

Family members are welcome to be part of the conversation. To schedule a call where the patient and one or more family members can ask questions together, contact **Settlement Group** at **912-882-0840**.

Chapter 11: How This Has Worked for Other Patients

These examples are illustrative composites — drawn from situations common in our industry, not actual transactions. The numbers are realistic but not promises. Your case will have its own facts.

Example 1: Helping with treatment costs not covered by insurance

Robert is 58, married, with two college-age children. He was diagnosed with stage III pancreatic cancer six months ago. His treatment team has recommended a specialized therapy at a cancer center several hours from home, and there's also a clinical trial he's interested in that would require travel to another state.

Robert owns a \$750,000 universal life policy he bought fifteen years ago when his children were small. The original purpose — replacing his income if he died young — is mostly served at this

point; his wife works, the kids are nearly through school. The annual premium of \$9,200 has become uncomfortable on his reduced income while he's not working full-time.

After medical underwriting, Robert receives an offer of \$310,000 for the policy. Because his physician certifies him as terminally ill under Section 101(g), the proceeds are not subject to federal income tax. His tax advisor confirms the same treatment under his state's rules.

Robert uses the proceeds to cover several months of his and his wife's living expenses while he focuses on treatment, pay for travel and lodging at the specialty cancer center, fund out-of-pocket costs of the clinical trial, and set aside a reserve for future treatment phases. He retains a small portion of the death benefit for his children through a retained death benefit clause.

Example 2: Avoiding a lapse

Margaret is 72, widowed, living on Social Security and a small pension. She owns a \$300,000 whole life policy that her husband bought decades ago. She was diagnosed with metastatic breast cancer a year ago and has been managing it through treatment that her Medicare and supplemental coverage handle reasonably well — but the policy's annual premium of \$4,800 has become impossible. She's been considering letting the policy lapse, which would mean walking away from it for nothing.

After underwriting, Margaret is offered \$135,000 for the policy. The proceeds qualify for Section 101(g) treatment based on her physician's certification. Margaret consults an elder law attorney to plan for the proceeds carefully — she's likely to need Medicaid for nursing care eventually, and the attorney structures part of the proceeds into a Medicaid-compliant strategy that preserves her future eligibility while funding her current needs and a small legacy for her grandchildren.

Example 3: A patient who decides not to sell

Carlos is 65, recently diagnosed with prostate cancer at an early stage with an excellent prognosis. He owns a \$500,000 universal life policy that he bought to cover the mortgage on the home he and his wife share. The mortgage balance is about \$200,000 with twelve years left.

Carlos consults a provider out of curiosity. The evaluation produces a likely offer in the range of \$50,000 to \$75,000 — a meaningful sum, but his prognosis is good, the premium is affordable, and his wife would benefit substantially from the full death benefit if his diagnosis turned out worse than expected.

Carlos and his wife decide together not to sell. They look into accelerated death benefit options under his policy as a backstop in case his situation changes, confirm those terms, and proceed with treatment. The right outcome of his exploration was the decision to hold.

This is a successful outcome too. A reputable provider — including Settlement Group — should be willing to walk away from a transaction that doesn't serve the patient. We mention this example

because it's important to know that "don't sell" is a real answer that you'll hear when it's the right one.

Example 4: A cautionary tale

Frank is 70, recently diagnosed with advanced cancer. Within weeks of his diagnosis, he received an unsolicited letter offering to buy his \$400,000 policy for \$90,000, with pressure to respond within seven days. The letter looked official.

Frank's daughter, who happened to be visiting, slowed the process down. They contacted a broker through a referral from Frank's financial advisor, who took the case to several providers. The eventual sale was for \$235,000 — more than two and a half times the unsolicited offer — and qualified for tax-free treatment under Section 101(g) once a physician certification was obtained.

The lesson isn't that the original offer was a scam; it may have been a real offer from a real provider. The lesson is that without comparison, sellers often accept the first thing they see, and the first thing is rarely the best thing.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **sales@settlementgroup.io**, or visit settlementgroup.io.

Chapter 12: Frequently Asked Questions

How long does the process take?

Typically 60 to 120 days from first call to cash. Viatical cases can sometimes be expedited to 30 to 60 days when life expectancy is short. The slowest part is usually medical record retrieval.

Does my insurance company have to approve the sale?

They have to process the change of ownership and beneficiary, and they may have administrative procedures to follow. They cannot prevent a legitimate sale — that was settled by the Supreme Court more than a century ago.

Will my health insurance be affected?

No. A life insurance settlement does not affect your health insurance coverage. They are separate contracts.

Will my Medicare be affected?

Medicare itself is not asset-tested or income-tested in the way Medicaid is, so traditional Medicare benefits are generally not affected. However, Medicare Savings Programs and Extra Help (the prescription drug subsidy) do have asset and income limits and could be affected. Check with your benefits counselor.

Will the buyer come to my home or contact me unexpectedly?

After the sale, the new owner of the policy will, periodically, want to verify that you're still living. This is typically done through a third-party tracking service, often by a brief phone call or letter once or twice a year. You can designate a family member, attorney, or other representative to handle these contacts on your behalf.

Can my spouse or family be involved in the process?

Yes, and we encourage it. You can authorize anyone you choose to be part of conversations, attend calls, and review documents. Anyone who tries to discourage you from involving family is showing you something about themselves.

Do I need a lawyer?

Not necessarily for a straightforward sale, but it's almost never a mistake. For larger policies, policies owned by trusts, situations involving Medicaid or other public benefits, or any case with complications, an attorney is essentially required. A consultation often costs less than people expect and can prevent expensive mistakes.

What if my policy is owned by a trust?

The trust is the seller, not you personally. The trustee makes the decision and signs the documents, with input from the trust's beneficiaries depending on the trust's terms. Coordinate with the trust's attorney from the beginning.

Can I sell only part of my policy?

Sometimes. The retained death benefit option, where you sell most of the policy but retain a portion of the eventual death benefit for your beneficiaries, is one form of partial sale. Some carriers also allow policies to be split. Ask about it.

Can I change my mind after agreeing to sell?

During the rescission window — typically 15 to 30 days after closing, depending on your state — yes. After that, the transaction is final. The rescission window is a real and important protection; use it as a final reflection period.

Will selling affect my ability to buy other insurance later?

It can. Insurance applications often ask whether you've sold a policy. The act of selling itself isn't disqualifying, but the medical history that drove the sale will be examined in any new underwriting. Be honest on any future application.

Is the sale confidential?

Within legal limits, yes. Your medical records and personal information are protected by law and by industry practice. Reputable providers can describe their privacy practices and obtain your specific written authorization for any use of records. Some information will appear on tax forms (1099-LS or 1099-R) reported to the IRS.

What if my health changes during the process?

Most offers are based on your medical situation as of a specific date. If your situation changes meaningfully before closing, the offer may be re-evaluated — sometimes upward (if the change reduces life expectancy) and sometimes downward (if your health has improved). Significant changes have to be disclosed; misrepresentation can void the transaction.

What happens if I die before the sale closes?

If you die before ownership of the policy has transferred to the buyer, the death benefit is paid to your existing beneficiaries — the sale doesn't happen. If you die during the rescission window after closing, most states require the buyer to return the death benefit (less the purchase price and premiums) to your estate.

What if I just want to ask questions without commitment?

That's exactly what we want you to do. There is no charge for a conversation, and there's no obligation to proceed. Many of our most useful conversations end with the patient deciding to do something other than sell. We'd rather have you informed than have you sign with us.

If you'd like to know what your policy might be worth

A no-cost, no-obligation policy review takes only a few minutes to start. To find out what your specific policy might be worth, contact **Settlement Group** at **912-882-0840** or **inquiries@settlementgroup.io**, or visit **settlementgroup.io**.

Chapter 13: Taking the Next Step

If you've read this far, you have a strong working understanding of life settlements as they apply to cancer patients. You know what the transaction is, who qualifies, what your policy might be worth, how the process works, what alternatives to consider, what the tax and benefits implications are,

and how to recognize a fair offer. That's more than most people who go through this process ever learn.

This final chapter is about, what to do with what you've learned?

If you're not ready to act

That's a perfectly reasonable place to be. There is no rule that says you have to make this decision today, this week, or even this month. If your situation isn't time-sensitive, take whatever time you need.

A few things worth doing while you think:

- Locate your policy documents. Many patients don't know exactly where their policies are, what they cover, or what their current cash values are. A clear understanding of what you actually own is the foundation of any decision.
- Talk to a tax professional in general terms about Section 101(g) qualification and what it would mean for you.
- If Medicaid or other benefits are or might be in your picture, talk to an elder law attorney or certified Medicaid planner.
- Check whether your policy includes an accelerated death benefit rider. Call your insurance company directly. Ask: "Do I have an accelerated death benefit or terminal illness rider, and what are the terms?"
- Discuss with your spouse, partner, or whoever is involved in your major decisions.

All of these are useful regardless of what you ultimately decide.

If you'd like to know what your policy is worth

The most useful next step is a no-cost evaluation. Here's how it works with Settlement Group:

- Call Settlement Group at 912-882-0840, email inquiries@settlementgroup.io, or visit settlementgroup.io to set up an initial conversation. The first call is short — usually 15 to 20 minutes — and tells you whether further evaluation makes sense.
- If your case looks workable, Settlement Group will send you a short application and authorization forms by mail, email, or secure portal — whichever is easiest for you.
- Once Settlement Group has your forms back, they handle the records gathering and underwriting. You don't have to do anything more during this phase except answer occasional questions.
- When the evaluation is complete, you receive a written offer. You then have all the time you need to consider it.

There is no cost to you for any of this. There is no obligation to accept any offer. The evaluation belongs to you regardless of what you decide to do with it.

Why work with Settlement Group

Settlement Group is a licensed life settlement provider that purchases policies directly. Working with Settlement Group means a more streamlined process than working through a broker — fewer parties, faster closing, no broker commission. The trade-off is that you receive their offer rather than offers from multiple buyers competing in an auction.

What Settlement Group offers:

- A no-cost, no-obligation evaluation of your policy
- Honest assessment of whether a settlement is the right move for your situation, including telling you when it isn't
- Direct, plainly-stated offers in writing — no moving targets, no fine print surprises
- Closing through third-party escrow
- Coordination with your tax advisor, attorney, and family on your terms
- Respect for the rescission window and your right to change your mind
- Patience with the timeline that works for you

If you decide a settlement isn't for you

That's a successful outcome of reading this book. Some readers will close the cover with the realization that an accelerated death benefit, a policy loan, or simply continuing to hold the policy is the better answer. Others will realize they need to focus on a different kind of financial help entirely.

If that's you, we appreciate the time you spent reading. We hope the information was useful regardless of what you decide. And if your situation changes — or if you have a friend or family member in a similar situation who might benefit — please feel free to come back to us.

A final word

Whatever you decide, we hope you decide deliberately, with the people you trust around you, with good professional advice, and with a clear understanding of what you're choosing and why. That's what most readers of this book want for themselves. It's also what we want for them.

Thank you for letting us be part of your thinking. We wish you and your family the best.

If you'd like to know what your policy might be worth

Settlement Group | 912-882-0840 | inquiries@settlementgroup.io | settlementgroup.io

Your Decision Checklist

Print this section and work through it, ideally with a family member or trusted advisor. The goal isn't to reach a particular answer — it's to make sure your answer, whatever it is, is informed.

Part 1: Understanding what you have

- I have located my life insurance policy and read the key provisions.
- I know the face amount, the current cash surrender value, and the annual premium.
- I know whether the policy is universal life, whole life, term (and if term, whether it's convertible), or another type.
- I know who currently owns the policy (me, a trust, my spouse, etc.).
- I know who the current beneficiaries are.
- I have called my insurance company and asked about any accelerated death benefit, terminal illness, or living benefits riders.

Part 2: Understanding my situation

- I understand my prognosis as well as my treating physicians can describe it.
- I have a clear sense of what I or my family would do with cash from a settlement.
- I know whether my situation may qualify under Section 101(g) for tax-free treatment (terminally ill or chronically ill).
- I have considered what my beneficiaries would be giving up if I sell.
- I have discussed the idea, at least preliminarily, with the people closest to me.

Part 3: Public benefits and tax planning

- I know whether I receive or expect to need Medicaid, SSI, VA pension, hospital charity care, or ACA subsidies.
- If yes, I have spoken with an elder law attorney or certified Medicaid planner about how a settlement would affect those benefits.
- I have spoken with a CPA or tax attorney about Section 101(g) qualification and the after-tax outcome of a sale.

Part 4: Choosing how to proceed

- I have decided whether to work with a provider directly, through a broker, or to seek multiple offers.
- I have verified the licensing of any provider or broker I'm considering.
- I have asked for and reviewed written disclosures specific to my state.

- I have asked about retained death benefit options if preserving some benefit for family is important to me.
- I am taking time to compare offers if I receive more than one.

Part 5: Before signing

- All material terms — dollar amount, structure, fees, timeline, escrow arrangement — are in writing.
- I understand the rescission window in my state.
- I have not been pressured to sign within 24 hours of first seeing the documents.
- My tax advisor has reviewed the offer and confirmed the after-tax outcome.
- If applicable, my benefits planner or attorney has reviewed the structure for Medicaid or other implications.
- My estate documents and beneficiary designations are being updated as appropriate.

Part 6: A final gut check

Before signing, ask yourself one more time: Have I been treated with respect throughout this process? Have my questions been answered honestly? Do I understand what I'm giving up and what I'm getting? Do I trust the people on the other side of the table? If the answer to any of these is no, slow down. The right decision will still be there next week.

Glossary

Plain-English definitions of the terms used in this book.

- **Accelerated death benefit (ADB).** A policy provision allowing the insured, in qualifying circumstances such as terminal illness, to receive part of the death benefit early, paid by the insurance company itself.
- **Activities of daily living (ADLs).** Basic self-care activities — eating, bathing, dressing, toileting, transferring, continence — used in the chronic illness definition under Section 101(g).
- **Beneficiary.** The person or entity designated to receive the death benefit.
- **Broker.** In life settlements, a professional who represents the seller and shops the policy to multiple buyers.
- **Cash surrender value.** The amount the insurance company will pay you to cancel the policy today.
- **Contestability period.** Typically two years after a policy is issued, during which the insurer can challenge the policy on misrepresentation grounds.

- **Convertible term.** Term insurance that includes a right to convert to permanent insurance, typically without new medical underwriting.
- **Death benefit (face amount).** The dollar amount the policy pays when the insured dies.
- **Escrow.** A third-party-held account into which the buyer's funds are placed pending confirmation of the policy ownership change, then released to the seller.
- **Insured.** The person whose life is covered by the policy.
- **Life expectancy report (LE report).** An actuarial estimate of how long someone with a particular medical profile is statistically expected to live.
- **Life settlement.** The sale of an existing life insurance policy by its owner to a third party for a lump sum.
- **Lookback period.** A window (commonly five years) during which Medicaid examines transfers when evaluating eligibility.
- **Medicaid.** A federal-state means-tested healthcare program with strict asset and income limits.
- **Policy owner.** The person or entity who owns the policy and has the right to sell it; often, but not always, the same as the insured.
- **Provider.** In life settlements, a licensed company that purchases policies, typically on behalf of investors.
- **Rescission period.** A window after closing — commonly 15 to 30 days, depending on state — during which the seller can cancel the transaction.
- **Retained death benefit.** A transaction structure in which the seller transfers the policy but keeps a defined portion of the eventual death benefit for designated beneficiaries.
- **Section 101(g).** The Internal Revenue Code section providing income-tax-free treatment for accelerated death benefits and viatical settlements meeting specified terminal or chronic illness conditions.
- **Surrender.** Canceling a policy in exchange for its cash surrender value.
- **Terminally ill.** Under Section 101(g), generally certified by a physician as reasonably expected to die within 24 months.
- **Universal life.** A type of permanent life insurance with flexible premiums and a cash value component.
- **Viatical settlement.** A life settlement involving an insured with a serious or terminal illness, often eligible for income-tax-free treatment under Section 101(g).
- **Whole life.** A type of permanent life insurance with fixed premiums, fixed death benefit, and a guaranteed cash value component.

Resources for Cancer Patients and Families

Beyond the financial topics covered in this book, cancer patients and their families face a range of needs. The following organizations offer information, support, and in some cases direct financial assistance. Inclusion here is informational only and is not an endorsement; please evaluate any organization for fit with your situation.

Financial assistance and patient advocacy

- **Patient Advocate Foundation.** Case management services for patients dealing with insurance, employment, and debt issues related to a serious diagnosis.
- **CancerCare.** Free professional counseling, support groups, and limited financial assistance for treatment-related costs.
- **HealthWell Foundation.** Copay and premium assistance for specific diagnoses, subject to funding availability.
- **Patient Access Network (PAN) Foundation.** Copay assistance for specific diseases.
- **The Leukemia & Lymphoma Society.** Patient aid programs for blood cancers, including travel and treatment-related expenses.
- **Susan G. Komen.** Resources and assistance for breast cancer patients.
- **American Cancer Society.** Broad range of services including transportation, lodging during treatment, and information.

Hospital and treatment-center resources

Most major cancer centers have a patient financial counselor or social worker whose job is to help patients access available resources, navigate insurance, and apply for hospital charity care or financial assistance. If you haven't connected with this person at your treatment center, ask. They are typically free, well-informed, and very useful.

Benefits and legal help

- **Your state's Department of Insurance.** Verifies licensing of life settlement providers and brokers, handles consumer complaints.
- **Your state's State Health Insurance Assistance Program (SHIP).** Free counseling on Medicare-related questions.
- **National Academy of Elder Law Attorneys (NAELA).** Directory of attorneys experienced in Medicaid planning, special needs trusts, and related areas.
- **Local legal aid services.** Many areas have free or sliding-scale legal services for low-income clients, including help with benefits, debt, and basic estate planning.

- **AARP.** Free or low-cost resources on financial planning, fraud protection, and benefits navigation for older adults.

Emotional and practical support

- **Cancer support communities and groups.** Nearly every major city has in-person and online groups for patients and family members. Many treatment centers maintain referral lists.
- **CaringBridge.** Free platform for keeping family and friends updated during treatment.
- **Hospice and palliative care services.** Often available earlier in the disease course than patients realize. Ask your treatment team about referrals.

Reporting concerns about a life settlement transaction

If you have concerns about how you've been treated by a provider, broker, or any other party in a life settlement transaction, you have several options:

- Your state's Department of Insurance handles consumer complaints about licensed insurance and life settlement professionals.
- Your state's Attorney General's office handles broader consumer fraud.
- The Senior Medicare Patrol (SMP) and AARP have specific resources for elder financial fraud.
- If you believe you've been the victim of fraud, local law enforcement can also be involved.

Don't hesitate to use these resources. They exist for your protection, and even if you're not sure whether what you've experienced rises to the level of a complaint, the agencies can advise you on whether to take further action.

A Closing Note from Cancer Funding

Thank you for reading. We know there's no good time to be thinking about the financial side of a serious illness, and we appreciate that you spent some of your time and energy with this book.

We wrote this guide because we believe that a well-informed patient is in a better position than an uninformed one — to make a good decision about a life settlement, and just as importantly, to know when not to make one. Whatever you decide about your policy, we hope the information here makes that decision feel more manageable.

If you're ready to find out what your policy might be worth, the next step is a no-cost, no-obligation evaluation with Settlement Group, the licensed life settlement provider Cancer Funding partners with. Their contact details are below.

We wish you the best in your treatment and in everything that comes next.

— *The Cancer Funding team*
cancerfunding.net

TO REQUEST YOUR FREE POLICY EVALUATION

Settlement Group

912-882-0840

inquiries@settlementgroup.io

settlementgroup.io

501 E. Las Olas Blvd, Ste 200 · Fort Lauderdale, FL 33301

Important Notice

This book is intended as general educational information for cancer patients and their families who are considering whether to sell a life insurance policy. It is not legal, tax, financial, medical, or insurance advice.

Every situation is different. Cancer treatment, taxes, public benefits, and life insurance contracts are all complex areas of law and policy that vary by state and by the specific facts of your case. Before making any decision about your life insurance policy, you should speak with qualified professionals: a tax advisor or CPA, an attorney familiar with elder law and estate planning where applicable, and ideally a hospital social worker or patient financial counselor about benefits and care funding.

This book is published by Cancer Funding, an organization that helps cancer patients access financial resources from their life insurance policies. Cancer Funding does not buy policies directly. Cancer Funding works in partnership with Settlement Group, a licensed life settlement provider headquartered at 501 E. Las Olas Blvd, Ste 200, Fort Lauderdale, FL 33301. Settlement Group is the entity that conducts the actual evaluation and purchase of any policy. Where licensing is required, Settlement Group is licensed in its operating states; license details are available on request. As a direct provider, Settlement Group purchases policies as the buyer, with no broker or middlemen; all of the purchase price goes directly to the seller.

Examples in this book are illustrative only. Your actual results will differ based on your policy, your medical situation, your state, and current market conditions.