

Comprehensive Planning: Unlock the Value of Life Insurance to Create Financial Stability for Families

By Jason T. Mendelsohn
ASHAR GROUP

As a survivor of stage 4 throat cancer, I have personally felt the profound impact health issues can have on families. The truth behind the saying, “A healthy person has a thousand wishes, an unhealthy person just one,” became painfully real to me. Fortunately, that wish was granted, and I have been cancer-free for 10 years. Witnessing the effects on my immediate and extended family reshaped my perspective on my business.

As the President and Co-founder of a family-owned business, we assist financial professionals in determining the fair market value (FMV) of existing life insurance and providing a customized longevity analysis, empowering clients to make informed decisions about asset allocation, cash flow requirements, preserving wealth, or averting financial disaster. In this role, we regularly see the significant impact of proper life insurance and financial planning—or its absence—on the mental and financial health of families across all income levels. For instance, we helped a family overwhelmed by medical bills and on the brink of losing their home find relief by monetizing a term insurance policy for its FMV, restoring their dignity and financial stability. On the other end of the spectrum, we consult with financial advisory teams for ultra-high-net-worth individuals, assessing the value of sizeable life insurance portfolios. Understanding the value outside the total death benefit or cash value enables them to make responsible decisions.

Supporting Comprehensive Planning

A life settlement is the sale of an existing life insurance policy for more than the cash surrender value (CSV) and less than the death benefit. When negotiating bids with buyers in a transparent policy auction, the insured’s longevity is a primary factor in determining FMV. Buyers want to know how long they have to pay the premium to keep the policy in force before receiving the death benefit. These longevity analytics also support policy reviews, portfolio management, and planning decisions by providing advisors and their clients with a time horizon to ensure overall planning is designed to last.

Case Study:
Male, Age 79, with a \$1M Universal Life Policy with \$15K in cash surrender value, received \$300K from a life settlement used for other planning needs.

The aftermath of COVID-19, the rise of AI tools, and new regulations are transforming how consumers engage with life insurance. Many of the largest wealth management and investment firms now offer independent consultative platforms for financial advisors and Registered Investment Advisors (RIAs) to partner with firms that specialize in services outside their wheelhouse—like longevity analysis and valuation of life insurance assets. It can be a valuable tool for planning firms aiming to thrive by providing comprehensive solutions. Whether preventing financial disaster or optimizing asset allocation for high-net-worth families,

the life settlement market can be crucial in comprehensive financial planning and business growth.

Providing Peace of Mind to Families

For advisors working with retirement-age clients, determining whether their life insurance has life settlement value before they lapse, surrender, or materially change an unneeded policy can significantly influence their quality of life as they age.

Advisors with clients in their 50s and 60s who are delaying planning to care for aging family members can benefit from monetizing the life insurance policies on their parents or grandparents. This approach can help fund caregiving expenses and alleviate the financial burden on the entire family.

The life settlement solution eliminates future premium obligations and creates a cash windfall that can impact families’ financial stability for generations. ■

Jason T. Mendelsohn is President of Ashar Group.

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