



Taxation on senior settlements have many different variables that make it complicated to estimate.

Below is a case study to assist you with the tax implications of a life settlement for you or your loved one. Consult with a financial advisor or accountant for the numerous options a Life Settlement can offer.

#### TAX CASE STUDY

If your cash surrender value is zero or less than the premiums paid, it is taxed as a capital gain. The amount taxed is determined by the Settlement amount minus premiums that have already been paid on the policy.

Example: Cash Surrender Value \$10,000 - Premiums paid is \$120,000

Settlement Amount \$500,000.

$\$500,000 - \$120,000 = \$380,000$  taxed as capital gains