

# Life Insurance Can Suddenly Turn Costly to Seniors

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For seniors on a fixed income, even small increases in life insurance payments can have a big impact.

Knowing how to handle sticky insurance situations could keep seniors from losing money or paying fees, according to Golden Gateway Financial, a California-based online resource that helps older Americans assess their financial health.

The company, which was founded in 2006, uncovered some life insurance practices that could cost seniors bigger bucks than they anticipated.

According to Golden Gateway, soon-to-be seniors should keep their eyes on sharp increases in life insurance premiums. Flexible premium whole life insurance, or universal life insurance, increases in cost around age 70 because of a higher mortality risk as a person ages.

Policy holders do have the option to reduce the face amount of the policy, or they can sell or surrender a policy that becomes unaffordable or just unneeded.

Golden Gateway also suggests policyholders should pursue payouts for policies. Some 85 percent of life insurance policies never pay a death benefit, or never realize their original intent, according to the Insurance Studies Institute.

Consumers should monitor their policies and be aware of the options available that could include adjusting beneficiaries, receiving cash value or selling the policy in a settlement. These options will keep the policy owners from leaving their money on the table.

But if considering a cash surrender option, consider that a cash surrender fee may be charged, according to Golden Gateway.

Although the fees vary by insurer, the charges could be considerable. Instead, look into a life settlement or taking dividend payments if it is allowed by the policy.

Lastly, Golden Gateway said, consumers should be aware of policy maturity. Most policies are only valid through age 95 or 100, at which the policy matures and the cash value is paid out to the policyholder.

It is a good idea to inquire about extensions on the maturity date up to age 120.

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