



Are you aware of how life settlement proceeds are taxed?

TCJA RULING 2009-13

* Please consult with a tax professional. LifeRoc Capital does not offer tax advice.

1

Sale proceeds up to the amount of the cost basis are not taxable.

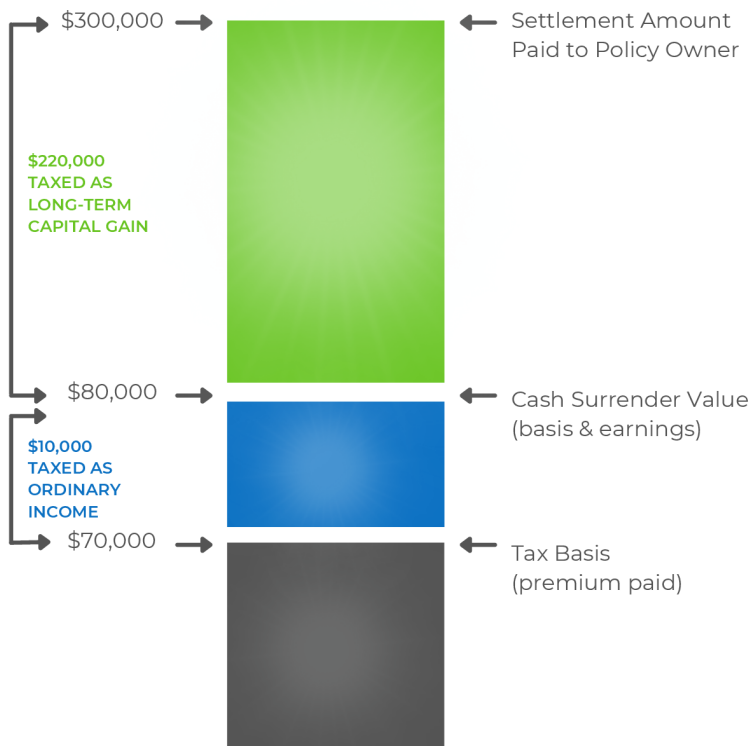
2

Sale proceeds above the cost basis and up to the policy's cash surrender value are taxed as ordinary income.

3

Any remaining sale proceeds are taxed as long-term capital gains.

TAX TREATMENT



\$1,000,000 UL

- Issued 12 years ago
- \$70,000 Paid in Premiums
- \$80,000 Cash Value

Policy Sold for \$300,000

- Basis \$70,000
- Taxed as Income \$10,000
- Taxed as Long-Term Capital Gains \$220,000

*Term Insurance is tax free up to the cost basis (premium paid). Everything above the cost basis is taxed as long-term capital gains.

