

[TRACK 5: SURVIVOR STORIES: FINANCIAL ISSUES]

John, 65 years old

[John]

I developed cancer years ago. My doctor said that I would never be cured... that it would be like a chronic disease. I've done pretty well for the past seven years. But, now I've had a recurrence and have gone through all of the treatment options. The other day I asked my doctor how long he thought I had to live. At first, he didn't want to say. But I kept pushing him, and he finally said probably 12 to 18 months. That made me sit up and take notice. It also made me realize that I haven't done quite enough planning for my wife, Mary Ellen.

[John]

At first, I felt overwhelmed. Mary Ellen and I have had a lot to deal with the past few years. I retired from my job at the power company. That took some adjusting. I missed my friends and I had trouble getting used to a whole new role in life. Just as that seemed to be settling down, Mary Ellen retired from her teaching job. We thought we would travel and do all of those things we couldn't do before when we were working and raising our family.

[John]

Then, all of a sudden, I had cancer, and it took over our lives. To make matters worse, Mary Ellen started having trouble with her blood sugar and blood pressure. I think she's just so worried about me that the added stress made her do poorly.

[John]

We planned pretty carefully for our retirement, and we get by. I know Mary Ellen will want to remain in our house after I'm gone, and I'd like to make sure that happens. I've met with a financial planner and my pension is good even after I'm gone, so I think Mary Ellen will be able to manage. But a new worry for me is that we are going to need to get the roof fixed. It may have to be replaced completely. That's a cost we didn't plan for. After working for years to pay off our mortgage, I don't want to take out another one. And, besides, a mortgage payment would almost take up every extra cent we have each month. It's hard enough paying for the medicines that Mary Ellen and I need each month.

[John]

There's also one other thing I've been thinking about. We live in the north, and all of our lives, we've talked about going to Florida in the wintertime. Each year, we'd talk about it, but we never seem to have the extra cash. This winter may be my last chance, and I really would like to take Mary Ellen there. I have an old army buddy that I've kept in touch with all these years. He and his wife live in Florida. They keep asking us to come for a visit. I'd like to do that, but we'd need some extra cash.

[John]

Recently, I heard about a way to sell your life insurance policy for money. I need to be certain that Mary Ellen has enough money to live on, but we have a couple of policies. One of them would probably take care of the new roof and a trip to Florida.

[John]

I remember I read about selling your life insurance policy in one of our senior magazines. They said you had to be careful, because there are some frauds out there -- but there are also some good ones. I looked it up again, and they are called "viatical settlements" -- where you sell your life insurance policy to a company for cash. The amount you get is a reduced percentage of the face value of the policy. The company pays all future premiums and then collects the policy's full benefit when you die. There are some restrictions. You have to check with your life insurer about whether you can sell your policy. You also have to have a life expectancy of five years or less. If it's less than two years, you won't have to pay taxes on your settlement. You don't even have to be over the age of 65, and you don't have to be disabled.

[John]

I checked on the Internet, and found that that there are a couple of options. You can sell your policy, or take out what they call a "secured no-payment" loan against your policy. This is like a line of credit, which means you can use what you need when you need it, and you will only owe what you borrow.

[John]

I also found some other sources of information. I called the cancer resource center at the hospital and they gave me the toll-free phone number for the Life Insurance Settlement Association of America at 1-407-894-3797. I also decided to talk with my lawyer before I make a final decision. But I now think I have enough information to go on. I just will feel more secure knowing that Mary Ellen won't have to worry about the roof, and I know she will love Florida.

[Narrator]

John's solution is creative and it works well for him and Mary Ellen. Other people may not have the option of taking a loan against an insurance policy or actually selling the policy. In fact, many couples count on the insurance money as a way to help the surviving spouse or family manage financially in the future.

[Narrator]

Other couples may need to think about different solutions. These might be selling their house and moving into an apartment or an assisted living facility that provides meals, checks on residents to be sure they are okay, and may even have a nurse on duty. Whatever the choice, it is critical that you get good information before making a decision.