

David Mickelson Insurance Services Reacts To IRS Clarifications For Life Settlement Tax Treatment

Recent rulings on life settlement sales tax now taxes senior settlements as financial gains. With this added complexity, David Mickelson Insurance Services states it is important to seek experienced life settlement and tax professionals.

July 23, 2009 (FPRC) -- OCEANSIDE, CA – The new rulings on life settlement sales tax introduced by the Internal Revenue Service (IRS) has provoked strong reactions from insurance brokers and seniors alike. However, leading life settlement broker, David Mickelson Insurance Services, is viewing the new tax rationally, and believes it is at last a starting point from which to help seniors make the right choice.

Life settlements have always been subject to tax, but the IRS gave no clear guidance as to how cases were to be treated. Seniors should always seek professional tax advice from CPA's and lawyers qualified to advise in this area. While life settlement brokers may be knowledgeable, they cannot provide tax advice. Whether to treat gains as income or capital gains was open to interpretation. The sale of a life insurance policy is an additional resource that hopefully will generate profits and by laying down clear-cut rules about tax implications, accountants and trust attorneys can be far more confident about how to treat a senior settlement.

Explained simply, a life settlement is when an individual's life insurance policy is sold to an investor because the individual no longer has use for it. Once the sale is complete, the investor is responsible for all premium payments of the policy, and upon the death of the individual, the investor collects the proceeds. It is this sale that is being described as a capital gain and therefore a capital gains tax will be charged.

"Life settlement is a growing industry with billions of dollars being generated every year. It is an excellent way for retirees and senior citizens to ensure long term care for themselves. However, retirees must be careful about selecting a life settlement expert who can handle their matters in accordance with all the laws and regulations," says Simon Leach of David Mickelson Insurance Services.

Tapping into this growing investment market, David Mickelson Insurance Services offers seniors an excellent life settlement service. Seniors in need of extra cash or those simply looking to lower existing insurance premiums can consider life settlements with policies paying much more than the cash surrender value of a policy. With many years of experience in the field, the firm is able to guide seniors about life insurance and the life settlement process. Additionally, through David Mickelson Insurance Services' EZ Quote process, seniors can easily obtain a complimentary estimate of their existing insurance policies.

"Like all financial products, life settlements can be complex, and tax issues are an essential element in the planning and decision process. The rulings have generated almost as many questions as answers, which is why it is important now more than ever for seniors to work with a sophisticated life settlement broker who can bring in the right experts to ensure they are receiving the best professional advice and most beneficial life settlements," says Leach.

About David Mickelson Insurance Services:

As a premier life settlement broker, David Mickelson Insurance Services provides seniors and their advisors with a variety of professional financial services. By carefully evaluating each client's unique insurance situation, the firm's professional senior settlement brokers are successful in obtaining the most beneficial life settlements available.

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