

# Is Your Life Insurance Keeping Up?

Life insurance can be an important and versatile part of your overall financial strategy.

## Possible Areas of Concern

- ❖ When was the last time your attorney reviewed your wills, trusts and power of attorney documents?
- ❖ When was the last time you estimated your estate liquidity needs to cover:
  - ❖ Federal and State Estate Taxes
  - ❖ Repayment of Loans
  - ❖ Income Replacement Needs
  - ❖ Charitable Planning
  - ❖ Wealth Creation
  - ❖ Final Expenses
  - ❖ Legal Expenses
  - ❖ Probate Costs
- ❖ Have you reviewed the ownership and beneficiaries of your policy?
- ❖ Have Premiums been paid according to schedule? Examine possible negative consequences of underfunding a policy.
- ❖ Have you recently reviewed the financial stability of your existing insurance carrier? Has the carrier taken a decrease in ratings?
- ❖ Have you experienced extended or increased premium payouts beyond what was originally proposed?
- ❖ Have you experienced a significant improvement in your health?
- ❖ Would you be able to benefit from more aggressive carrier underwriting in today's underwriting environment?

## Why consider a policy review?

Policy review is an opportunity to review your reasons for buying your life insurance and the performance of the purchased policy. You can then determine if your needs for life insurance have changed since your existing policy was purchased, and if your policy has performed as originally projected. After reviewing your current needs, objectives and existing policy performance, you can then determine the best course of action to meet your current life insurance needs.



# Changes in the Life Insurance Industry

## Product Innovation

The life insurance industry has produced a great deal of innovation in the past few years. These include greater premium flexibility, secondary guarantees, income planning, and long term care riders.

## Increased Life Expectancy

Carriers have been able to take advantage of increased life expectancy and thus have lower the Cost of Insurance charges associated with a life insurance policy. These decreased charges allow for either lower premium payments or greater cash value accumulation within a policy. You may benefit from considering one of these newer products.

## Changes in Your Health

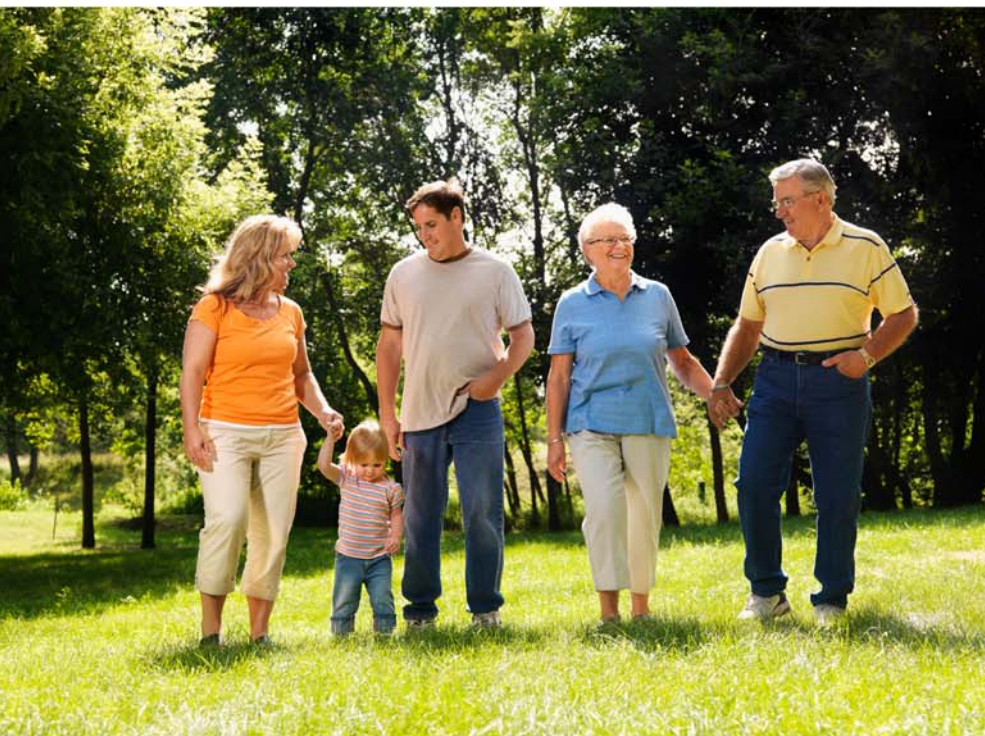
The risk class you qualify for greatly affects your insurance coverage. If your medical well-being has improved since you applied for your current policy, you may be able to obtain a better insurance class and thus decrease your cost of insurance.

## Changes in Underwriting

Insurance carriers sometimes change how they evaluate a particular ailment - and some can be very competitive when underwriting certain health conditions. People with these considerations may be able to obtain a better rate class.

## Reasons to Purchase Life Insurance

- ❖ To Provide you with peace of mind, your family and loved ones will be taken care of in the event of an untimely death.
- ❖ To replace lost income that results from the death of the insured.
- ❖ Changes in your life might mean that your life insurance needs have changed.
- ❖ Charitable gifting and planning
- ❖ Pay Estate Taxes
- ❖ Succession Planning
- ❖ Potential Tax Advantages
  - ❖ Cash values inside of permanent life insurance policies grow tax deferred.
  - ❖ Tax deferrals within permanent contracts allow contract values to grow faster.
  - ❖ Death benefits pass to the policy's beneficiaries tax free at the death of the insured.



# Policy Analysis

## Key Terminology

### In-Force Ledger

Detailed information regarding the current status of your existing policy can be obtained from an in-force ledger. You can contact your insurance carrier for a current copy. Once you have obtained an in-force ledger, you can compare your current policy against its original projections, and against new products that are available in the market today.

### Net Present Value

The net present value represents the total cost of future premiums and what the existing cash value is worth in today's dollars - adjusting for the time value of money.

### Income Stream

The owner of the life insurance policy can take loans or withdrawals from the cash value of the life insurance policy. If properly structured, those policy disbursements can be income-tax free. Income must also meet minimum carrier requirements and may create indebtedness against the policy cash values and/or reduce the death benefit.

### Internal Rate of Return (IRR) on Cash Value

Annual return you would need to earn on your premium dollars, if invested elsewhere, to accumulate a balance equal to the cash value of the life insurance policy.

### Internal Rate of Return (IRR) on Death Benefit

Annual return you would need to earn on your premium dollars, if invested elsewhere, to accumulate a balance equal to the death benefit of the life insurance policy.

### Years Death Benefit is Guaranteed

The number of years that a policy is guaranteed to stay in force, regardless of changes in interest crediting or increases in the cost of insurance, assuming that premiums are paid as shown on the illustration.



# Inforce Policy Illustration Request (1 per policy)

**Inforce Carrier Name:** \_\_\_\_\_ **Policy #:** \_\_\_\_\_

**Policy Owner Name:** \_\_\_\_\_ **SSN/Tax ID #:** \_\_\_\_\_

**Insured Name:** \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_

**2<sup>nd</sup> Insured Name:** \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_

- **We request the following Inforce illustrations with the following parameters:**

## **If policy is a General Account Product then:**

1. At current premium and current interest rates.
2. Solve for premium to endow the policy at full face amount at current interest rates.
3. Pay current premium to age \_\_\_\_\_ solve for income starting at age \_\_\_\_\_ for \_\_\_\_\_ years. (Use withdrawals to basis then loans.)
4. Other: \_\_\_\_\_

## **Additional information requested:**

1. What is the present rate of interest credited to this policy? \_\_\_\_\_%
2. For how long will that rate be guaranteed? \_\_\_\_\_yrs

## **If policy is a Variable life Product then:**

- 1) At current premium, with current charges, and at Gross Rates of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_. (Please run a separate illustration at each rate.)
- 2) If policy does not endow at maturity, please run illustrations solving for premiums needed to endow at Gross Rates of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_. Please run a separate illustration for each rate.)

## **Additional information requested for general account and variable life products:**

1. What is the present cash value \$ \_\_\_\_\_ and cost basis \$ \_\_\_\_\_.
2. What is the current surrender value? \$ \_\_\_\_\_. Loan Amnt: \$ \_\_\_\_\_.

Please provide a copy of the wording in the policy that address's the eventuality of the policy maturing, in respect to the following:

1. What will occur with regard to the policy proceeds?
2. What will any attendant tax consequences be?

Please send a duplicate copy to my financial advisor/insurance agent:

\_\_\_\_\_  
**Policy Owner Signature**

\_\_\_\_\_  
**Date**