

# The Importance of Conducting a Policy Review and the Potential Outcomes of a Policy Review

## LIFE INSURANCE POLICY REVIEW

### THE IMPORTANCE OF CONDUCTING A POLICY REVIEW

#### Life events can prompt changes in your insurance needs

- > Have you changed jobs, had children or grandchildren, purchased a new home, paid off your mortgage, gotten married or divorced, had a death in the family, or updated your estate plan recently?
- > Does your life insurance reflect that change?

#### The health of your policies can change

- > Have interest rates or the equity markets moved significantly since you purchased your policies?
- > Are they performing as originally expected?

#### The structure of your insurance should reflect your current situation

- > Do you know who the owner, payer and beneficiaries are on your policies?
- > Is that still what makes sense given your current family dynamics, your current goals and the tax law changes?

#### The amount and type of insurance you need changes with the stages of life

- > Did you originally buy your insurance to protect your growing family?
- > Is your salary/wealth the same as it was then?
- > Is family protection still the primary risk?
- > Are you starting to worry about retirement and long-term care?
- > Do you have a plan for how your wealth will be transferred to the next generation (or your favorite non-profit)?

#### The pricing and benefits offered in insurance contracts changes over time

- > Are your existing policies competitively priced?
- > Do they include all the benefits you will need going forward?
- > Do you want to look at the alternatives?

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### THE POTENTIAL OUTCOMES OF A POLICY REVIEW

- 1 Gain confidence that your current policies are financially sound and set up optimally to help meet your current and future needs.
- 2 Restructure your current policies owner, payer and beneficiary designations to help minimize the impact of income, gift and estate taxation and/or to reflect your current family dynamics.
- 3 Revise your current policy premiums and benefit utilization to try to optimize long-term performance.
- 4 Alter your current policies' type or face amounts, or exchange them for new policies, to better meet your short and long term objectives or to deliver cost savings.
- 5 Buy additional insurance to supplement your current policies so that they can strive to ensure that your current and future goals are met.

This presentation presents an overview of a life insurance policy review. It is not intended to provide full disclosure. It is not intended to give tax or legal advice. Any comments about tax treatment simply reflect an understanding of current interpretations of tax laws as they relate to life insurance. Tax laws are always subject to interpretation and possible changes in the future. It is recommended that you seek the counsel of your attorney, accountant, or other qualified tax advisor regarding life insurance taxation as it applies to your particular situation.

# LIFE INSURANCE REVIEW CHECKLIST

## Present Insurance Coverage:

- Do you need to increase the current coverage?
- Do you understand all the benefits of the insurance you currently own?

## Adequate Coverage To:

- Pay off your mortgage?
- Provide future salary replacement, allowing your family adequate protection if the Insured dies prematurely?
- Is the insurance coverage on your spouse/partner adequate?
- Have you made plans for your children's education?
- Will those education plans be fulfilled whether you live or die?

## Changes: Since Your Last Review, Have You...

- Moved?
- Changed marital status?
- Changed jobs?
- Had a child?
- Changes in your overall health?
- Acquired new or more group life insurance?
- Started or expanded a business?
- Taken out or paid off a loan?
- Retired?

## Would You Like To:

- Change beneficiary designation?
- Change your premium payment schedule?
- Change your dividend option?
- Convert your term insurance?
- Lower insurance costs?
- Increase death benefit coverage?
- Improve guarantees?

## Policies:

- Are the names and address of the owners, beneficiaries and insured correct?
- Is your mailing address correct?
- Is each birth date accurate?
- Is a second beneficiary named on each policy?

**Notes:** \_\_\_\_\_

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