

## LIFE INSURANCE PLANNING DO YOU NEED AN UPDATE?

In today's times, many people are finding that their goals, needs and financial positions are evolving. Life insurance policies often constitute a large percentage of one's net worth and should be analyzed to ensure that they are current and provide the appropriate type of coverage. Here are some steps to consider when making sure your life insurance policy is right for you and your family:

- ❖ Analyze the existing policy to ensure it establishes the current goals and needs. For example, a person may have purchased a policy to provide income for a minor child. Today, the child might be an adult and no longer require this income.
- ❖ Consider health conditions of the insured and whether anything has changed that might impact the policy needs. For example, if the health of the insured has improved a cheaper policy might be obtainable.
- ❖ Check on the person's estate tax exposure and who should be the owner of the policy. For example, a policy owned by the insured will be included in his or her estate for estate tax purposes. Depending on the person's longevity and Congress, this should be analyzed by a tax advisor.
- ❖ Check the endowment feature of the policy. For example, if a person only wants a death benefit and does not want the policy to endow, he or she could pay lower premiums.
- ❖ Check the insurance company's reputation and credit history. A person should request financial statements to ensure the reputation and financial position of the company.
- ❖ Compare a life insurance policy exchange (IRC §1035(a)) option with alternatives. Sometimes paying tax on surrender and buying a new policy makes sense.
- ❖ Review the policy's projected performance.
- ❖ Verify your insurance professional is independent and acting in your best interest. Find out what products your insurance agent is qualified to sell and whether it fits your needs.