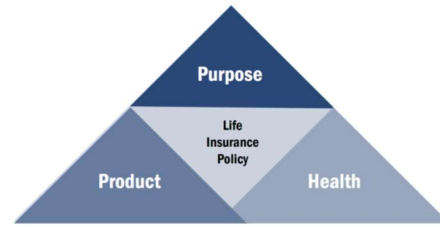




Life Insurance Policy Review

Key Items and Triggers



Purpose. Any Changes?

Change	Impact
Net worth (actual inheritance, business value, unexpected healthcare expenses, accumulated wealth)	Increase may create need for additional coverage. Decrease may impact need and ability to fund, requiring more flexibility with premium payments.
Income (better job, retirement, investments performing better or worse than expected)	Increase may create need for additional coverage for income protection. Decrease may reduce funding of existing coverage.
Taxes	Estate tax increase may create the need for additional coverage. Gift tax exemption increase may provide efficient means to fund coverage. Income tax increase may create desire to overfund a policy for cash accumulation. Decrease in taxes may provide additional funds for life insurance premiums.
Inheritance	Increases taxable estate and, therefore, may increase the need for coverage.
Marital status (remarriage, divorce, separation)	Owner/beneficiary may need to change.
Purchase of house	New or increased coverage.
Career (increased income, retirement need for supplemental income, qualified plan income)	Possible increase in coverage; new cash accumulation product and riders; funding adjustments.
Family support (new child, parent, grandchild, special needs)	New income/survivor needs; owner/beneficiary may need to change.
Education (children, grandchildren college)	New or increased coverage; owner/beneficiary may need to change.

Product. Any Changes?

Change	Impact
Interest crediting rates lower or higher than anticipated (universal life insurance)	Lower crediting rates for an extended time may reduce the life of the policy. Higher crediting rates may improve performance.
Large policy loans or withdrawals	Risk of lapse because withdrawals and loans may negatively affect policy performance.
Increasing premium expense (term insurance)	Occurs as the Insured gets older. Where a permanent need is expected, consider converting expensive term policies.
Over- or underfunding	While premiums may be skipped with certain policies, a decrease in premium payments or lengthy premium skip may lead to poor performance and risk lapse.
Carrier ratings	If there is a significant drop in ratings, verify the carrier still meets your profile.
Cost of insurance charges (COIs)	COIs may increase or decrease over the life of a contract and their change may extend or reduce a policy's duration.
Lower than expected dividend rate (whole life)	Premiums may need to be paid for more years than originally planned.
New products, riders and options	Potential for reduced cost, more options.



Health. Any Changes?

Change	Impact
Adverse health	Where the health of the Insured got worse since issue of the initial policy, the policyowner should properly fund and retain the current coverage. For certain term policies, policyowners should review any applicable conversion privileges.
Improved health history	Improvements in personal health, including becoming a non-smoker for a minimum specified period of time, sometimes including appropriate medication, may result in qualification for a reduced rate. ²
Insurance carrier underwriting	Insurance carrier philosophies change due to updates in clinical medicine and/or changes in underwriting guidelines. Many times these changes may result in qualification for a reduced rate.

Triggers

- 3–5 years or sooner if the planning situation changes
- Trust-owned policy without review for several years
- Original need for insurance has changed or evolved
- Health status has changed
- Term policy premium payments increased with age, are now expensive, and/or need for insurance has become permanent
- Significant drop in life insurance carrier ratings
- Policy performance varies widely from the original illustration, possibly due to large outstanding loans or withdrawals, or a change in the funding pattern
- Asset allocation and planning strategy has changed
- Need for life insurance has increased or decreased

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