

Life insurance premiums are rising. Is now the time to re-assess your policy?

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With the proper guidance, life insurance can provide unique financial planning benefits, including an extremely tax-efficient way to transfer wealth to your heirs. In addition, the evolution of these products in recent years makes them potentially even more valuable today as components of a comprehensive wealth management strategy. But, after declining for two decades, rates for premiums are currently on the rise. And some experts believe these recent increases may just be the beginning. So, if it has been a while since you established your life insurance policy – or if you’ve recently experienced changes in your personal or business life – you may want to revisit your existing policy soon before rates climb too far from their recent historic lows.

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What You Should Know:

1. Not all policies are created equally

There are inherent death benefits and tax advantages to all life insurance policies. However, there are important differences for you to be aware of between the two basic types of policies.

- Term insurance generally has lower premiums but does not build up cash values that you can use in the future. It generally provides coverage for a level period—10, 15, 20 or 30 years—and pays

a death benefit only if you die during that term. It usually provides the largest insurance protection for your premium dollar.

- Permanent insurance policies charge higher premiums at the beginning than comparable term policies. The part of the premiums not used to cover policy charges and expenses is invested, either by the company or by you, and builds up a “cash value” that may be used in a variety of ways in the future. ▶

Permanent life insurance policies—including Whole Life, Universal Life and Variable Universal Life—are typically designed to provide permanent death benefit protection and cash accumulation.

When assessing your life insurance needs, it is important for you to understand these differences in order to ensure that the proper policy type is utilized to meet your personal needs and financial objectives.

2. Regularly updating your insurance is essential

Depending on how long ago you purchased your current policy, you may no longer have adequate coverage. Changes in your personal or professional status and income level can affect what you'll ultimately need from your life insurance policy. These life change trigger events include:

- Change in marital status
- Becoming a parent or grandparent
- Change in employment status or benefits
- Change in health or lifestyle
- Change in business ownership
- Change in assets or net worth

Of course, if your current and future goals and objectives have changed substantially, the most appropriate life insurance policy for you may have also changed.

3. Now is an ideal time to review your policies

Due to recent evolution in the life insurance industry and products, your policy may no longer be keeping pace with your changing needs. In addition to new product features, a number of other factors can affect the relative value of a policy over time, including:

- Increasing premiums
- Interest rate fluctuations
- Changes in carrier ratings

If you're thinking about re-assessing your existing life insurance policy or establishing a new one, acting sooner could be to your advantage. After several years of declining rates to near historic lows, insurance premiums have begun climbing in recent months – and some industry experts believe that trend may continue for the foreseeable future.

What Should You Do Now:

If it's been some time since you reviewed your life insurance policy, or if you've experienced personal or financial status changes since your last review, you should sit down with your Financial Advisor soon and talk about the role the right insurance policy can play in your broader wealth management strategy. ■