

# STEP 4: ONCE YOU HAVE A POLICY, REVIEW IT ANNUALLY.

Does your portfolio contain a life insurance policy that has never been reviewed? Reassessing your current coverage against immediate and long-term financial goals will determine if the insurance meets your protection needs. Life insurance products continue to evolve and you may be unaware of new or additional features that have little or no cost.

## ASK YOURSELF...

### Is your term policy about to expire?

Do you still need life insurance? If so, your policy may be renewable but the premiums may significantly increase after the level term period is over (i.e., after the 20th year of a 20-year term policy). Should you buy a new one?

### Does your term policy have a conversion option?

Did you buy a term policy with plans to convert it to a permanent plan without exams or eligibility reviews - just to protect your insurability?

### What is the coverage guarantee on your policy?

With a term plan, coverage is guaranteed for the policy term. Some permanent plans however, only provide coverage to age 90. Or sometimes only to age 80. It makes good sense to find out the coverage guarantee on your policy. It's not news that people are living longer lives.

### Has your life changed lately? Need to change your coverage or beneficiary?

Changes that affect your financial well being, such as a new job, inheritance or retirement, are all reasons for a coverage review. An addition to the family, change in marital status, special needs children, kids moving out or parents moving in can all affect your coverage needs.

### Does your policy give you access to cash value?

Did you purchase life insurance to supplement your retirement income with tax-deferred cash value growth?

Are you facing a life emergency or terminal illness and need access to that money for day-to-day living expenses or unexpected bills?

Does your policy have an accelerated death benefit?

### Does your policy work in concert with your estate or trust plans?

This is a good time to make sure you have a written plan for the death benefit payout. This is especially important if you have a life insurance trust; the most common of which is an Irrevocable Life Insurance Trust (ILIT). If you own one of these trusts, please consult a tax advisor. Do you want the state to determine who your children live with or how your estate is distributed?

### Do you own a business or have a business continuation plan?

The annual review is also very beneficial for small businesses. A review can help avoid problems with valuation of the business if there are changes in executive staff, etc.

Death benefits from policies designed to cover business needs are subject to IRC 101(j). Death benefit proceeds will be taxable unless exemption rules are met. One requires the covered employees to sign Notice and Consent forms prior to policy issue.

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