

take a
step back
REVIEW YOUR
LIFE INSURANCE



with kirk swartzbaugh

THE end of the year is a good time to assess things; to think about what went well in the previous year, and what could be done better in the next. It's also a good time to evaluate your long-term planning.

Many people believe that life insurance is only useful for one's heirs. While there isn't a more powerful tool to create an instant estate than life insurance, it holds more options than a simple after-death benefit. A heavily-funded permanent policy can supplement your retirement assets as well as help with unexpected costs such as medical expenses and/or planned costs such as children's college expenses. Most policies also have a provision where you can "access the death proceeds early" for health care expenses due to a terminal illness.

For those who already have policies in place, **periodic review** is essential. Studies suggest that only a minority of policy owners has reviewed policies within the past five years, a majority of existing policies could be restructured to provide more value since people are living longer and costs for insurance are decreasing. Plus, circumstances change, life insurance charges typically decline, tax laws come and go. Thus, many people's insurance portfolios could benefit from an overall review.

People who do very well financially can find themselves with estates burdened by high estate taxes. In this situation, people should consider getting their insurance ownership/beneficiary changed to **irrevocable life insurance trusts (ILIT)**. No matter the ages at which consumers purchase life coverage, ILIT-owned insurance is a great tool to leverage assets on a tax-free and estate tax-free basis.

At this point a person might say, "That's a great idea, but I have health problems. I can't get coverage." Not true. All carriers have their niches, and here is where the independence of your advisor is paramount. Many insurance advisors shy away from difficult cases, since they take a lot of work and negotiation. However, some advisors are very experienced in this arena and can find competitive offers even when several carriers have declined the same case.

Unfortunately, many consumers commoditize insurance carriers and products. Thus, many miss the fact that there are specialized products and exclusive solutions available through exclusive distribution channels that can save them a lot of money. For example, M Financial Group (www.mfin.com) has tracked mortality rates on their clients since 1978, resulting in **17%-24% better rates than normal**. Therefore, M's member firms can offer proprietary products with renowned insurance carriers that are more competitively priced than typical life insurance products.

Last but not least, no one can tell you how much life insurance you need. An independent advisor can show you all of your options, but it is a very personal decision that only *you* can make.

Thus, we ask that you take a step back and ask yourself: Will my life insurance help to accomplish what I want?

For more information, please contact your trusted advisor at Swartzbaugh-Farber – 'Client Centered – Client Advocates™'.

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