

A FIVE-STEP CHECKUP FOR YOUR LIFE INSURANCE

Although most people probably review their financial goals and investments from time to time, far fewer update their life insurance coverage to meet their current needs. To be sure your time is well spent, follow these steps for a life insurance checkup:

1. Find an Agent Who Will Provide Thorough Service

It is no secret that an agent makes the bulk of his commission when you initially buy insurance coverage. However, this should not prevent him from providing outstanding service throughout the life of the policy. Insist that he sit down with you to discuss any changes in your personal and financial goals. If he doesn't, find an insurance professional who will.

2. Review the Nuts and Bolts of Your Current Coverage

Most life insurance policies sold to clients fall into the broad category of Universal Life, which is *not* guaranteed. Instead, the agent shows you projections of what *could* happen if the carrier's current assumptions hold true. These assumptions include mortality charges, interest rates on the cash value, and carrier expenses. Additionally, Universal Life premiums vary. If your premium has changed over the years, your policy values will differ as well.

An "in-force" illustration is available from your life insurance carrier. This illustration will show exactly how the policy has performed up until now, and can project future costs and cash values based on *current* assumptions.

3. Assess the Need Behind the Life Insurance

Does the need for which you bought the coverage still exist? Life insurance is not about dying. It is about dying at the wrong time, when you are still an integral part of your business or when your kids are still in college. Life insurance can outlive these risks. A policy review can also uncover new risks that require protection and determine the appropriate amount of coverage.

4. Be Informed About Any Changes to the Life Insurance Industry

Life insurance companies and policies have changed drastically in the last 20 years. Mortality tables have changed, secondary death benefit guarantees have emerged, and mutual companies have demutualized. In other words, the environment has evolved and there may be a product that outperforms your existing coverage or provides a benefit that was not available before. An update on the industry in general—not just your carrier—will provide valuable information.

5. Evaluate the Fair Market Value of Your Policy

The cash value of your policy is not the only assessment of what your current policy is worth. Capital sources all over the world are purchasing existing policies from policyholders for more than the cash value of the policy—this process is called a life settlement. Over 50 percent of the time, the insured sells his existing coverage and takes the proceeds to buy new life insurance, saving thousands of dollars in premium.

With careful evaluation, your life insurance policies can meet your current and future needs and more. Call for a checkup today. Cohn Wealth Management can provide a complimentary policy review.



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