

Life Insurance Review Are You Sure You're Sure?

RICHARD K. NEWMAN, CPA/PFS, AEP, CAP

LIFE AUDIT PROFESSIONALS, LLC



Missed Opportunities Can Hurt You

- Underfunded policies leading to policy lapses
- Missed term insurance conversions
- Ownership and beneficiary issues
- Cost-reduction opportunities overlooked
- Long-term care opportunities overlooked
- Asset-creation opportunities overlooked for seniors

Post-Sale Follow Up Not Always the Same

Career Agent *versus*

Independent Broker



Older Policies May Have Problems

Projected Crediting Rates did not materialize

- General account
- Variable

More Expensive Costs of Insurance

Maturity Dates 90, 95 or 100

- Policy lapse
- Income-taxable event

Older Policy Problems *(cont'd)*

Inappropriately sold –

- Initial premium did not project policy life-to-life expectancy
- Actual policy earnings less than projected
- Increase of internal charges

Premium and death benefit guarantees not available

- Possible loss of guarantees if premium paid late

Important Term Insurance Questions

Do you know ...

- Date of last conversion?
- Client's need for coverage past last date of conversion?
- If your client can qualify for new coverage?
- If market can provide a more affordable alternative?
- Seniors no longer needing coverage may have hidden value in their policy?

Carrier Challenges May Affect You

Carriers changing/eliminating policy conversion rights

- Limiting amount
- Limiting available products
- Carriers sold or reconstituted no longer allow conversions

Annual Reviews Lead to Discussions ...

- Long-term care
- Estate planning
- Asset planning
- Philanthropic
- Lifetime income

Case Study Illustrates Benefits

Redacted Actual Audit

(Real Client, Real Information and Real Results)



Case Study Illustrates Benefits

Policy Data

	Policy #1
Insured	[REDACTED] - 02/22/1965
Policy Owner	[REDACTED] Irrev Trust Dtd 12/31/1976
Policy Beneficiary	[REDACTED] Irrev Trust Dtd 12/31/1976
Current Insurance Company	MassMutual
Product Type	Variable Universal Life
Policy Number	[REDACTED]
Rate Class	Select Preferred Non-Tobacco
Current Net Death Benefit	\$1,000,000
Annualized Premium	\$15,690
Net Surrender Value	\$145,792
Surrender Charge	\$5,457
Loan Balance	\$0
Total Premium Paid	Not Disclosed
Policy Date	12/28/2006
Policy Objective	Estate Liquidity



Case Study Illustrates Benefits

Projected Policy Performance

MassMutual Policy # [REDACTED] - Inforce Ledger Dated 10/04/2016				
Current Values				
Product Type		Variable Universal Life		
Current Net Death Benefit		\$1,000,000		
Net Surrender Value		\$145,792		
Projections				
Design Goal		Planned Premium- Current Charges	Planned Premium- Current Charges	Planned Premium- Guaranteed Charges
Illustrated Outlay		\$15,690	\$15,690	\$15,690
Outlay Paid Through		Age 100	Age 100	Age 100
Policy Guaranteed Duration		Not Guaranteed	Not Guaranteed	Not Guaranteed
Policy Projected Duration		Age 115	Age 87	Age 74
Assumed Rate of Return		6% Gross	0% Gross	0% Gross
Death Benefit	Age 75	\$1,897,867	\$1,275,825	\$0 – Lapsed @ Age 74
	Age 90	\$2,495,094	\$0 – Lapsed @ Age 88	\$0 – Lapsed @ Age 74
Cash Value	Age 75	\$897,867	\$275,825	\$0 – Lapsed @ Age 74
	Age 90	\$1,495,094	\$0 – Lapsed @ Age 88	\$0 – Lapsed @ Age 74
Life Expectancy Projections*				
Life Expectancy		Age 84 – (32 More Years)	Age 84 – (32 More Years)	Age 84 – (32 More Years)
Probability of Outliving Projected Duration		0%	30.4%	78.7%

* Based on 2008 Valuation Basic Table, Select and Ultimate. The LE tables used are not tailored to your personal situation or risk class; rather they are based on population averages and are presented merely to help you form a generalized idea of potential ages at death.



Case Study Illustrates Benefits

Market Comparison

██████████ – 02/22/1965 – Preferred Plus Non-Tobacco

Objective: Maintain Premium and Maximize Coverage for Lifetime

		As Is	Alternative #1	Alternative #2	Alternative #3
Insurance Company		MassMutual	John Hancock	John Hancock	Nationwide
Product Type		Variable Universal Life	Universal Life with Vitality (Gold)	Universal Life	Guaranteed Universal Life
Initial Death Benefit		\$1,000,000	\$3,373,984	\$3,009,726	\$2,460,560
Illustrated Outlay		\$15,690	\$15,690	\$15,690	\$15,690
Outlay Paid Through		Age 100	All Years	All Years	All Years
Policy Guaranteed		Not Guaranteed	Age 76	Age 77	Age 121
Guaranteed Interest Rate		Not Guaranteed	2.00%	2.00%	3.00%
Policy Projected		Age 115	Age 121	Age 121	Age 121
Projected Interest		6% Gross	5.05%	5.05%	N/A
Death Benefit	Age 75	\$1,897,867	\$3,373,984	\$3,009,726	\$2,460,560
	Age 90	\$2,495,094	\$3,373,984	\$3,009,726	\$2,460,560
Cash Value	Age 75	\$897,867	\$373,892	\$352,664	\$0
	Age 90	\$1,495,094	\$802,793	\$716,960	\$0
AM Best		A++	A+	A+	A+
Comdex		98	92	92	90

- An evaluation of the medical underwriting elements was not conducted.

- The alternatives assume a tax-free exchange of the current policy's cash surrender value of \$145,792.



Various Policy Audits Available

Business-Based Policies

- Buy/Sell
- Disability
- Key Person
- Ancillary Benefits (group life, group disability & group LTC)

Estate-Based Policies

- Changing needs with changing tax law

Family Security Policies

- Reduction of cost or increase in benefit
- Maturing needs for coverage (long-term care and etc.)



Audits Identify Opportunities & Need

Opportunities for Professional Planning

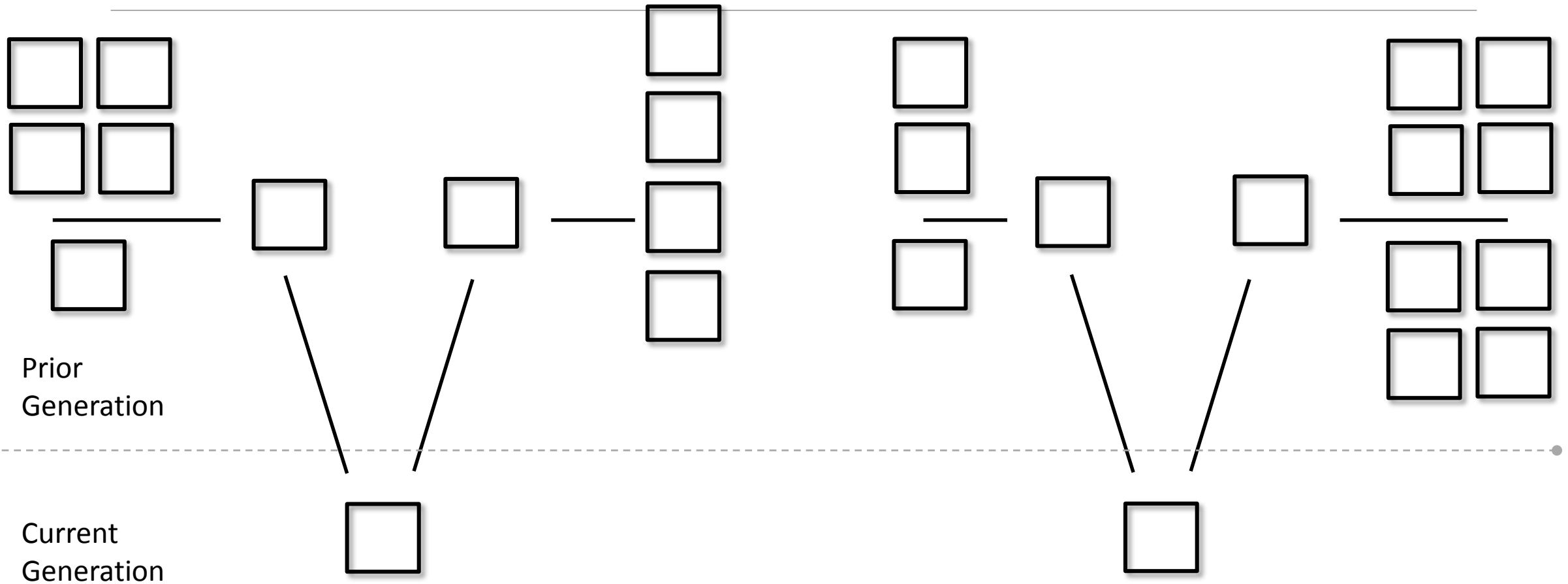
- Estate planning
- Business continuation and key person
- Charitable planning

Need for Allied Professionals

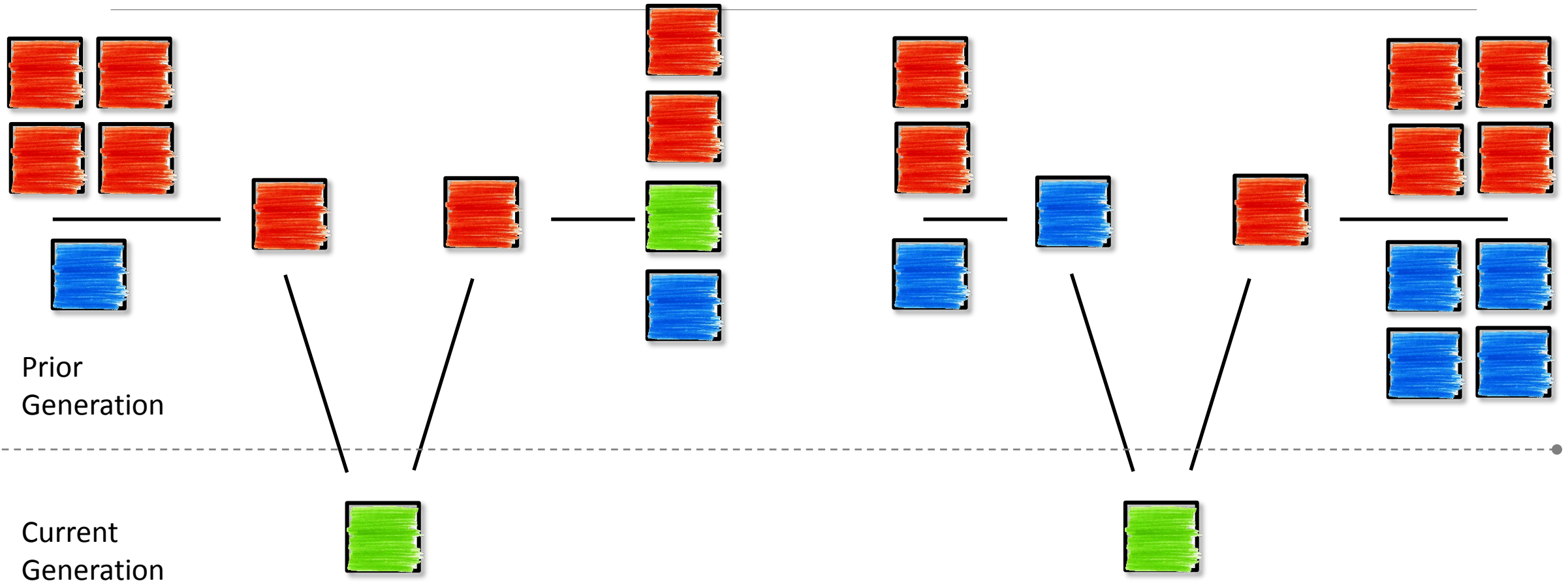
- Legal
- Accounting
- Valuation ... and more



Take a Look in the Mirror



Take a Look in the Mirror



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1. Clients are provided with needed planning at the most efficient cost
2. Professionals render higher levels of service at premium billing rates where we make a difference in our client's lives
3. Referrals by other professionals

Everyone Wins!

Thank You For Your Time!

Your presenter: *Richard Newman*

Life Audit Professionals, LLC | 2101 NW Corporate Blvd., Suite 300

Boca Raton, FL 33431

561-948-2421

rnewman@mylifeaudit.com

jgitto@mylifeaudit.com

