

Policy Review  
&  
Why Insurance Contracts  
Should Be Reviewed Now

Presented by:  
Bruce A. Hersh  
Smart Money Financial, Inc.

# Change

- Change is a part of life. With each change, your financial needs may evolve in ways you might not anticipate. Life insurance needs and options are as dynamic as life. That's why it's important to review existing coverage to see if it still fits current objectives.

# Why Do a Life Insurance Review?

- Policies may not meet current needs due to life or career changes
- If not properly owned, life insurance may increase estate or business taxes
- Beneficiary designations may be out of date
- Policy returns are directly affected by many factors changing the long term performance good and bad from when the policy was originally purchased requiring a change in premiums to keep the policy current
- Coverage may not remain in force to maturity, based on reasonable projections

# Why Do a Life Insurance Review?

- Older contracts may use higher mortality rates than current policies
- Improved product offerings may enhance coverage; many new products have features that were not available in the past
- More lenient modern underwriting may provide the opportunity for improved classification and lower costs
- Existing term insurance may be approaching a point of premium increase or non-convertibility
- Outstanding policy loans may cause a policy to lapse

# Fiduciary obligation

- ❑ In known times of change it is the responsibility of the trustee to have all trust-owned life insurance reviewed
- ❑ Trustees are fiduciaries
- ❑ Attorneys are fiduciaries
- ❑ Certified Public Accountants are fiduciaries
- ❑ Financial Planners are fiduciaries
- ❑ Insurance agents are fiduciaries

# What's Covered in a Policy Review

- A proper policy review involves more than an analysis of your death benefit. Changes in life, health, goals, current economic conditions, and trends in the insurance industry should all be taken into account with a comprehensive policy review.

# Six Key Factors

- ❑ **Protection:** Is the death benefit still sufficient?
- ❑ **Premiums:** Can your coverage needs be met more economically?
- ❑ **Ownership Structure:** Is your policy ownership the most tax-efficient for your goals?

# Six Key Factors

- ❑ **Beneficiary Designations:** Are your beneficiary designations up to date?
- ❑ **Supplementary Benefits:** Are there new benefit options better suited to your current circumstances and objectives?
- ❑ **Cash Value and Performance:** Is your policy's performance meeting your current expectations?

# In general, contracts are not living up to the original expectations

- ❑ Contracts need to be reviewed
- ❑ Through a review you will find a longer than expected premium payment period is required.
- ❑ OR an increase in premium is required.
- ❑ OR a decrease in the face amount is required.

# What is the process?

- ❑ The financial consultant first completes our Policy Evaluation Guide with the client. It is imperative that the guide be as fully completed as possible. The questions on current policy information, policy design, purpose of insurance, health considerations and objectives combined with in-force ledgers form the basis for our recommendations.
- ❑ Next the policy owner signs a letter of authorization allowing our firm to contact the current life insurance company to obtain in-force ledgers.
- ❑ Once we have received the in-force ledgers we will complete a full analysis on behalf of the client and owner.
- ❑ We meet with the attorney and the client to present the clients with their current contract and the options available.
- ❑ If there is no improvement possible, that is made clear before we meet. However, improvements are typical and usually quite dramatic, and the client is thrilled that someone cared enough to make note of these.



**POLICY EVALUATION GUIDE – Data Form – One Per Policy**

**Current Information**

Insured Name	DOB	Gender	Additional Insured Name	DOB	Gender
Original Underwriting Class – any health changes since issue			Original Underwriting Class – any health changes since issue		
Policy Owner (if different than Insured)			Policy Owner Email Address		
Policy Owner's Phone: Fax:		Beneficiary Information			

**Policy Information**

Carrier	Policy Date	Policy Type	Face Amount
Policy Number			
Original Purpose of Insurance	Does Purpose Still Exist? Has it Changed? If so, Explain.		

**Policy Design**

Premium Structure	Target CV \$ _____ At Maturity age ( _____ )
Option (increasing, level, face + premiums)	Riders
Current Cash Value \$ _____	
Any loans? Please indicate the amount, interest rate, status and plans for payback (if any).	

Other Policy Information

**Notes**

**Considerations**

How long will you require death benefit?	Today	Life Expectancy	Age 100	Beyond 100		
How many years do you wish to pay premiums?	1 year	5 yrs	10 yrs	20 yrs	Life Expectance	All years

**Prioritize Objectives**

Rank from 1-3, 1 being the most important  
- use each number only once

\_\_\_\_\_ I want to accumulate money for later withdrawals

\_\_\_\_\_ Accumulation is secondary, I want the death benefit guaranteed

\_\_\_\_\_ I want to pay the lowest premium and sacrifice returns and guarantees

The most recent policy statement contains valuable information. Obtain a copy with the form if possible.

# Final thoughts...

- Life insurance is property that should be regularly assessed.
- The Policy Review process provides an objective, comprehensive analysis of an individual's or business' life insurance portfolio.
- Smart Money Financial can help you and your clients with every aspect of the process and can help you better serve your clients and grow your business.

# Presenter contact information:

**Bruce A. Hersh**

President

[Bruce.Hersh@SmartMoneyFin.com](mailto:Bruce.Hersh@SmartMoneyFin.com)

Smart Money Financial, Inc.

**800.444.4160 \* 847.459.8800**

[www.SmartMoneyFin.com](http://www.SmartMoneyFin.com)

2413 W. Algonquin Rd #506 Algonquin IL 60102