

FIELD
GUIDE



PL PROMISE LIFE INSURANCE CHECKUP



**LIFE
CHANGES FAST.**
Help ensure their
death benefit
protection
keeps up.



Odds are, your clients are among the 1 in 2 Americans with a life insurance coverage gap.¹ In fact, half of Americans who need more coverage are existing policyowners.¹ Which means they own life insurance, just not enough. A life insurance policy review can help you close the gap.



● — Learn How in 5 Easy Steps —>

BENEFITS OF POLICY REVIEW:

- Help protect client's beneficiaries from the financial impact of the client's premature death.
- Update policy beneficiaries.
- Consider advancements in product design, underwriting efficiencies, tax laws, and more.
- Identify and correct underperforming policies before it's too late.
- Strengthen relationships and potentially increase referrals and sales.
- Maintain assets under management.
- Provide superior service.

¹ Source: "Turn Up the Volume \$12 Trillion Sound Opportunities," LIMRA, Dec. 2016.

5 EASY STEPS TO A LIFE INSURANCE CHECKUP



1 IDENTIFY CLIENTS



Look for these ideal timing triggers, which may signal it's time for a policy review.

Ideal Timing Triggers

- Major life events, like marriages, births, or deaths in the client's family
- Federal or state tax law changes
- Life insurance industry and product developments
- Significant underwriting efficiencies or new mortality assumptions based on longer life expectancies
- Carrier financial stability downgrades, increasing cost of insurance or other policy charges, or lowering current interest crediting rates



2 PREPARE FOR CLIENT MEETINGS



Before the meeting, make sure your records are up-to-date. Your goal should be to help determine the health of the policy as well as its ability to support your client's financial goals.

Request that your clients bring the following:

- Current policy information (type of policy, face amount, premium)
- Current beneficiary information
- Marital/family status
- Goals such as retirement, educational, personal
- Assets such as real estate, stocks, bonds, personal savings
- Financial obligations (mortgage, car loans, small business loans)
- Charitable intentions

Requesting Illustrations

If you are not the writing agent, your client will have to request the illustrations or sign a letter authorizing you as the new agent of record. Generally, the carrier will notify the writing agent if an illustration has been requested or a request to change to a new agent of record has been received.



3 MEET WITH CLIENTS



The more you know about your clients' financial goals, assets, and in-force life insurance policies, the better prepared you will be to help them develop strategies to protect their family. Here are sample questions to ask and points to ponder when conducting your client's policy review.

OPPORTUNITY SPOTLIGHT

The Price of a Missed Connection

What would your business look like if you lost nearly 70% of your best clients?

It's important you get to know your client's beneficiaries. After all, without a strong connection, your client's beneficiaries are likely to move their assets to another financial professional* at the death of your client and you will lose that business.

66% OF HEIRS MAY LEAVE

How many children who fire their parents' financial professional after receiving an inheritance.²

70% OF SPOUSES MAY LEAVE

How many surviving spouses (women) who change their financial professional within 12 months.³

Build a Strong Connection: Family Meetings

Helping your client orchestrate a family meeting with their policy beneficiaries can create a lifetime of good will and help to strengthen your ties with the next generation. Odds are, your clients will thank you for it.

According to a recent study, nearly half (45%) of parents who discussed future financial plans with their children felt proud about how those conversations went.⁴

Topics to Cover:

- Key responsibilities in the event of your client's death or disability.
- Roles like executor, trustee, power of attorney, guardian, and advance health care directives.
- Creation of a family mission statement to help prevent confusion as to how your client intended the assets to be used after their passing.

* In order to sell life insurance, a financial professional must be a properly licensed and appointed life insurance producer.

2 "Promises, problems on horizon as \$30T wealth transfer looms," Anna Robaton, CNBC.com, Feb. 2017: <https://www.cnbc.com/2017/02/16/promises-problems-on-horizon-as-30t-wealth-transfer-looms.html>

3 "The Intergenerational Divide: Don't Let Your Book Die With Your Clients," Legg Mason, Oct. 2017: <http://www.leggmason.co.uk/insights/docs/The-Intergenerational-Divide.pdf>

4 "TIAA 2017 Family Money Matters Survey," TIAA, March 2017.

QUESTIONS TO ASK

Asking the right questions can help you uncover the opportunities in your client's policy review.



Q: Since your policy was issued, have you had any significant lifestyle changes?

- Marriage/divorce or birth/adoption of a child?
- Job change or promotion?
- Inheritance?
- Buying/selling a business or home?
- Health change for you or your spouse?
- Started or stopped any risky hobbies?

Q: How about your financial goals and debt obligations?

- Charitable intentions?
- Estate planning?
- College expenses?
- Special needs planning?
- Any new debts (car loans, small business loans, credit cards)?

Q: Do you have income-generating assets?

- Has your financial professional provided you with a tax analysis on your 401(k) and other assets?
- Consider things like investment real estate, stocks, bonds, and personal savings.
- What's your income tax bracket?
- Will the income you draw from your retirement savings be taxable/non-taxable?
- Rate of return?
- Are you maxing out your qualified plan contributions?

Q: Long-term care?

- How do you plan to protect your retirement savings and estate from long-term care expenses?
- Do you now or will you need to take care of aging parents?

Q: Real estate?

- Do you have a plan in place whereby taxes will be paid for your estate rather than from your estate?
- As part of that plan, do you have an irrevocable life insurance trust (ILIT)?

Q: Do you hold ownership interest in a business?

- Do you have a written business succession plan to cover your retirement, death, or disability?
- How will you protect your profits if you lose a key employee?
- Do you pay tax on retained earnings in your business?

Q: Is your life insurance up-to-date?

- Up-to-date beneficiaries?
- Adequate coverage amount?
- Is this the right type of policy for you (term/cash value)?
- Can the same coverage be met at a lower price?
- Have policy features or benefits changed or are more attractive ones now available?
- How about the ratings and financial status of the issuing company?
- Will the policy stay in-force for as long as intended?

4 / CALCULATE LIFE INSURANCE NEED



Once your client meeting has concluded, you will need to calculate your client's life insurance need. Communicate to your client that you will need some time to prepare a recommendation.

The following factors may influence your client's life insurance needs:

- Final expenses and funeral costs
- Income replacement
- Marginal tax rates
- Mortgage and other household debts
- Potential college costs
- Savings and investments
- Current retirement savings
- Estimated inflation rate
- Estimated return on investments on outside assets
- Current in-force life insurance

HELP CALCULATING THE NEED

To help calculate your client's death benefit need, we offer online calculators at www.PacificLife.com.



5 / DELIVER RECOMMENDATION



The final step in a life insurance checkup is to deliver a recommendation. Depending on your clients' goals, financial situations, and current coverage, you will likely make one of the following recommendations:

- No change is needed. Reaffirm that your clients' needs and policies are aligned and encourage them to call you if they experience a major lifestyle change before their next policy review.**
- Update the life insurance policy beneficiary or beneficiaries.**
- Purchase additional life insurance coverage.**
- Reduce the death benefit.**
- Transfer the policy to an irrevocable life insurance trust (ILIT).**
- Exchange the existing policy for a new policy.**

There are circumstances in which replacing your client's existing life insurance or annuity can benefit your client. As a general rule, however, replacement is not in your client's best interest. You should make a careful comparison of the benefits and costs, including any surrender charges, of your client's existing policy and the proposed policy to analyze how a replacement may affect your client's plan of insurance. You should provide this detailed information to your client and discuss whether replacement is in your client's best interest.

Make sure that your clients know what to expect next. Send a follow-up communication recording the calculated death benefit need for your client and your policy review recommendation.



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**LynInternalSales@PacificLife.com
or (844) 238-4872, Option 3**

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