



INTEGRATED WEALTH MANAGEMENT

— FORWARD THINKERS —

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The misconception of life insurance as a maintenance-free asset: Why to engage in a proactive review of your existing policies

Many established families who purchased life insurance years ago were never educated about the fact that insurance is not a maintenance-free investment. Much like your securities portfolio, external factors, such as industry conditions and the economy, can affect the performance of your insurance policies. In order to properly steward these assets and their purpose in your planning, policies should be thoroughly reviewed every twelve to twenty-four months.

Here are several things to consider...

The impact of technology: Just as technology has stimulated downward price pressure in other industries, the proliferation of computers has brought down the cost of insurance. Consider that decades ago insurance was a paper-based industry. Now some insurance companies have gone totally paperless.

Improved internal efficiencies: As life expectancy in our country has increased, the risk of insuring people has decreased. Insurance companies have revised their mortality tables and created better performing policies per \$1,000 of death benefit than in previous decades.

Change in health: For people who had some health problems when they bought their policies, there may be eligibility for better pricing today. The medical industry's ability to evaluate health and risk has dramatically improved in the last two decades. Health issues that caused rates to skyrocket in previous years are now considered commonplace and not all that risky for the insurance company.



Change in purpose: Some families purchased insurance to provide for their spouses and families at the time of the primary income earner's death. These same families have done quite well in their businesses and careers and may no longer need insurance for this purpose. In this situation, it is possible to use the asset for a different purpose or to convert the insurance to a different type of policy so that it has greater current relevance in your planning.

Many families face unnecessary exposure with regards to their life insurance assets. Many are paying too much for the insurance they have compared to what is available in the marketplace today. Others perceive their policies to have certain guarantees when, in fact, they don't.

When engaging a review of your existing policies, be sure to ask the adviser about his or her experience in working with policies of your size. Also, ask for full disclosure regarding fees and compensation inherent to any transaction you engage in. Remember that an advisor who understands the technical intricacies of insurance can often help you derive greater value from your insurance assets than if you were to try to resolve the problem on your own.

As usual, please feel free to contact us regarding this or other planning related issues.

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