

# **Life Insurance: It's not just for dying anymore!**

By Mark Charnet

Life insurance policies are the most bought least understood products purchased by consumers in America. People purchase life insurance for many reasons, yet, there are many more reasons to buy it that very few consumers understand.

Here is a list of some common reasons that people purchase life insurance:

1. Death of the Breadwinner and resulting loss of income.
2. Cover debts like a home mortgage.
3. Create an estate.
4. Equalize inheritances.
5. To be philanthropic.
6. Pay for college or educational expenses for children upon death of the insured.
7. Pay estate taxes.
8. Buy out a business partner's spouse or family upon the death of one of the partners.
9. Inter-generational wealth transfer (sometimes to bypass kids and go right to grandkids).
10. To fund a trust for a special needs child.

This list might be lesser known:

1. Build an emergency fund.
2. Create a non-qualified deferred compensation plan (a retirement plan supplement).
3. College funding from the policy cash value.
4. Provide a death benefit if I live beyond age 100.
5. Business applications for life insurance, one example: Key person insurance (A top sales person's death might have devastating consequences to the company)

Here are a few modern and even lesser known reasons for purchasing life insurance:

1. Redesigned interest crediting strategies unlike the old declared rate policies. (One example, interest crediting linked to the performance of a stock market index, like the S+P 500, yet the principal is never at risk with a minimum annual return of 2%.

2. Tax-free withdrawals or income stream via policy loans with a net cost to borrow of 0% or less! (That is not a misprint some policies have the ability to “earn” interest on borrowed funds *in excess* of the borrowing rate.)

3. Maximize financial aid eligibility when children apply for college. (Cash values are not included in the financial aid calculations)

4. Reduce taxation of Social Security benefits. (Income derived from life insurance loans is not utilized in the provisional income test the IRS uses to determine the taxable portion of Social Security benefits.)

5. Income from life insurance policy loans will not be taxed by the new “Obamacare” health taxes.

6. No limit on contributions to a life insurance policy. (401k’s, IRA’s and all other qualified plans have contribution limits)

7. Advances in underwriting and the extension of the industry’s mortality table to age 121 have made the life insurance policies available today the most competitive ever, allowing for lower mortality charges and *higher* cash accumulations.

8. Policies that insure two people under one policy payable at the death of the second insured are in most cases severely less expensive than individual life policies yet retain the same cash accumulation and access features of individual plans. (This means that the cash accumulations will be higher, offering a *greater tax-free income* if desired)

9. Policies can be fully funded in as little as 5 years, guaranteed for life or with lifetime retirement income if started at an early enough age. (This is a great concept to have the potential to build-up millions of tax deferred dollars for a child’s or grandchild’s retirement plan especially if they are very young and have it fully paid for in just 5 years!)

10. Life insurance minimum guaranteed interest rate crediting can be 5 times more than current bank savings rates!

11. Certain life insurance policies will now pay a claim for either a terminal illness or for long-term care needs. (That’s right! Your life insurance policy, at your option, can provide for long-term care expenses, **3 potential benefits for the price of one!**)

12. Table reduction programs. (People who were formerly rated or declined for certain health issues can now be insured with fewer surcharges or even as a standard applicant. Many companies have implemented these programs.)

What does this all mean? Well, in my opinion, **you owe it to yourself to take a second look at your life insurance policies and expenditures** in this area. Maybe it’s time for you to trade-up, tax-free and with little effort to seriously improve your life insurance policy language of yesteryear with the lower mortality costs and greater benefits and exemplary programs available today. I believe you owe it to yourself and your beneficiaries to maximize your situation today to reap the rewards of tomorrow.

With this thought in mind and for the **first 50 readers** who call my office, I will conduct, with absolutely no cost, no fee and no obligation, a review of your policies to determine if you are eligible to *enhance and upgrade* to a new and improved version best suited for your individual and particular needs. The appointment is free, the review is free, even the analysis and proposal are free so you have every reason to take advantage of this fantastic offer of improving your financial situation. So dust-off those old policies, grab the most recent annual policy statements and call me today! It just may be the most important call you make all year!

As a reminder, you're also invited to our next Retirement, Estate and Portfolio Protection Workshops August 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> 1-3pm and 7-9pm each day in Wayne. See the flyer enclosed in this paper for all of the details. If it's missing, contact our office or check the website for all of the information and call as soon as possible to reserve your seats! Of course there is no cost or fee for your participation in this event either!

*Mark E. Charnet is President and Founder of American Prosperity Group. APG is the Premier Retirement and Estate Planning Franchise in the United States with 15 offices in 8 states. Mr. Charnet has nearly thirty years of experience in the Retirement and Estate Planning fields. Creator of the Trinity Method of Investing©, Mark encourages your inquiries and can be reached at: 800-929-3374 or 973-831-4424 or via email, markcharnet@IAPG.com Check out our website: [www.IAPG.com](http://www.IAPG.com) Interested in a career in retirement and estate planning? Check out this website: [www.APGFranchise.com](http://www.APGFranchise.com) \*Guarantees are based on the claims paying ability of the insurance company selected. Securities through: BCG Securities, Inc. Member SIPC, FINRA and a Registered Investment Advisor.*