

Life Insurance

Protection for All Life's Stages

As your life changes, your financial needs often change, as well. Regardless of whether you are just starting out in life, are in mid-career, or are at the peak of your earning years, **life insurance** can help you achieve a variety of financial goals. The following scenarios help illustrate some of the common ways that life insurance can help protect you and your family at key stages of life.

Just Starting Out

Jim and Susan, both in their late 20s, are the proud parents of two toddlers. Although Susan only works on a part-time basis, they depend on both incomes to make ends meet. Their future looks bright, but suppose Jim were to die unexpectedly. How would Susan manage without his income?

Like most young couples just starting out, Jim and Susan have not yet had time to accumulate significant assets. If Jim were to die unexpectedly, life insurance could help provide Susan and the children with an **"instant estate."** The funds could be available to help meet any of the family's needs, such as providing funds to meet living expenses, paying off the mortgage, and saving for the children's educations.

Mid-Career

Maria is in her mid-40s. Although she has long had good health, a back injury has suddenly left her unable to sit at her computer for the extended periods her job requires. Her doctor thinks she may need to take a six-month disability leave from work. In this case, what will happen to Maria's life insurance coverage if she is no longer financially able to pay the premiums?

Fortunately, Maria has purchased a **rider**, called a **waiver of premium**, attached to her life insurance policy. With this additional coverage, available at an additional cost, the insurance company will pick up the cost of the premiums during a qualifying disability with no repayment required. Despite her disability, Maria's life insurance coverage won't be affected.

As Your Assets Grow

Ron is a successful sales manager in his early 60s. He currently estimates his net worth to be over \$2,000,000. Since his wife passed away last year, Ron expects to leave his estate to his three grown children. Unfortunately, he has done little estate planning and is now troubled that his assets above \$1,000,000 (in 2011) may be subject to Federal estate taxes. Is there anything Ron can do to help minimize the effect of estate taxes on his heirs?

Life insurance offers a way to provide cash to help cover estate taxes. One approach is to establish an **irrevocable life insurance trust (ILIT)**. When executed properly, the trust purchases a life insurance policy on Ron's life for an amount at least equal to the projected estate taxes. The policy premiums are paid with gifts that Ron makes to the trust. At Ron's death, the trust provides tax-free funds to help fund his estate tax liability.

A Variety of Uses

Regardless of your stage in life, life insurance offers a variety of ways to address your financial concerns. If you already have a life insurance policy, be sure to review and update it regularly to ensure that it continues to meet your needs. If you are seeking additional protection for you and your family, consider adding life insurance to your overall financial strategy.

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