

2023 · WHAT ISSUES SHOULD I CONSIDER WHEN PURCHASING A LIFE INSURANCE POLICY?



| PURPOSE OF COVERAGE | YES | NO |
|---|--------------------------|--------------------------|
| In the event of your untimely death, do you want to provide support for your survivors (partner, spouse, children, other dependents)? | <input type="checkbox"/> | <input type="checkbox"/> |
| In the event of your untimely death, do you need to cover any debt obligations (e.g., home mortgage, car loan, credit card, or other personal debts)? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you need to estimate and plan for the costs of your final expenses (funeral and burial, taxes, estate settlement, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have wealth transfer goals that life insurance could support? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you experienced a life event recently (marriage, new child, home purchase, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is a life insurance policy necessary pursuant to a divorce settlement or under a buy-sell agreement? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you need to create liquidity at your death (e.g., to pay an estate tax liability)? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do your current (and projected) assets and income fail to cover the above (or other) needs? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you concerned about your future insurability? | <input type="checkbox"/> | <input type="checkbox"/> |

| COVERAGE AMOUNT | YES | NO |
|--|--------------------------|--------------------------|
| Do you need to consider the financial impact that your death would have on those who depend on you financially? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you need to compare methods of calculating the right amount of death benefits? If so, consider the following approaches: <ul style="list-style-type: none"> Multiple of Income — Choose a death benefit to replace your current annual income multiplied by a factor (e.g., 10 or 15). Human Life Value — Calculate the present value of your estimated future earnings throughout your life expectancy. (continue on next column) | <input type="checkbox"/> | <input type="checkbox"/> |

| COVERAGE AMOUNT (CONTINUED) | YES | NO |
|--|--------------------------|--------------------------|
| <ul style="list-style-type: none"> Financial Needs Analysis — Calculate a principal sum that will meet your survivors' lump-sum and ongoing future income needs (target can allow for liquidation or aim for capital preservation). | | |
| Are your coverage needs temporary, or will they decrease as time passes? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have any coverage currently in place? If so, consider the following: <ul style="list-style-type: none"> Review the terms of the policy (premiums, death benefit, cash value, coverage term, riders, etc.), and assess whether it meets your needs. If you have a term policy, determine whether you can convert to a permanent policy and whether this would be advantageous. Any additional policies should complement or replace your current coverage. A 1035 exchange may be advisable. | <input type="checkbox"/> | <input type="checkbox"/> |

| POLICY OPTIONS | YES | NO |
|--|--------------------------|--------------------------|
| Does your employer offer group life insurance as a benefit? If so, consider the following: <ul style="list-style-type: none"> This may be a cost-effective option for many individuals. Review the standard death benefit offered as well as any opportunity to increase with supplemental coverage. If the policy is not portable or convertible, note the risk associated with leaving your employer or a decline in health. | <input type="checkbox"/> | <input type="checkbox"/> |
| Will you purchase a policy directly from an insurance company? If so, review the ratings, financial strength, and history of the carriers you are considering. (continue on next page) | <input type="checkbox"/> | <input type="checkbox"/> |

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| POLICY OPTIONS (CONTINUED) | YES | NO |
|--|--------------------------|--------------------------|
| <p>Do you need to review the basic types of life insurance policies? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Compare different types of insurance plans, including term (annually renewable and level premium), whole life, variable, universal, and variable universal. ■ Weigh the features (e.g., cash value, premium flexibility, death benefit guarantee, etc.) and the costs of the different policies against your financial goals. ■ If you are married, review whether joint policy options (first-to-die or second-to-die) might suit your situation. | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to consider any living benefit riders to enhance your basic coverage? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Living benefit riders could provide an advance on death benefits. ■ Accelerated death benefit riders would provide funds if you are diagnosed with a life-threatening condition or are terminally ill. ■ Disability and waiver of premium riders could protect you in the event you can't work and can't pay premiums. ■ Guaranteed insurability could allow you to increase coverage in the future without an additional medical exam. ■ Long-term care riders can allow use of your death benefit to cover costs of long-term care. | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to consider any death benefit riders to enhance your basic coverage? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Death benefit riders could provide additional support to your beneficiaries. ■ An accidental death benefit or accidental death and dismemberment rider could provide additional protection should you suffer a covered accident. ■ A family income benefit rider could provide monthly installments, rather than a lump sum payment, if your beneficiaries would be better protected with a recurring income stream. | <input type="checkbox"/> | <input type="checkbox"/> |

| MISCELLANEOUS | YES | NO |
|--|--------------------------|--------------------------|
| <p>Do you have any health issues that might present barriers or increase the costs of coverage?</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need help understanding the material representations, medical exams, and other documentation you must submit during the application process?</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to choose proper beneficiaries? If so, be sure to properly complete beneficiary designation forms after purchasing your policy. Life insurance is a nonprobate asset, unless your estate is the beneficiary (by designation or by default).</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Will your beneficiaries need assistance managing the proceeds? If so, consider naming a trust as beneficiary. The trustee will collect the proceeds after your death and administer the trust according to your wishes.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to review the optimal policy ownership? If so, consider the following:</p> <ul style="list-style-type: none"> ■ If properly owned by an irrevocable life insurance trust (ILIT), the death benefits of a life insurance policy will not be included in your taxable estate at your death. ■ Review state laws regarding taxation of death benefits. Some states tax proceeds that are paid to an estate. | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to create a plan to ensure premium payments are timely made? If so, be sure to set up a reliable reminder of payment deadlines in order to avoid entering a grace period or causing a policy to lapse.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you have children who should be insured? If so, consider adding a children's term rider to your coverage as an alternative to a separate policy.</p> | <input type="checkbox"/> | <input type="checkbox"/> |