

2025 · WHAT ISSUES SHOULD I CONSIDER WHEN REVIEWING MY EXISTING LIFE INSURANCE POLICY?



| GENERAL ISSUES | YES | NO |
|---|--------------------------|--------------------------|
| <p>Do you need to do a general review of your life insurance policy? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Review your in-force illustration and policy's contract, and make sure you understand its features (e.g., loan provisions, dividend options, etc.), riders (e.g., guaranteed insurability, waiver of premium, term conversion, etc.), growth assumptions (e.g., death benefit, cash value, etc.), liquidity (e.g., safe withdrawal amounts, etc.), and any other important factors. ■ Consider the pros and cons of your life insurance, and determine whether it is still adequate for your financial situation. Check to see if the rating of your insurer has changed, and be sure to review other products in the marketplace before making any decisions (e.g., keep, surrender, sell, exchange, etc.). | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to review your options for surrendering, selling, or replacing your life insurance? If so, consider the following:</p> <ul style="list-style-type: none"> ■ If surrendering, review your policy's surrender schedule, and be mindful of how much cash value you will receive relative to the total amount of premiums paid. Depending on your age/situation, you may be able to sell your life insurance policy (via life settlement) for an amount greater than your cash value, but be aware of the complexities (e.g., differing FMV estimates of policy, involvement of brokers and 3rd parties, etc.) that may arise. ■ If replacing, consider utilizing a Section 1035 Exchange (or a partial exchange) for another life insurance policy, annuity, or for paying qualified LTC premiums. ■ Be mindful of any specific actuarial assumptions (pre/post-Section 7702 changes, CSO Mortality Tables, etc.) that may be grandfathered into your policy, as well as how they may affect your policy (for better or worse). | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Have you been notified that your policy is at risk of lapsing? If so, consider ways you might rescue your policy (e.g., additional payments, paying off any loans, redirecting dividends, reducing death benefit, etc.), but be mindful of any potential negative effects on your cash flow and savings goals.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

| DEATH BENEFIT & CASH VALUE ISSUES | YES | NO |
|---|--------------------------|--------------------------|
| <p>Is your policy's death benefit larger than what you currently need? If so, consider ways to lower your death benefit (e.g., reduced paid-up, request for death benefit decrease, switching from an increasing death benefit to a level death benefit, etc.).</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Is your policy's death benefit smaller than what you currently need? If so, consider ways to increase your death benefit (e.g., using dividends to purchase paid-up additions, additional premium payments, increased death benefit via guaranteed insurability rider, etc.).</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to review your policy's loan features? If so, consider ways you might leverage policy loans (e.g., income supplement, volatility buffer, alternative financing, etc.) to benefit your financial situation, but be mindful of interest rate factors (e.g., fixed, variable, rising rate environment, etc.) and any potential risks (e.g., lapse) that could impact your policy.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to review how your cash value is growing? If so, consider the following:</p> <ul style="list-style-type: none"> ■ Review ways you might boost the growth of your cash value (e.g., electing dividends to purchase paid-up additions, reviewing investment sub-accounts/indexing allocations, etc.), and consider using the expected growth rate moving forward (rather than growth since inception) as a benchmark when assessing your cash value against other options (e.g., high-yield savings, CDs, bonds, equities, etc.). ■ Be mindful of the guaranteed vs. non-guaranteed nature of your cash value growth, and consider other relevant factors (e.g., insurance company strength, policy dividend history, historical trends, etc.) that may give you insight into its expected performance. | <input type="checkbox"/> | <input type="checkbox"/> |

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| TAX ISSUES | YES | NO |
|---|--------------------------|--------------------------|
| Have you been taking loans from your policy's cash value? If so, consider the tax risks with taking loans from your policy, as a policy lapse (with outstanding loans) may cause a taxable event. | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you been taking distributions and/or dividends as cash? If so, consider reviewing your policy's tax cost basis, and be mindful of the tax implications of distributions/dividends taken as cash (not including policy loan disbursements) in excess of your premiums paid. | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you been notified that your policy is (or is at risk of becoming) a Modified Endowment Contract (MEC)? If so, consider ways you may be able to prevent the policy from becoming a MEC. If your policy already is a MEC, be aware of the implications (e.g., LIFO taxation, gains taxed as ordinary income, 10% penalty prior to age 59½, MEC status irreversible, etc.), but understand that the death benefit is still income tax-free to your heirs. | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you concerned about the tax consequences of surrendering, selling, or replacing your life insurance policy? If so, consider how your policy surrender or sale may affect your tax planning goals (e.g., increase in AGI/MAGI), and understand the potential differences in taxation between a policy surrender (i.e., gains in CSV taxed as ordinary income) and a policy sale (i.e., gains in CSV taxed as ordinary income, and gains beyond CSV taxed as capital gains). If replacing, consider utilizing a Section 1035 Exchange to avoid a tax liability. | <input type="checkbox"/> | <input type="checkbox"/> |

| ESTATE ISSUES | YES | NO |
|---|--------------------------|--------------------------|
| Are you concerned about having an estate tax issue? If so, consider some planning strategies (e.g., gifting to an irrevocable life insurance trust) for removing your policy from your estate, but be mindful of the 3-year lookback provision. (continue on next column) | <input type="checkbox"/> | <input type="checkbox"/> |

| ESTATE ISSUES (CONTINUED) | YES | NO |
|--|--------------------------|--------------------------|
| Are you concerned about your estate having illiquidity issues? If so, consider prioritizing the preservation of your life insurance policy in order to provide liquidity to your heirs upon inheritance of your estate. | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you need to review the beneficiary of your policy? If so, consider the income tax-free nature of death benefits proceeds and how that may be designated in a tax-efficient manner (i.e., designating to a person rather than a charity). Be wary of the gift tax consequences associated with the "Goodman Triangle" (i.e., when the insured, owner, and beneficiary of the policy are three different people). | <input type="checkbox"/> | <input type="checkbox"/> |

| OTHER ISSUES | YES | NO |
|---|--------------------------|--------------------------|
| Has your health improved since purchasing this policy? If so, consider applying for reconsideration of your underwriting class to see if you can get better rates on your existing policy. Be aware that you will need to go through the underwriting process again, and it is generally only allowed if you've had the policy for a while (e.g., greater than one year). | <input type="checkbox"/> | <input type="checkbox"/> |
| Has your health worsened since purchasing this policy? If so, consider ways you might increase the death benefit and/or increase the length of coverage (e.g., guaranteed insurability rider, paid-up additions dividend option, additional premiums, term conversion rider, etc.), and be sure to take advantage of your waiver of premium rider if disabled. If applicable, consider ways you might tap into your death benefit early (e.g., viatical settlement, accelerated death benefit rider, etc.) but be mindful of the effect it may ultimately have on your wealth transfer goals. | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you need to review any state-specific issues (e.g., amounts exempt from creditors, amounts protected under guaranty association, etc.) related to your life insurance policy? | <input type="checkbox"/> | <input type="checkbox"/> |

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