

Reviewing Your Life Insurance

Wealth Management Insights | September 2018

Life insurance can safeguard against an unexpected loss of income, help transfer wealth or business interests tax-efficiently or even provide supplemental income in retirement. Before choosing a policy, though, it's important to understand how it meets your specific financial goals. This month's Wealth Management Insights proposes three essential questions to ask yourself when considering life insurance coverage.

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To determine if life insurance makes sense as part of your wealth management plan, reach out to your Baird Financial Advisor. Not a Baird client? Find a [Baird Financial Advisor](#).
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What you should know:

1. What are my life insurance needs and objectives?

- The most common purpose for personal life insurance is to replace lost income in the event of an unexpected loss. If others depend on the income or services you provide, this type of insurance protection is essential.
- If you expect to incur an estate tax liability, wish to equalize the value of your estate among multiple beneficiaries or create a charitable legacy, you could consider using life insurance to facilitate the transfer of wealth in a tax-efficient manner. By doing so, you may avoid the need to liquidate assets quickly or in adverse market conditions.

- Permanent life insurance policies geared toward cash value accumulation may be used as a future, income tax-free living benefit. If you already contribute the maximum to your retirement accounts and are looking for additional ways to create wealth, this type of policy might be for you.

2. Are you confident you're maximizing coverage while minimizing premium expenses?

- The insurance industry is constantly evolving from a product innovation and underwriting perspective. You may be able to improve your coverage or add new benefits without increasing your premiums. ▶

- Many new policies offer unique benefits and riders, creating more of a Swiss army knife-approach to insurance planning. These features may not have been available or relevant to your situation when you purchased the policy, like long-term care, but they could prove valuable to you now.
- Factors outside of your personal situation can also affect your plans. For example, insurance industry or tax law changes could significantly impact your insurance needs, coverage and ability to transfer wealth to your heirs.

3. Am I due for a comprehensive insurance review?

- Any major life event should trigger an insurance review. Significant changes to your family situation, including a change in your marital or relationship status or the birth or adoption of a child or grandchild, could impact your insurance needs.
- Changes that impact your income, such as a new job or unexpected returns from your investment portfolio, should also prompt you to assess your insurance coverage.

What you should do now:

If it's been a while since you either purchased life insurance or reevaluated its relevance to your current situation, or if you're interested in getting a better understanding of how your current insurance portfolio functions, you may want to consider a comprehensive insurance policy review. Baird's insurance professionals will work with you and your Financial Advisor to identify your unique insurance objectives and make sure your current policies are optimal to reach these goals. ■