

## Chapter 6 Checklist

### Corporate Policy Review

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#### Questions

- Do you have life insurance?
  - No
  - Yes—for each policy, please answer the following questions:
- The primary reason(s) you purchased insurance coverage is to address the following: (check all that apply)
  - Estate tax payment (Have you analyzed the four ways to pay estate taxes?)
  - Survivor/family income
  - Debt repayment
  - Children's/grandchildren's education
  - Pension replacement
  - Business succession (buy-sell)
  - Estate equalization to heirs
  - Key executive/employee
  - Collateral for loans or bonding
  - Charitable gift
  - Supplemental income at retirement
  - Tax-favored accumulation of cash value
- What types of policies are they?
  - Term
  - Whole life
  - Universal life (guaranteed or nonguaranteed?)
  - Variable universal life
  - Indexed universal life
  - Single life or second-to-die
- How much is your death benefit? \$\_\_\_\_\_
- How much is your premium? \$ \_\_\_\_\_
- Do you intend to pay the next premium?
  - Out of your pocket (gifts)
  - With trust-owned assets
  - Through a split-dollar arrangement
- How much cash value is currently in the policy? \$\_\_\_\_\_

- Who is the owner of the policy?
  - You
  - Your spouse
  - Business
  - Trust
    - Family income trust
    - Dynasty trust
    - SLAT
    - IDIT
    - Other or unsure
- The last time you had a formal life insurance review of all your existing policies was:
  - Within the past year
  - Within the past three years
  - Within the past five years
  - Longer than five years ago
  - Never
- Have you had a recent ledger or point-in-time illustration run to identify how your policy will perform? How many additional premiums are required to be paid? What are the policy guarantees?
- The following statement best describes your feelings regarding the amount of life insurance you have:
  - You have more than you need to cover estate taxes.
  - You are inadequately insured for your current estate preservation needs.
  - You have the correct amount of life insurance to meet today's estate tax liability.
  - You are not sure whether you have too much or too little.
- The last time you had an analysis to determine the appropriate amount of coverage needed was:
  - Within the past year
  - Within the past three years
  - Within the past five years
  - Longer than five years ago
  - Never
- The death benefit of your life insurance must be guaranteed.
  - No
  - Yes. If yes, the duration of the guaranteed death benefit needs to be:
    - Lifetime (no end to guaranteed duration)

- Age 105
- Age 100
- Age 95
- Age 90
- Other age \_\_\_\_\_
- You agree/disagree with the following statements:
- A life insurance policy requires that premiums be paid every year. The premium can be paid out of pocket by you or by the policy's values (cash value and/or dividends).
  - Agree
  - Disagree
  - Not sure
- Lower premiums may increase the risk you have with an insurance policy.
  - Agree
  - Disagree
  - Not sure
- The financial strength of an insurance company is an important consideration when buying a policy.
  - Agree
  - Disagree
  - Depends on cost factors
- The talent, integrity, professionalism, and commitment of the person representing you and servicing your life insurance are important to you.
  - Agree
  - Disagree
  - Not sure
- You would prefer that the cash value growth in your policy be based on:
  - A guaranteed rate, i.e., with no risk
  - A bond-based portfolio based on the insurance company's investment results, i.e., low to medium risk, with potential of average return
  - An equity-based portfolio based on a portfolio of stock funds, i.e., medium to higher risk, with potential of highest return
- The focus of your life insurance should be on:
  - Death benefit
  - Cash value
  - Both
  - Not sure
- You understand how your life insurance will be taxed at your death.
- What questions or concerns do you have regarding your life insurance coverage?