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Use Renewal Times to Take a Fresh Look at Your Life Insurance

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Your priorities and financial responsibilities shift throughout your lifetime – you get married, have kids, achieve career milestones and your life changes. Is the life insurance policy you bought 10 or 15 years ago still in line with the goals and objectives you have today? Will it be enough?

Most of us buy life insurance and put it out-of-sight, out-of-mind. But that's a mistake. Acquiring more wealth and needing more protection through personal lines of insurance (homeowner's, auto, umbrella, fine art, boat, etc.) goes hand-in-hand with the need for more life insurance coverage. To ensure our clients' lives haven't outgrown their life insurance policies, we suggest using personal lines renewal reviews as reminders to take a fresh look at life insurance policies.



Insurance Priorities Change as Life Does

In your 20s, your personal insurance needs are usually limited to auto and renter's insurance. Getting engaged is typically a trigger to open a personal line of jewelry insurance to cover the ring. At the same time, marriage is the first prompt most encounter that causes them to consider adding life insurance to their portfolio. It's an important protection against the loss of income if a spouse dies. Having children is next. While all parents have different views of how long they should be responsible for ensuring the financial security of their children, almost every client I've worked with wants to be sure their kids have enough income security to get through college.

As your wealth grows, so do your financial responsibilities. You might buy a second home, take on a bigger mortgage, start driving a Ferrari or acquire a collection of antique cars. The assets on the personal lines that we're protecting usually indicate greater financial success and a greater need for more life insurance coverage. Additionally, life insurance should factor into estate planning, especially for private clients, as it has huge tax advantages. Life insurance benefits are not subject to income and capital gains tax (with some exceptions).

Taking a fresh look at your life insurance coverage during the renewal review process of your personal lines is the best proactive approach to make sure that your life insurance products match your lifestyle needs.

Finally, the life insurance market continually changes. Advances in medicine and quality of life mean that people are living longer, which means that actuarial tables are constantly updated, driving down pricing for life insurance premiums. Even a small shift -- from 75-year life spans in men to 76.5 -- can make a huge difference to carriers in mortality costs. In some cases, the coverage that you bought 15 years ago might be able to be replaced with equal or better terms. For people who might have been scared off the price of premiums in the past, now is a good time to ask your broker for another look.

Want to learn more?

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