



The Needs Analysis

Life Insurance as a Protection Vehicle

The Life Insurance Needs Analysis is the most over-looked and, sometimes, most important information a life insurance professional can obtain. Whether the need is personal or business, death benefit protection or cash accumulation, survivor income or wealth transfer, the Needs Analysis lets your client know that he or she has the right amount of insurance, and sets the stage for future opportunities as their growing needs change.

Performance Evaluation for Your Life Insurance Needs

is a consumer-driven process focused on the life insurance need and the best products the market has to offer.

Your client's needs change.

Products continue to improve in both design and efficiency.

Conduct a *Performance Evaluation* on their life insurance portfolio every 24 to 36 months.

Make it a service they come to expect and a process they understand they need.

American Families at Risk: Facts from LIMRA International

Many U.S. couples are underinsured.

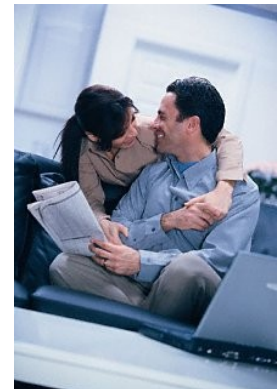
- The average amount of life insurance coverage on insured husbands is \$235,600 and insured wives average \$147,800 of life insurance.
- Insured husbands in the U.S. carry enough life insurance to replace their income for 4.2 years, and wives for 4.9 years. The typical married couple would need to double its current coverage to meet the expert recommendation of having enough life insurance to replace income for 7 to 10 years.
- Fifty-six percent of married parents believe their current life insurance coverage is inadequate.

A complete copy of the study can be accessed at:

<http://www.limra.com/pressroom/pressmaterials/07USFAQ.pdf>

A basic Life Insurance Needs Analysis can be found at

http://www.life-line.org/build/insurance_needs_calculator/index.php?pt=lfinc&m=1



POLICY PERFORMANCE

NEEDS ANALYSIS

PRODUCT & PRICING

*Performance Evaluation
helps keep your
financial strategy intact.*

Tom and Phyllis Lee are looking forward to retirement. The decision to sell their little doughnut shop, Little Lee's D's, was a difficult one. However, at ages 75 and 63, respectively, and still in excellent health, they decided now is the right time. With careful planning and guidance from their financial advisors, they've accumulated a modest portfolio of bonds, annuities and qualified monies – more than enough to live the life they've always dreamed.

Their estate plan, originally drafted in 1990, includes an Irrevocable Life Insurance Trust (ILIT) funded with a \$1.2 million blended whole life policy. A thorough update of their Life Insurance Needs Analysis shows a current need of \$2.8 million.

The Trustee suggests a third-party *Performance Evaluation* of their in-force life insurance policy.

Total Life Insurance Need: \$2.8 Million

Current In-Force Policy

Major Metropolitan Life Insurance Company

Survivorship Whole Life Insurance with Supplemental Term Rider • Policy #000000 dated 01-01-1991

- Death Benefit \$1,200,000
 - Base Policy \$250,000
 - Term Rider \$950,000
- Annualized Premium \$ 13,674
- Cash Value \$ 160,000

Policy Objectives

Minimize Premium Outlay
Maximize Policy Benefits

Additional Coverage

A++ Life Insurance Company

Universal Life Insurance with Lifetime No-Lapse Guarantee (NLG) Death Benefit

- Death Benefit \$1,600,000
- Annualized Premium \$ 23,208

Proposed Alternatives

Option A

Current In-Force

+ Additional Coverage

\$2,800,000 Death Benefit

Current In-Force	\$	13,674
Additional Coverage	\$	23,208
TOTAL PREMIUM	\$	36,882

Option B

Purchase One Policy utilizing a \$1035 cash value exchange of \$160,000

\$2,800,000 Death Benefit

Additional Coverage	\$	30,259
TOTAL PREMIUM	\$	30,259

A Look at the Numbers

Annual Premium Advantage: **\$6,623**