



Why are insurance policy reviews important to a financial plan?

Protecting you and your family's wealth and long-term goals is the cornerstone of any wealth management plan—with insurance serving as one of the first lines of defense if disaster strikes. However, insurance policies that you took out years ago may no longer be right for you today. Changing your coverage along with your changing needs and life circumstances is important. That's why an annual review of your insurance options can provide additional ways to manage risk, and help ensure that you stay on track to meet your wealth management goals.

Comprehensive and personalized planning is key to any situation and involves an understanding of your risk. We will draw on the expertise of our fully licensed Wealth Protection Advisory Team* to conduct a complimentary review of your policies, identifying your risk management goals and objectives. We will then collaborate in the implementation of a plan to help you meet those goals.

Life insurance and wealth management



Income Protection

The untimely loss of a family's main source of income can devastate the well-being of surviving family members. With the right life insurance policy in place, survivors can replace lost income, offering more permanent and long-term protection to achieve any original financial goals, all while safeguarding wealth from potential expenses. With life insurance as income protection, survivors can pay the bills, remain in the home, save for the education of children, and maintain family structure.



Business Asset Protection

Business assets can also potentially be at risk in the event of an unexpected loss of life or major health event. By having the right insurance plan in place, business owners can manage this potential risk to ensure business assets remain intact.

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Estate Liquidity

For most families, an unexpected or early loss of life creates an immediate need for funds to cover debts and expenses. When life insurance proceeds are available, the estate does not need to be concerned about a sale of assets or being unable to discharge financial obligations promptly.



Estate Transition

Insurance can be used to preserve the wealth you worked to accumulate over your lifetime and help transition that wealth to future generations. Life insurance provides an effective tax-advantaged way to accomplish this goal.



Estate Equalization

It can be difficult to divide an estate that consists largely of a single asset such as a family business. In these cases, the asset can be kept intact by passing it to one heir and providing an equalizing inheritance to other heirs using life insurance proceeds.



Family Dynamics Management

Nontraditional family structures can often present unique challenges not only to certain family relationships but to estate and insurance planning as well. Coordinating insurance policies and estate and trust planning can provide family members with a host of benefits while still allowing for estate tax complexities to be managed. Incorporating family members into this process and communicating clearly about your wishes can alleviate potential conflict later.

Keeping your coverage up to date

Once your policy is in place, you should review it annually to make sure it still meets your objectives and performs as expected. The life insurance market is extensive and complex with new products and features introduced in quick succession. As a result, your insurance review* should be undertaken with a trusted advisor to ensure that you make the best decisions and incorporate your insurance into your overall wealth management plan.

A comprehensive review* should address a variety of important issues, including:

- **Changes in goals:** Your original intent for a policy may no longer be appropriate given your current goals. For example, you and your advisor may conclude that the need for insurance to provide income protection may give way to your desire to use insurance for estate-planning purposes.
- **Availability of more appropriate policies and coverage:** Insurance policy products have changed dramatically over the years, and alternatives may now be available that did not exist when you began your existing policy. New product types, features, and riders may offer enhanced coverage and improve your ability to meet your goals.

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- **Life-changing events:** Marriage, divorce, additions to your family, changes in employer-provided insurance, retirement, the aging of children into adulthood, and other important developments will have a significant impact on your planning. Policy ownership and beneficiary designations should be reviewed and modified accordingly to reflect these changes.

Five of the most common life-changing event questions to consider are:

1. Am I going to be covered for potential risks in retirement?
2. How does policy planning potentially impact my cash flow planning in retirement?
3. I'm selling a business—how will this influence my retirement plan and potential risk?
4. What happens if a parent or family member experiences a life-changing health event?
5. What can I do for my kids to potentially make long-term or end-of-life caretaking a better experience?

A productive annual policy review addresses these questions. These reviews allow an open collaboration between you, your partner, family members and your advisor to formulate a long-term plan to address each of the following issues within the context of your financial plan.

- **Health considerations:** You or a family member may have existing or anticipated needs arising from health issues that will impact your decisions for insurance coverage.
- **Changes in laws and regulations:** Changes to federal and state laws and modifications to regulations may impact the ability of your existing insurance to meet your planning objectives.
- **Financial health of the carrier:** In addition to an evaluation of insurance policy features, an assessment of your carrier should be undertaken to make sure that it can meet its future obligations. This includes an inspection of its financial health and how the company is rated by independent agencies such as A.M. Best, Fitch, Moody's and Standard & Poor's, as well as third-party research organizations like ALIRT Research.

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Planning for your next annual review

Regular reviews of your insurance policies play an important part in keeping your wealth management plan up to date. An open dialogue with both your advisor and a Wealth Protection Strategist* can help identify additional potential risks and create a customized risk-management strategy that addresses your unique issues and goals.

For more information, please contact your Key Private Bank Advisor.

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