

Commonwealth Sense

Volume 3, Issue 1

A Simple Life Insurance Review Could Bring Big Rewards

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It's your money. It's your life. It's your time.

For the average individual, there may be more than one good reason to review or re-evaluate your existing Life Insurance coverage.

The insurance industry has experienced many changes over the years that have led to significant improvements in products available to consumers. These improvements have come about for several reasons – changes in life expectancy and underwriting; medical advances; and changes in insurance products and their overall design. For most people, life insurance is a very important part of their overall financial plan. That's why it's a good idea to sit down with a professional to review your coverage as part of an overall review. That way, potential issues are more likely to be detected early, while there is still time to make adjustments. Life Insurance is the largest asset that most people will leave to their spouse and children

Why review now?

There are a number of factors that may have changed since your last insurance review. Let's look at just a few:

Changes in your personal life:

There are a number of events in our day-to-day lives that could trigger the need for an insurance review. Some of them are life changing events . . . like the birth of a child or the purchase of a new home -- or a job change. While life insurance is seen by some as simply a reserve of money to use to pay off debt, for most individuals, insurance can also protect their most critical performing asset -- their ability to earn an income. If that income is lost due to death . . . it could be financially devastating to a family or business.

Other life changing events include starting a business; retirement; marriage . . . the list goes on. It is a misnomer to think that life insurance is only a solution needed by younger individuals that are just starting out. Actually, life insurance can be a useful tool in estate planning, and many times

it is purchased by individuals who are well into their retirement years.

Changes in the insurance industry:

Interest Rate Changes: With the economic changes that have occurred in recent years, insurance carriers have been forced to reduce their crediting rates. These reductions have impacted the overall rate of return within the carrier's investment portfolio. Many policies are not performing to the standard originally illustrated.

As a result, there are literally millions of existing policies that are not providing coverage as originally illustrated to the consumer. Many people believe that their current policy will continue to provide coverage forever at their current premium. In fact, these policies often require 2, 3, or even 4 times more than the current premium to guarantee coverage forever. Many consumers are unaware of their current policies shortcomings – but a simple insurance review would help to uncover these potential problems.

Life expectancies and underwriting: With advances in the medical field, life expectancies have increased. These medical advances and changes in underwriting procedures have impacted the way that health issues are rated. The outcome has been significantly improved ratings for many clients, resulting in lower monthly payments, higher benefits or extended benefits. Case in point: the premiums on a term life policy purchased in the early 1990s were nearly triple the cost of a similar policy purchased today.

Variable products: Changes and fluctuations in the stock market can have an impact on these products, making it more important than ever to schedule a regular review of these types of policies.

Guaranteed features: Carriers have recently designed new policies with features that guarantee the death benefit to Age 120 and beyond, regardless of policy performance. These features do not rely on high interest rate assumptions to keep the policy from lapsing.

What are the benefits of having a life insurance review?

You could lower your monthly payment: Much like a mortgage payment, there are times when a "refinance" is in order. And keep in mind, you may have the option to maintain your current benefits, but decrease your payment.

Make certain that your insurance outlives you: Due to drastic changes in interest rates over the past 20 years, many life insurance policies have the potential to expire prior to the ages of 90, 80, or even 70 in some cases. A thorough insurance evaluation by an insurance professional can catch this and replace coverage by putting a policy in place that meets your needs while being guaranteed for life.

Increase your benefit: You may have an option to maintain your current payment level, but significantly increase your death benefit.

Peace of mind

Maybe the biggest reward from scheduling an insurance review is for your own peace of mind in confirming:

- Not every policy is overpriced or outdated.
- Review results may show that your policy is fine – that it is not set to expire and will be in place to meet its intended purpose.
- Ownership and beneficiary designations will be correct. Think about it . . . how much has your life changed since the policy was issued?

If you are ready to learn more about what First Commonwealth Advisors can do for you, please contact one of our Financial Advisors to get the conversation started. You can reach them toll-free at 1-855-ASK-4-FCA or visit us on the web at ask4fca.com.



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