



National Life
Group®

Experience Life®

Life Checkup

INSURANCE REVIEW

Agent Guide

A life checkup is a simple way to provide a valuable review of a client's insurance policy, evaluating if they have adequate protection based on current and future needs. Isn't it time you began conducting these reviews?

Client name

Name of business

Type (i.e. Contractor)

Products issued by

National Life Insurance Company® | Life Insurance Company of the Southwest®

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Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | 800-906-3310 | www.NationalLife.com

No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.

Agent Education & Preparation

1. Was the insurance obtained for

- Personal
- Business Purposes

2. What was the original purpose of the insurance?

Coverage that was perfectly appropriate for one purpose may be inappropriate or poorly positioned to solve current problems.

- | | |
|---|--|
| <input type="radio"/> Income replacement | <input type="radio"/> Key person |
| <input type="radio"/> Estate liquidity | <input type="radio"/> Buy-sell |
| <input type="radio"/> Estate equalization | <input type="radio"/> Deferred comp |
| <input type="radio"/> Special needs child | <input type="radio"/> Employee benefit |
| <input type="radio"/> Charitable legacy | <input type="radio"/> Debt retirement |
| | <input type="radio"/> Family capital needs |

3. Is the original purpose still valid?

- Yes
- No

4. Amount of coverage

Changes in the economy and the interest rate environment may have altered the reason for the amount of the original purchase.

A. How was the amount of coverage determined?

B. Is this currently an appropriate amount?

5. How was it determined that this was the appropriate type (i.e. UL, WL, Term, etc.) of policy?

Issues surrounding the suitability of the coverage in relation to existing circumstances are appropriate topics for discussion.

The companies of National Life Group® and their representatives do not offer tax or legal advice. Please encourage your clients to seek tax or legal advice from their appropriate professional advisor.

6. The current beneficiary of this policy is

Is this still appropriate in light of the current situation?

Make certain that the beneficiary designations match the client's current wishes, and that they are designed to accommodate a variety of changed circumstances in the future.

- Divorce
- Remarriage
- Birth or adoption
- Change in attitude
- Change in life circumstances

7. Explore for Tax Traps

- Estate tax inclusion
- Are the owner, beneficiary, and insured three different parties?
- Dividend problems – i.e., corporate owner/ personal beneficiary
- Transfer for value problems
- Employer-owned life insurance

If you need help with these tax concepts, please call the National Life Sales Desk at 1-800-906-3310.

8. Distribution Issues

Make certain to ask the client who should receive the proceeds and under what circumstances.

If the client already has a trust set up to receive the proceeds, make sure he/she consults their attorney to understand how its provisions will work following the client's death. Always refer the client to their appropriate advisor for advice regarding tax and legal issues.

- Direct lump-sum payments vs. controlled distribution
- If trust, what does the trust provide?
- Using revocable trusts as beneficiaries

9. Is the arrangement more or less attractive from a tax perspective than it was at the outset?

Sometimes changes occur simply through the passage of time.

Sometimes changes in the legal environment will produce very different results from those intended.

- Changes in the nature of the entity, *e.g., from C Corporation to S Corporation*
- Effect of time, *e.g., increased taxable term cost*
- Changes in the tax law, *e.g., equity or reverse split dollar arrangements*

Product Issues

1. Has the product performed to client expectations?

Interest rates may have affected dividend scales or cash value interest rate crediting to a point where the client's original expectations may not be realized. Solutions for performance issues such as increased funding or reducing the face amount where suitable should always be explored.

- Effect of low interest rate environment
- Effect of actual policy values underperforming illustrated values

2. Evolution of Product Designs Consistent with Current Needs

Sometimes there are products or product features currently available that are better suited to the client's needs than what was purchased years ago.

Some carriers offer the ability to add enhancements to existing contracts, and these opportunities should be reviewed based on the client's current circumstances.

- Newly available riders
- Enhancements in underwriting classification
- Pricing assumptions
 - Lower expense assumptions
 - Mortality improvements
- Indexed UL Products
- Joint life contracts
- Term blending

3. Carrier Quality

Although this appears to be less of a concern currently than in the recent past, it may be worth reviewing their policies. Things to discuss would be:

- Financial strength
- Servicing issues
- Amount of risk taken in the company's underlying assets

4. Replacement Issues

Replacement of existing policies is rarely recommended, and a variety of factors must be taken into account. The "best interest of the client" must be the guiding principle.

5. Objectivity in Conducting Reviews

The life check-up is an opportunity to provide a valuable service to the client and develop or cement a relationship that will be mutually beneficial in the future. This can be a great way to cement relationships you may have with CPAs, attorneys, P&C Insurance offices and others in the financial services industry. They can offer the opportunity to have a life check-up performed by you as a value-added service.

Life Can Change Quickly

Smart planning means regularly evaluating current life circumstances. Clients should have their life insurance coverage reviewed on a regular basis to ensure it can still meet their protection needs based on those life changes.

Who needs a life checkup?

Anyone who has experienced a life or financial change such as:

- Purchased a new home
- Received an inheritance
- Had a death in the immediate family
- College funding needs*
- Supplemental retirement needs*
- Had a baby or adopted a child
- Still have family members that are financially dependent
- Purchased or sold their business
- Concerned with the effect of a potential terminal, chronic, critical illness or a critical injury
- Changed careers
- Received an increase in salary
- Married or divorced
- Wealth transfer concerns
- Become an empty nester
- Has a policy several years old and has never had a review

Steps To Conducting a Life Checkup

STEP 1

Develop a list of candidates

Candidates can be new prospects, inforce clients or current clients

STEP 2

Get in touch with client

Use an approved sample letter, HTML or phone script for inforce clients and change for your needs

STEP 3

Gather information

- Review clients policies before initial meeting
- Review Life Checkup Guide designed as an agent education piece

STEP 4

Insurance Checkup Meeting

The Insurance Checkup Checklist (catalog #64223) is a worksheet for you and your clients to help determine any life changes that would impact the level of coverage required.

STEP 5

Coverage Analysis and Recommendations

- Show your client how they can ensure they will have enough protection by making some modifications to their coverage if needed.
- If their coverage is still sufficient, assure them that their protection needs are still being adequately met but if they have any future changes they should request another evaluation.

STEP 6

Partner with the Home Office team

Need assistance? There is a wealth of knowledge and support available to you at the Home Office. Whether you are looking for illustration assistance or advanced sales support, these resources are only a phone call away – 800-906-3310.

* The use of life insurance to meet accumulation goals assumes that there is first a need for the death benefit. The ability of a life insurance contract to accumulate sufficient cash value to meet accumulation goals will be dependent upon the performance of the contract and is not guaranteed. Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. If remaining policy values and scheduled premiums are insufficient, additional out-of-pocket payments may be needed to keep the policy inforce. Surrender charges may reduce the policy's cash value in early years.