



From the Desk of Adam Ziff
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How Life Insurance Can Help You Plan For Retirement

“Life insurance is what you buy when you think you’re going to die so that your kids don’t have to pay for your funeral, right?”

There a lot of misconceptions in the financial world, but life insurance may be the most commonly misunderstood concept of all.

Understanding what life insurance is and how to leverage it as an asset can be the secret to creating great wealth for yourself and your family. Here’s what you need to know:

Maintain enough term insurance to replace your future income.

Term life insurance is designed to be temporary. If you earn \$80,000 a year and want to replace all of that income with a lump-sum nest egg that can sustain itself with a 4% withdrawal, you’ll need \$2,000,000 in assets.

If you don’t have \$2,000,000 saved or invested yet, make up the difference with term insurance – ideally that will cover you until the age at which you plan to retire.

Don’t dismiss whole life insurance.

Life insurance comes in many different forms, but whole life insurance is the only kind that has guarantees on the premium, death benefit, and cash value. Taking out a whole life insurance policy means you’ll be guaranteed to have a cash value that you can use for whatever you want long before you retire. Whole life insurance is especially useful for married couples who will experience an income reduction when one of them is widowed, and it can be a great property to set up your children or grandchildren with an asset they can use during their lifetime as collateral.



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Current News:

The Rolling Stones Know What You Need: An Annuity

So it's come to this: deferred annuities and rock 'n' roll.

We'd like to believe that the Stones are as ageless as Peter Pan, but it turns out that the band chose, as its sole sponsor for their upcoming tour, the Alliance for Lifetime Income — a nonprofit trade association that promotes the sale of annuities.

The Stones started performing in the summer of 1962, and all four current members are over 70. In 2019 the band's demographic has also aged, and that has commercial consequences.

"When fans move with the musicians, there's no reason that advertising shouldn't move with them," said John Covach, a Rolling Stones scholar and professor of music theory who directs the University of Rochester's Institute for Popular Music.

The Stones' audience is perfect for the Alliance for Lifetime Income, said Jean Statler, the executive director of the annuities group, a nonprofit with 24 financial service companies as members. They include AIG, Allianz, Axa, Goldman Sachs, Prudential, State Street and TIAA.

She said that people who attend the band's shows are "our target demographic: 45- to 72-year-olds with investable assets between \$75,000 and \$2 million."

(Source: NY Times)

Structure it so you can stop paying for it.

Nobody wants to be paying bills forever, especially in retirement. A whole life insurance policy can be structured so you make one annual payment for a set number of years and then never pay for it again. A 10-year plan structure is recommended.

If term insurance is like renting an apartment and whole life is like taking a lifetime mortgage, then a 10-payment whole life insurance contract is like having a house you pay for over 10 years and then continue to live in forever.

Plus, like creating equity in your home, if you choose to structure payments to a whole life policy for a set number of years, your money will continue to grow forever, even after your payments cease.

Customize it to fit your needs/finances.

When you create your policy, you can choose your contribution limit and death benefit—just like you'd fund an IRA, 401(k), or savings account. Of course, the higher your contribution the greater your death benefit and cash value will be, but you can choose an amount that you can afford without hurting yourself financially.

The cash value is always available.

Once you take out a whole life insurance policy, the cash value will be available for your entire life—you don't have to wait until you die to use it.

My parents decided to take out this type of policy for me when I was 14. I have now used the cash value to buy my first home and as collateral to start my business. A whole life policy that I've had for decades has made me more money than any other investment I've ever made.

There's a death benefit.

Although planning for your death is morbid, a whole life insurance policy can offer your heirs a full death benefit, even if you haven't fully paid it off.

The lesson:

Don't think of life insurance as a vehicle which will only become valuable when you die. Think of it as a tax-savvy income source you can hold onto and use for your entire life. Buying into a policy early—or buying one for your children—can have incredible financial benefits for your family for generations.

(Source: Forbes.com)

The Underwriter's Corner: Underwriting Q & A

The Major Factors Behind Determining Your Policy Pricing

Not surprisingly, the number one factor behind life insurance premiums is the age of the policyholder. Next to age, gender is the biggest determinant of pricing. Insurance carriers use statistical models to approximate how long someone with a specific profile will be around. The fact is that women, on average, live nearly five years longer than men. And because they're usually paying premiums for a longer period of time than males, they enjoy slightly lower rates. Sorry, guys. Other major factors that affect pricing include the applicant's health, smoking habits, lifestyle, family medical history, and driving record.

(Source: Investopedia.com)

BABY BOOMER RETIREMENT TRENDS

BABY BOOMER STATS

1946-1964

The years Baby Boomers were born

10,000

Americans estimated to turn 65 every day

20 YEARS

Life expectancy of a 65-Year old

RETIREMENT EXPENSES



HOUSING
34%

Annual Spending in Retirement



TRANSPORTATION
15%

Annual Spending in Retirement



HEALTHCARE
13%

Annual Spending in Retirement

RETIREMENT INCOME PLANNING

\$1,413

Average monthly Social Security benefits

14%

Pre-retirees working multiple jobs to achieve savings goals

2 YEARS

Average time workers are pushing back retirement

78% Workers looking for lifetime income

(Source: American Equity)

INSURANCE 101 Famous Estate Planning Failures



NAME: Audrey Hepburn

DIED: January 20, 1993

AGE: 63

CAUSE: Appendix cancer

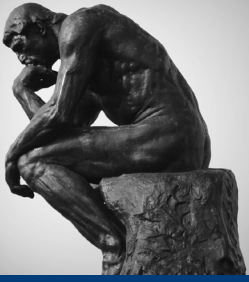
ESTATE BLUNDER:

Leaving her sons to split the contents of her storage locker 50/50 without clear instruction.

In her handwritten Will, Audrey Hepburn left her notable possessions to her sons to be split between them on a 50/50 basis. However, her will did not stipulate which specific items were to go to each of her sons. Although many parents when making a will trust their children to exercise common sense, it is not unusual for disputes to arise when gifts are made that are open to interpretation or require agreement to be reached.

In 2015 Mr. Ferrer began legal action against his younger half-brother, Mr. Dotti, over the division of the memorabilia, which includes the actress' ballet pumps, blue Givenchy dress, Burberry trench coat, and an annotated Breakfast at Tiffany's script - which is expected to sell for around \$100,000. The best advice to anyone making a will is to be as clear as possible and avoid ambiguity or uncertainty.

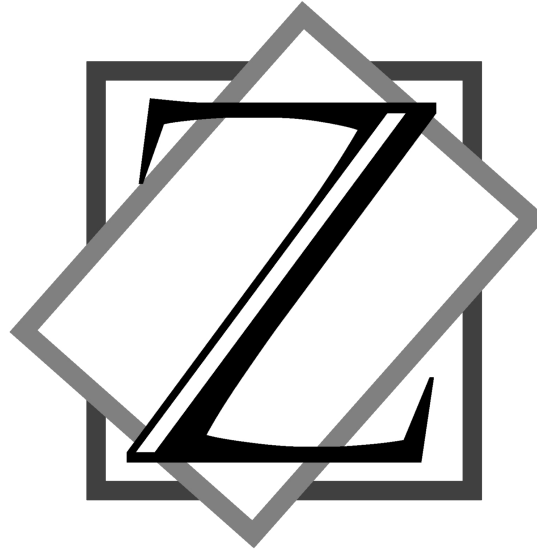
(Source: DailyMail.com)



HERE'S A THOUGHT...

"The great revolution in the history of man, past, present and future, is the revolution of those determined to be free."

- John F. Kennedy



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*Happy Independence Day!
Make sure your family is protected
and have your Life Insurance
reviewed today!*