

#SaveSomeGreen



From the Desk of Adam Ziff  
The Ziff Agency, LLC



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## 3 Things You Need to Know Before Buying Life Insurance

Younger people, and especially those under age 45, are increasingly buying life insurance. In fact, applications for life insurance policies jumped 4% in 2020 in the U.S., the highest annual year-over-year growth rate on record, according to the year-end MIB Life Index.

So, if you find yourself eager to join the crowd, eager to purchase life insurance for the first time in your life, how might you go about it, and what do you need to consider?

The need for life insurance varies based on your stage in life. "Those that buy insurance when they are younger, in their 30s or 40s, usually have different motivations than those who are older, in their 60s or 70s. Younger individuals that buy insurance are generally doing so to pay off debts like a mortgage or replace income in case of premature death."



On another hand, a younger person would buy life insurance "to create an instant estate" as well as to have insurance in place if there's a concern that getting insurance at a later time might be more difficult because of health problems.

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## Current News:

### Why Annuities Are So Helpful in Today's Market Environment

Thanks to increases in longevity and lower expected returns from stocks and bonds in the foreseeable future, annuities are now seen as a big part of the solution.

It is a real challenge for retirees today that people are living longer, with retirements now lasting 20 to 30 years and interest rates being so low.

Some bonds are returning as little as 1%, and some are even negative. This is making advisers look at different solutions to secure retirement income.

It has become important for advisers to consider the advantages of annuitization in a low interest rate environment. You just can't get as much from your safe investments as you used to. Insurance products are becoming more and more attractive in 2021.

You can get 40% more income in retirement through annuitization than through bonds, and you are free from the risk that you are going run out of money. This enables retirees to spend their money on things that can make them happy in retirement.

(Source: Planadviser.com)

#### 1. Perform a Needs Analysis First

How much life insurance you need requires something called needs analysis. And in the world of risk management, there are three methods you (and/or financial planner) can use to determine your financial needs related to premature death: the human life value approach; the financial needs approach; and the capital retention approach.

The human life value approach uses projected future earnings; the financial needs approach evaluates income replacement needs; and the capital retention model provides a death benefit that, along with other assets, throws enough income for living expenses for your surviving beneficiaries.

#### 2. What Kind of Life Insurance Should You Buy?

**There are many choices when shopping for life insurance: term insurance, universal life, indexed universal life, variable life, whole life. "If you talk to two different insurance agents, you will probably get two completely different recommendations, you need to educate yourself on the different types of insurance to help you make an informed decision on what is right for you."**

#### 3. Why Term Life Insurance is Usually Recommended

For those under age 45, term life insurance is usually recommended to cover basic needs. "Your basic needs include things like burial costs, debt payoffs, and income replacement. Term insurance is an inexpensive way to cover these insurance needs. Especially those needs that will go away at some point in the future like a mortgage."

For example, a 40-year-old male, non-smoker, in good health can purchase a \$1 million, 20-year term policy for under \$50 a month. By contrast, you might pay around \$1,300 a month for a whole life policy.

Term insurance is usually favored especially for young people who need a "death benefit and need a lot of it." Most companies have an automatic convertibility privilege attached to term insurance policies as well.

Now there are other types of life insurance you could purchase that have a savings or investment component to it. When set up properly, these types of policies can provide a tax-free income stream in retirement. Discuss your options with a reputable insurance broker to figure out your best plan of action. An advisor will be able to learn your situation and find the perfect plan to fit your needs.

(Source: Thastreet.com)

## The Underwriter's Corner: *Underwriting Q & A*

### Life Insurance Underwriting Amid a Pandemic

The COVID-19 pandemic has brought the implementation of social distancing guidelines, encouraging people to maintain a minimum six-foot distance between one another. For life insurance companies, those guidelines have presented a challenge to traditional underwriting, particularly with regard to in-person health exams.

As a result, two-thirds of life insurance providers have changed their underwriting policies to address the lack of access to health exams, according to a survey by LIMRA, an industry trade association. Rather than conduct in-person testing, insurers are increasingly relying on physician statements, phone interviews, or FaceTime screenings to assess the health status of their applicants.

The survey also found that among the life insurance companies that have changed their underwriting approach, two-thirds are increasing automated/accelerated underwriting limits to make larger policies available. All told, this means that people shopping for life insurance during the pandemic may find it easier and faster to obtain the coverage they want.

(Source: Investopedia)

# 10 STEPS TO TAKE FOR EFFECTIVE ESTATE PLANNING



Find a qualified estate planning lawyer to help you create your estate plan.



Name your executor—a trusted person who will oversee the distribution of your property.



Create an inventory of all your assets and properties, like real estate, bank accounts, stocks, insurance, retirement benefits, and other valuable personal properties.



Avail of life insurance, as this is one way to safeguard your loved ones from financial difficulties when you're gone.



Organize your finances for easy record updating.



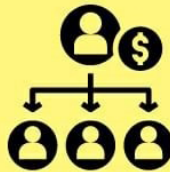
Sign a living will or advanced medical directive, which details the medical interventions you want if you become terminally ill.



Create your last will and make sure to keep it updated.



Assign a durable power of attorney to a trusted person who will make healthcare decisions for you in case you're unable to do so.



Name the heirs and beneficiaries who will receive your assets upon your death.



Keep your estate plan up to date by reviewing it about once a year.

(Source: Costaras Law)

## INSURANCE 101 Famous Estate Planning Failures



**NAME:** Glenn Campbell

**DIED:** February 2, 2014

**AGE:** 81

**CAUSE:** Alzheimer's disease

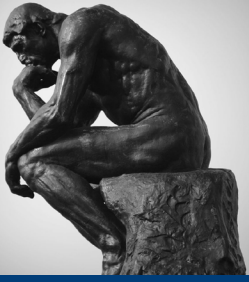
**ESTATE BLUNDER:**  
Changing his will while he was developing Alzheimer's disease

The renowned country singer publicly revealed that he suffered from Alzheimer's disease in 2011, as he embarked on a final "Goodbye Tour." He died at age 81 in 2017, leaving behind eight children from four marriages, and his widow, Kimberly.

Glenn Campbell's 2007 estate planning documents cut out three of his adult children, who sued to challenge their disinheritance after he died. In late 2018, they dropped the case, without receiving a settlement. The fact that Campbell's final will was done a few years before his official Alzheimer's diagnosis was an important factor in the outcome of the lawsuit.

Glenn Campbell's estate shows that wills and trusts that are created or changed around the time someone is diagnosed with Alzheimer's disease, dementia or similar conditions are much more likely to be challenged in court, often successfully.

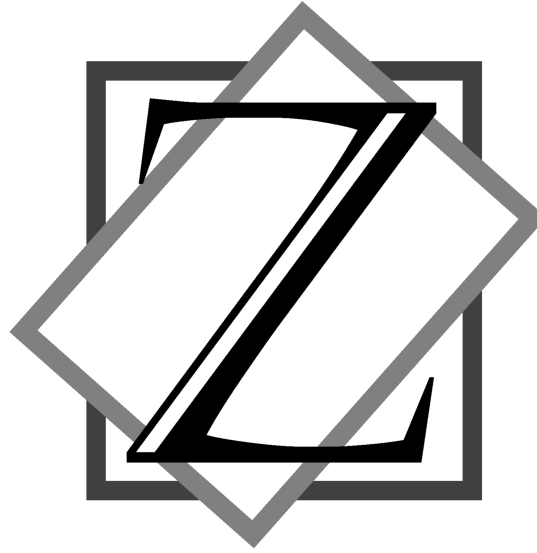
(Sources: Forbes.com)



## HERE'S A THOUGHT...

*"A good friend is like a  
four leaf clover, they are  
hard to find and lucky to  
have."*

*– Irish Proverb*



The Ziff Agency, LLC

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*Stay Safe and \$ave Some Green this  
Saint Patrick's Day*

*#ProtectYourFamily  
#InsureYourLove*

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