

#SaveSomeGreen



From the Desk of Adam Ziff
The Ziff Agency, LLC



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Ph: 212.796.5433

Ph: 949.393.5433

Ph: 941.922.9433

Ph: 305.363.5433

adam@theziffagency.com

www.theziffagency.com

6 Uses of Life Insurance in Financial Planning

Goal-based financial planning isn't a new concept. Neither is diversification.

It is known that we have historically used life insurance as a risk management tool that helps with income replacement during our working years. But life insurance also plays an important role in a diversified and comprehensive financial plan. It's important to first establish your goals, then explore the life insurance options available to help you work toward them, preferably with the assistance of a financial professional.

While there are more than six uses of life insurance in comprehensive financial planning, the six below are certainly the most popular, especially in light of potential changes to tax laws.

1. Income Replacement

The core of why most people get life insurance is income replacement to help ensure your loved ones still have buying power and are able to stay in their home.



If you're in your core earning years – which span from ages 35 to 55 – income replacement is very important. During those core earning years, while there is a low risk of death, there is a high pain point should death occur.

There will be a lot – emotionally and financially – for your loved ones to deal with in the event of an untimely death. Worrying about how to pay the mortgage and pay for funeral expenses shouldn't be among them.

Current News:

Researchers Had To 'Triple-Check' Stunning 2Q Annuity Results

Annuities boomed in the second quarter with fixed products showing a strong performance according to early second-quarter sales results from the Secure Retirement Institute.

It is no surprise that variable annuities did well with a 55% quarterly increase year-over-year as equities markets grow steadily with less volatility. The offshoot registered index-linked annuities have been incinerating their sales records quarter after quarter, with a blazing 122% quarterly increase over the previous year.

"I actually had to triple-check the numbers before we put them out," said Todd Giesing, assistant vice president, SRI Annuity Research.

Annuity sales were up 39% over the second quarter of last year, which was a particularly low sales quarter because of sudden restrictions imposed as the COVID-19 pandemic unfolded. A significant factor was the lifting of restrictions for social distancing as vaccinations became widely available.

Other factors Giesing cited were general improvements in economic conditions and a slight increase in bond interest rates with the expectation of steady growth in the future.

(Source: Yahoo! Finance)

2. College Planning

Another use of life insurance is putting a policy in place and leveraging the cash value to pay tuition. But if you take this route, you'll need a long runway or high rate of return to build enough cash to be able to pay tuition.

If you choose this strategy, the cash value of your chosen policy doesn't go into the expected family contribution (EFC) for consideration in financial aid, so you might get some additional help from student loans or grants.

3. Retirement Planning

Life insurance isn't an investment, but it does have that savings component. Think of life insurance as another bucket – you put money into your 401(k) or you put money into your Roth IRA. Life insurance is a conservative portion of your investment portfolio that allows you to put in dollars on a tax-deferred basis, and unlike other vehicles, you get to control the flexibility and the options.

If properly put together and funded, you can take out a tax-free income over a period to supplement your retirement.

4. Tax Diversification

For life insurance policies with cash value, the cash value grows tax-deferred within the contract, and beneficiaries are paid federal income tax-free. Under Internal Revenue code 1035, older contracts with cash value that aren't performing well can be exchanged for a newer policy tax-free.

5. Business Needs

Using life insurance and buy-sell agreements upfront can help ensure continuity of the business. Whether you have two partners or multiple partners, you want to make sure that the business is passed to those who have an interest in it.

6. Estate Planning

We all have an estate. Our goal with using life insurance in estate planning is to make sure you're passing your estate efficiently and in the manner that you want to. There are always going to be expenses that come along with an estate. Life insurance provides liquidity to pay for some of those expenses and estate charges.

It's important to explore ways to use life insurance as part of your comprehensive financial plan to meet your goals. Be sure to contact a professional who can help.

(Source: Forbes)

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

Life Insurance for High-Risk Applicants

When you apply for a life insurance policy, the insurance company looks at factors like your age, gender, medical history and lifestyle to determine your eligibility and calculate your premium. Individuals with no major health issues usually have no trouble getting a policy. However, some people have risk factors that make them more of a risk for the insurance companies. These people, referred to as high-risk applicants, still have life insurance options, but they should know what those options are.

- How do you know if you are high risk?

If you are considered to be high risk, you could be denied coverage, have to pay higher premiums, and/or have a waiting period before you are fully covered. The two biggest factors that determine your eligibility for life insurance are your medical risks and your lifestyle.

- Can you save money on life insurance if you are high-risk?

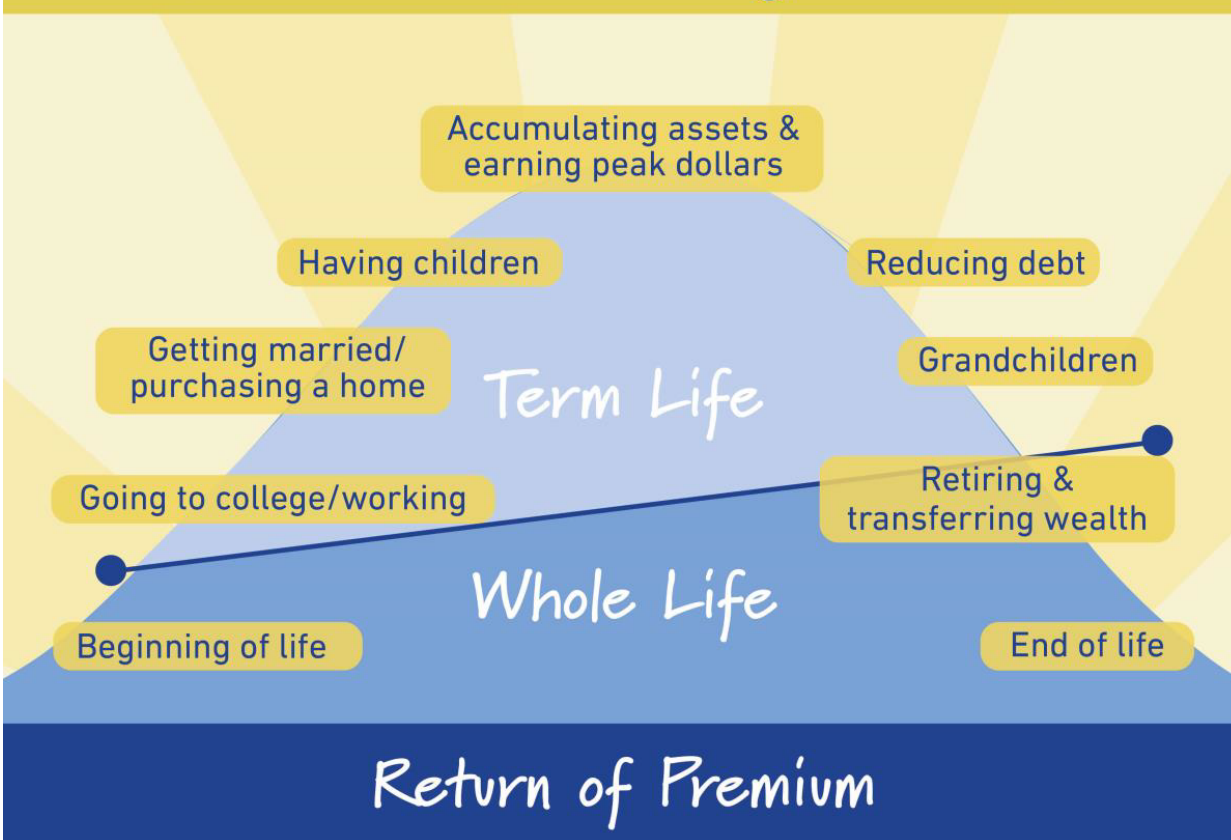
If you fall into the high-risk category, it is still possible to save money on your life insurance policy. Because life insurance premiums are based largely upon your medical history, improving your overall health is a great place to start.

For example, if you are considered high-risk because you smoke and are overweight, work with your doctor to lose weight and quit smoking. If you are taking medication to manage HIV/AIDS or another health condition, keep taking your prescriptions to avoid other complications. If you are an avid scuba diver, consider finding a less risky hobby you enjoy, like surfing.

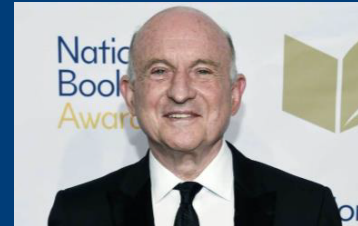
Before you buy coverage, do not forget to shop around. Since each company has different standards to qualify, some companies are more lenient for specific conditions than others. The cost of life insurance is largely dependent on the provider you choose.

(Source: Bankrate.com)

Life Insurance Needs Throughout Your Life



INSURANCE 101 Famous Estate Planning Failures



NAME: Richard Robinson

DIED: June 5, 2021

AGE: 84

CAUSE: Heart attack

ESTATE BLUNDER: Leaving his \$1.2B publishing company to his ex-lover

The proprietor and CEO of the \$1.2B publishing company Scholastic, which produces titles such as 'Clifford the Big Red Dog' and 'Magic Schoolbus,' has left the company to a former flame who works there, Iole Lucchese, who is the company's strategy officer. She has also inherited all of his personal possessions.

The Scholastic CEO is survived by two sons — Ben and Reece, three sisters and a brother. But he did not leave the company to them. Neither did he leave it to his ex-wife Helen V Benham, with whom he had rekindled a friendship during the pandemic.

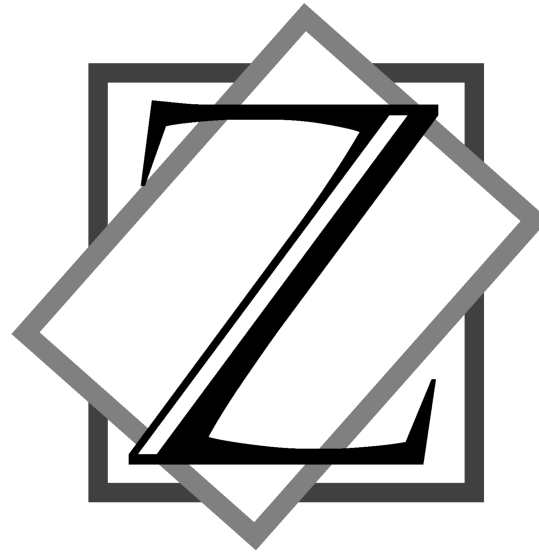
According to people familiar with the issue, several family members are dissatisfied and considering their legal options, with concerns ranging from preserving Scholastic's independence to rawness about an outsider taking ownership of Robinson's personal belongings.



HERE'S A
THOUGHT...

*"August is like the Sunday of
Summer"*

– Unknown



The Ziff Agency, LLC

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Happy August!

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#ProtectYourFamily

#InsureYourLove

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