



Agent Checklist

Retirement Planning

A retirement planning strategy using life insurance can help your clients meet their needs for financial security and additional income during their retirement years. Use the checklist below as a guide for your retirement planning cases.

- Identify current death benefit needs.

Notes:

- Identify the client's retirement goals.

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- Discuss the retirement planning strategy in detail with the client.

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- Have your client complete the client worksheet (NAM-1634).

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- Review client's financial standing and current retirement plans.

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- Ask the client about other advisors he or she may be working with and prepare to work alongside these advisors.

Notes:

- Identify client's current life insurance coverage (if any).

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- Review life insurance product options.

Notes:

When Illustrating

- Consider the specified death benefit in the event the client might choose to add more premium in the future.
- Show the value of life insurance during the working years and in retirement.
- Discuss and look at the various ways to access the potential cash value.
- Consider using InsMark to aid your presentation.
- Avoid modified endowment contract (MEC) status.¹
- Aim for a minimum non-MEC death benefit: If consistent with the life insurance needs of the client, a lower death benefit may allow the policy to accumulate greater cash value.
- If consistent with the life insurance needs of the client, keep the death benefit low to help produce the highest supplemental retirement income. This typically involves using the Guideline Premium Test (GPT) instead of the Cash Value Accumulation Test (CVAT). The initial death benefit is higher under the GPT, but in the later policy years, the death benefit under the CVAT can grow to be much higher as the policy enters the corridor.
- When using the GPT, it may be beneficial to use the increasing death benefit option during the funding years, while changing the death benefit option to level during the income years. If consistent with the life insurance needs of the client, this strategy may allow for higher distribution projections.

¹ For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).