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Selfish Reasons to Own Life Insurance

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If you are like most people, you may think that life insurance is really about the cash death benefit paid to other people when you (the insured) die – and that is certainly an important benefit for the people that you may care for the most like your spouse, children, or perhaps your charitable interests.

However, there are many benefits to the insured/owner of a policy that most people may not be aware of – I call these the Selfish Reasons to Own Life Insurance, and in particular Whole Life insurance.

Historically, whole life insurance has been one of the core parts (or foundation) of a family's financial plan as it helps people Avoid Threats, Fulfill Obligations, and Exploit Opportunities – which is really the value and purpose of financial planning.

Here is what I mean:

Avoiding Threats

Since financial concerns can make already challenging life experiences worse, life insurance provides you with Protection First, to address the unexpected events that could have happened "yesterday" (for example: death, incapacity, lawsuits, or creditor issues). To be more specific, some of the threats are:

15. ***Unexpected Death*** – you already knew this one
14. ***Sickness or Injury that stops you from working*** – your policy may be able to fund itself if you become disabled so that your ongoing saving may continue*
13. ***Extended or Long-Term Care*** – policy values may provide cash to pay for it*
12. ***Creditor Protection*** – if you get sued, at least a portion of your cash value is unavailable to creditors in most States*
11. ***Job Loss*** – your policy may be able to be structured to fund itself during a temporary job loss, and/or your policy cash value may be available to fund your living expenses until your employment starts again*

Fulfilling Obligations

Whether your commitments are to your spouse, partners, children, friends, causes you care about, or even promises you may only whisper to yourself – life insurance may assure that your intentions are fulfilled even when you can't do so yourself. Here are some examples:

10. ***Mortgages*** – policy values may be available to pay off your mortgage at death or perhaps during your lifetime, depending on timing, and how the policy is designed*

9. ***Education for Children/Grandchildren*** – policy values may be available to fund education for people you care about either during your lifetime or after, depending on how your policy is designed and its funding level*

8. ***Weddings, family celebrations, vacations*** – like mortgages and education, your policy values may be available to fund your family celebrations and events*

7. ***Charitable Contributions and Pledges*** – like the previous examples, policy values may be available to you as a source of funding for your charitable contributions*

6. ***Credit Card Debt and Major Purchases*** – policy cash value may be available to finance your larger purchases or to more favorably structure new or existing loan repayments*

5. ***Taking care of Parents, etc.*** – your policy values may be available to fund care for parents or to allow you time away from work to be present for family concerns*

Exploiting Opportunities

Since life is always changing, new opportunities may come along that you want to participate in or take advantage of – whole life insurance may be structured to provide you with cash (capital, or liquidity) to take advantage of these new possibilities while maintaining your desired outcomes.

4. ***Reducing Income Taxes*** – your policy cash value grows tax deferred and may be accessed more favorably than many other assets*

3. ***Starting or Buying a Business*** – using your policy values may be an efficient way to start or buy a business, or to keep your business going after you pass*

2. ***Investments*** – most financial choices are “either this or that”, but life insurance is an AND Asset – there are many strategies that may allow you to own both life insurance and investments more efficiently than either by themselves*

1. ***Generating Retirement Cash Flow*** – this is really one of the most powerful Selfish Reasons to Own Whole Life Insurance – academic research suggests that integrated strategies which combine investments and life insurance support more efficient retirement outcomes that better support spending and legacy**

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I have had the privilege to work with a diverse range of people and circumstances over the past few decades. In that time, I have seen the outcome of enough situations to have learned that ***when we carefully design Retirement Cash Flow Plans to include whole life insurance, we may move toward more favorable outcomes for our clients. The presence of whole life insurance in their planning unlocks the possibility for strategies to provide more after-tax spendable cash flow, using fewer capital resources - while reducing the overall risk, lowering income tax payments along the way, and providing more true liquidity throughout the plan.*** The potential impact of these benefits enhances the other Selfish Reasons to Own Life Insurance, which is why I wanted to share them all with you.

WHOLISTIC WEALTH

Helping families and business owners understand and improve how their wealth works.

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*Acquiring Life Insurance is subject to health and financial underwriting. The primary purpose of life insurance is its death benefit. Policy features and benefits vary by State and not all provisions may be available to a given insured. Policies may be designed in numerous ways and have both Guaranteed and Non-Guaranteed elements - please see company policy illustrations to understand the options available to you, and to clarify Guaranteed and Non-Guaranteed death benefit, cash value, and premium funding projections. Whole life insurance policy guarantees are subject to the timely funding of required premiums and the claims paying ability of the issuing insurance company. Policy loans and withdrawals affect policy values including the guaranteed values associated with death benefits and cash surrender values. Ask a licensed agent how policies may be structured to meet your personal objectives and how accessing the cash value may affect your objectives.

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