



IT'S YOUR LIFE

Could a “last survivor” policy fit into your estate plan?

With all the life insurance choices out there, one option you may not have considered is a “last survivor” policy. These policies insure two lives, with the death benefit paid after the death of the second insured person. Originally designed to provide funds to pay a married couple’s estate taxes at the death of the second spouse, changes in the Federal estate tax law have significantly reduced the number of taxpayers who are subject to these taxes. However, there are still a number of other ways this product can be used effectively to meet personal and business needs throughout your lifetime.

Accumulation Phase - In the early years, many couples who are opening or developing a business are also starting families and buying their first homes. The primary goal at this life stage is often to provide for and protect the family. The death benefit can be used to help:

- replace lost income for minor children if both parents die
- fund a trust for a special needs child

By purchasing coverage in this stage of their lives, younger couples may be able to take advantage of good health and lock in premiums for an overall lower cost.

Growth Phase - This is about establishing your wealth and accumulating resources. Goals like funding children’s education, expanding and growing the business, and saving for retirement are priorities.

- Policy cash value grows on a tax-deferred basis and can be accessed as a loan or a withdrawal if needed for business or personal needs
- Can help provide funding for education
- Can help replace lost value of assets that must be liquidated at your death

Retirement Phase - Here, the focus is on transitioning the business to the next generation, beginning retirement, helping to protect the estate, and enhancing your legacy. Many people want to meet their needs for an enjoyable and comfortable retirement, while still leaving a legacy for their heirs.

- Potential source of retirement income
- Help supplement long-term care needs
- Ability to spend all of your assets during retirement, but still leave a meaningful inheritance to family
- Benefit a church or charity
- Help create liquidity for federal and state estate and income taxes, and other expenses at the second death

Additional Uses for Business Needs - For business owners, a last survivor policy can provide a unique coverage option for a number of business needs, including:

- Key person coverage on two key employees
- Fund a buy-sell agreement
- Fund a real estate buy-sell agreement
- Provide equalization among children when a closely held business is passed to the next generation

A last survivor policy insuring two lives may be a more affordable option when compared to separate, individual policies, or can be combined with individual coverage for premium savings. It may even provide coverage when one individual is otherwise uninsurable.

Just because you don’t need to worry about estate taxes right now, doesn’t mean a last survivor policy isn’t an option for you. Tax laws and individual circumstances frequently change. This type of policy is designed for flexibility and can be used for multiple needs to help you reach whatever goals you want to achieve throughout your lifetime.

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