



# 10 Reasons to Include Life Insurance in All Client Conversations

Life insurance is generally thought of in terms of protecting loved ones. While this is an important aspect, it's only part of the story.

Life insurance can be an ideal component of a person's overall portfolio, complementing fixed-income assets and helping to moderate risk and volatility in the total portfolio. Here are 10 reasons to include the life insurance conversation in all your client meetings.

## 01 There is a Life Insurance Gap

According to LIMRA's 2021 Insurance Barometer study, there is an estimated \$12 trillion life insurance gap. 40% of Americans live with a life insurance need-gap, equating to 102 million adult consumers. (1)



## 02 The Pandemic has Driven an Increase in Purchase Intent

31% of adults indicate they are more likely to buy life insurance due to COVID. Furthermore, the percent indicating an increased likelihood to buy increases with income.



## 03 Little Competition

Almost 8 in 10 U.S. households admit they do not have a personal life insurance agent. Many households that believe they need life insurance indicate the reason they have not purchased is because they haven't been approached by a financial advisor.



## 04 Life Insurance Provides Tax deferred growth and income tax-free distributions

Most investments do not grow tax-deferred and even if they do, they may not pass on income tax-free to your client's loved ones. Life insurance provides both - cash values may grow tax-deferred and when the insured passes away, the death benefits are generally received income tax-free.



## 05 Life Insurance is not Correlated to Market Performance

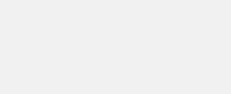
Many asset portfolios are comprised of stocks, bonds, and mutual funds that may be volatile and fluctuate frequently. A market downturn could result in a significant reduction in its value when it is passed on at death and could jeopardize the financial security of surviving family members.

Having an asset in a portfolio that is not correlated to market performance is tantamount to being diversified, which has always been seen as a smart move.



## 06 Life Insurance Provides Immediate Liquidity

Life insurance can provide immediate liquidity upon death of the insured. Also, liquidity from a life insurance policy is not limited to death since, depending on the type of policy, cash value can also be accessed while alive, should the need arise. (2)



## 07 Life Insurance Provides an Expected Value

No one has a crystal ball that will determine what the value of most assets will be in the future. However, life insurance can provide an expected, predictable, and sometimes guaranteed value depending on the type of policy that is purchased. For the payment of a specific premium, the specific death benefit will be paid should the policy holder pass on tomorrow or 20 to 30 years from now.



## 08 Selling Life Insurance Can Improve Your Client Relationships

95% of clients surveyed — who feel they have the appropriate amount of life insurance — say they receive value from working with their advisor. This compares to 81% of those who do not believe they have the right amount of coverage. 77% said they feel highly satisfied with their advisor if they feel like they have the correct amount of life insurance, compared with 68% who don't believe they have the correct amount. (3)



## 09 It May Protect the Integrity of Your Practice

The best investment plan in the world isn't worth much if it doesn't take risk into account. Neglecting to include life insurance in the conversation can make an advisor vulnerable to a lawsuit, especially if they are holding themselves out as a fiduciary.



## 10 Life Insurance is the Only Asset That Provides a Known Value (Death Benefit) at an Unknown Time (Death)

Life insurance is usually not on the "front burner" when people review their financial affairs. Investment products and retirement plans get far more interest, yet these financial products can take decades to reach the point where they begin to fulfill their purpose. As financial advisors at the end of the day, we need to ask ourselves: can we honestly say we have taken care of our clients if we have not asked about this important financial product?



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(1) The Insurance Barometer is an annual study that has been conducted by LIMRA and LifeHappens since 2011; it tracks the perceptions, attitudes and behaviors of policy and consumer in the United States. (2) Loans and withdrawals will affect the cash value and could affect the death benefit. Amounts received on withdrawals and surrenders may be subject to income taxes and/or policy surrender penalties. (3) Advisor Value Survey (2020), Carson Group

Guarantees are subject to the claims-paying ability of the issuing insurance company. Specific premium requirements must be met to be eligible for **death benefit guarantees**. Please see the contract for details.