Pacific Life Insurance Company

FIELD GUIDE

LIFE INSURANCE CHECKUP

LIFE CHANGES FAST.

Help ensure their death benefit protection keeps pace.

Odds are, your clients are ready to talk about their life insurance policy with nearly 1 in 3 (31%) Americans looking to purchase life insurance in the next year.[1] In fact, half of Americans living with a life insurance need-gap are already existing policyowners.[1] Which means they own life insurance, just not enough. A life insurance policy review could help you close the gap.

Does your client remember why they bought their life insurance policy?

Do they remember why they bought it from you?

Bring value to your relationships and help keep your clients' goals on track by performing periodic policy reviews.

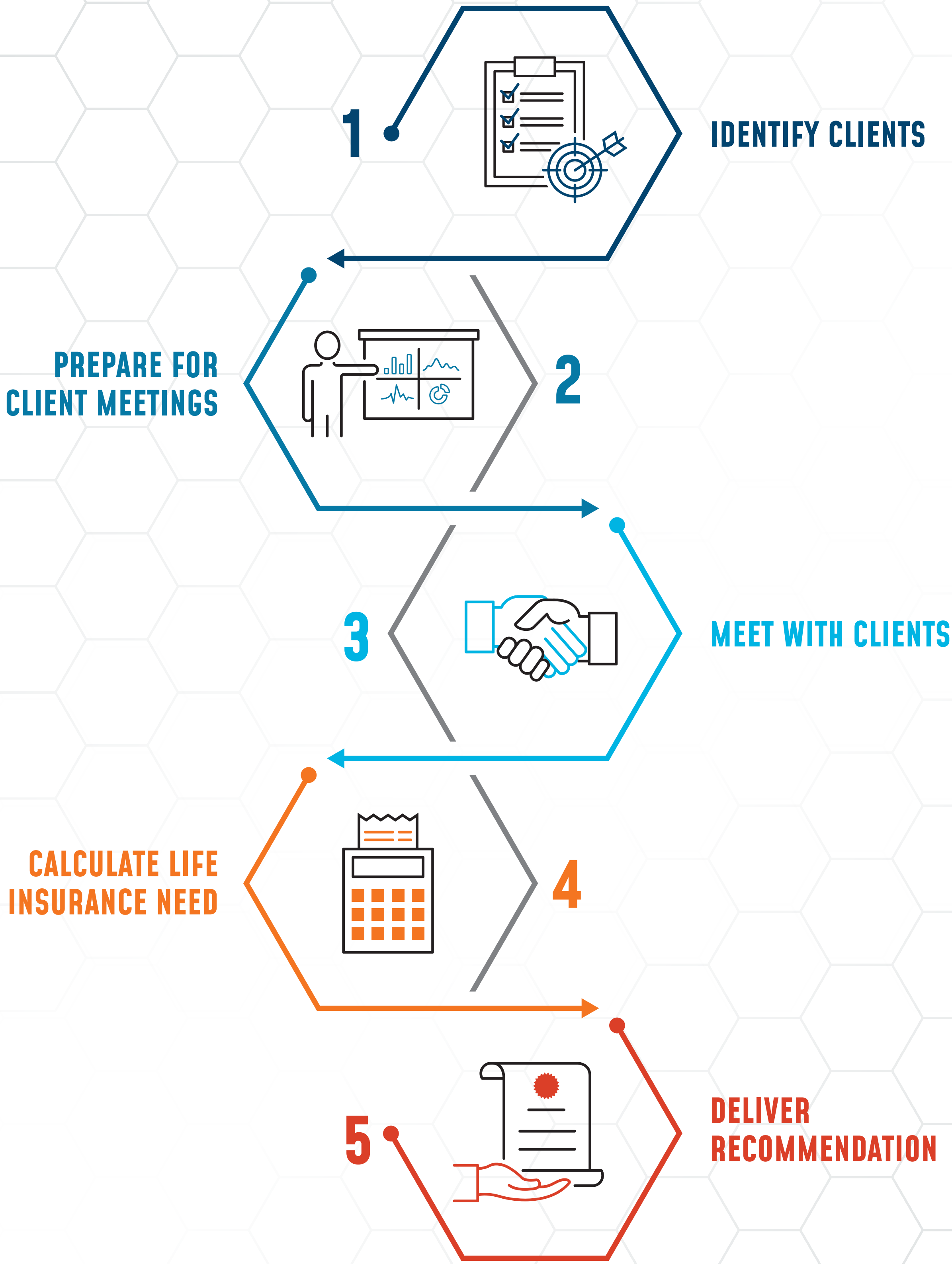
Learn How in 5 Easy Steps

POSSIBLE BENEFITS OF POLICY REVIEW:

- Help protect client's beneficiaries from the financial impact of the insured's premature death.
- Update policy beneficiaries.
- Consider advancements in product design, underwriting efficiencies, tax laws, and more.
- Identify and take steps to correct underperforming policies before it's too late.
- Strengthen relationships and potentially increase referrals and sales.
- Evaluate assets under management.
- Provide superior service.

1 Source: 2024 Insurance Barometer LIMRA, April 2024

5 EASY STEPS
TO A LIFE INSURANCE CHECKUP



1 IDENTIFY CLIENTS

Look for these key policy traits and potential timing triggers, which may signal it's time for a policy review.

Life Insurance Policy Traits

- ☐ Inforce for at least 5 years
- ☐ High or low death benefit relative to client's net worth
- ☐ Purchased as part of an irrevocable life insurance trust (ILIT)
- ☐ Face amount of $100,000 and up
- ☐ Annual premium of $5,000 and up
- ☐ Cash surrender value of $20,000 and up

Potential Timing Triggers

- Major life events, like marriages, births, or deaths in the client's family
- Federal or state tax law changes
- Life insurance industry and product developments
- Significant underwriting efficiencies or new mortality assumptions based on longer life expectancies
- Carrier financial stability downgrades, increasing cost of insurance or other policy charges, or lowering current interest crediting rates

2 / PREPARE FOR CLIENT MEETINGS

Before the meeting, make sure your records are up-to-date. As-issued and in-force life insurance policy illustrations can help determine the health of the policy as well as its ability to support your client's financial goals.

Run in-force and as-issued illustrations and request that your clients bring the following:

- Current policy information (type of policy, face amount, premium)
- Current beneficiary information
- Marital/family status
- Goals such as retirement, educational, personal
- Assets such as real estate, stocks, bonds, personal savings
- Financial obligations (mortgage, car loans, small business loans)
- Charitable intentions

Some carriers may take up to 30 days to provide in-force and as-issued illustrations. Pacific Life can do it in mere minutes with policy benchmarking reports available in Planned Performance Tracking at http://PPT.PacificLife.com.

Requesting Illustrations

If you are not the writing producer, your client will have to request the illustrations or sign a letter authorizing you as the new producer of record. Generally, the carrier will notify the writing producer if an illustration has been requested or a request to change to a new producer of record has been received.

The more you know about your clients' financial goals, assets, and in-force life insurance policies, the better prepared you can be to help them develop strategies to achieve their financial goals. Here are sample questions to ask and points to ponder when conducting your client's policy review.

OPPORTUNITY SPOTLIGHT

The Price of a Missed Connection

What would your business look like if you lost nearly 70% of your best clients?

It's important you get to know your client's beneficiaries. After all, without a strong connection, your client's beneficiaries are likely to move their assets to another financial professional* at the death of your client and you will lose that business.

43% OF HEIRS MAY LEAVE	80% OF SPOUSES MAY LEAVE
How many children who fire their parents' financial professional after receiving an inheritance.[2]	How many surviving spouses (women) who change their financial professional.[3]

Build a Strong Connection: Family Meetings

Helping your client orchestrate a family meeting with their policy beneficiaries could create a lifetime of good will and help to strengthen your ties with the next generation. Odds are, your clients will thank you for it.

According to a recent survey, approximately 4 out of 5 families wish they had talked more about financial planning and are looking for more financial advice.[4]

Topics to Cover:

- Key responsibilities in the event of your client's death or disability.
- Roles like executor, trustee, power of attorney, guardian, and advance health care directives.
- Creation of a family mission statement to help prevent confusion as to how your client intended the assets to be used after their passing.

* In order to sell life insurance, a financial professional must be a properly licensed and appointed life insurance producer.

2 Advisors Expect To Lose Nearly Half of Next Generation Heirs," Value Walk, July 2021, https://www.valuewalk.com/next-generation-client-heirs/.
3 Stacy Francis,"Widows Move Forward on Their Own – But Not Alone," Kiplinger, June 2021, https://www.kiplinger.com/personal-finance/602892/widows-move-forward-on-their-own-but-not-alone.
4 "THE 'MONEY TALK' Americans wish they learned more about finances growing up as survey finds parents eager to teach kids about money," The Sun, January 2021, https://www.the-sun.com/news/us-news/2132036/americans-learned-finances-survey-parents-teach-kids-money/.

QUESTIONS TO ASK*

Asking the appropriate questions can help you uncover the opportunities in your client's policy review.

Q: Since your policy was issued, have you had any significant lifestyle changes?

- Marriage/divorce or birth/adoption of a child?
- Job change or promotion?
- Inheritance?
- Buying/selling a business or home?
- Health change for you or your spouse?
- Started or stopped any risky hobbies?

Q: How about your financial goals and debt obligations?

- Charitable intentions?
- Estate planning?
- College expenses?
- Special needs planning?
- Any new debts (car loans, small business loans, credit cards)?

Q: Do you have income-generating assets?

- Has your financial professional provided you with a tax analysis on your 401(k) and other assets?
- Have you considered things like investment real estate, stocks, bonds, and personal savings?
- What's your income tax bracket?
- Will the income you draw from your retirement savings be taxable/non-taxable?
- Rate of return?
- Are you maxing out your qualified plan contributions?

Q: Long-term care?

- How do you plan to protect your retirement savings and estate from possible long-term care expenses?
- Do you now or will you need to take care of aging parents?

Q: Real estate?

- Do you believe that your real estate will be subject to estate taxes?
- If so, do you have a plan in place to pay for those taxes?

Q: Do you hold ownership interest in a business?

- Do you have a written business succession plan to cover your retirement, death, or disability?
- How will you protect your business' profits if you lose a key employee?
- Do you pay tax on retained earnings in your business?

Q: Is your life insurance up-to-date?

- Up-to-date beneficiaries?
- Adequate coverage amount?
- Is this the most appropriate type of policy for you?
- Can the same coverage be met at a lower price?
- Have policy features or benefits changed or are more attractive ones now available?
- How about the ratings and financial status of the issuing company?
- Will the policy stay in-force for as long as intended?

* This is not an exhaustive list of questions to ask.

4 CALCULATE LIFE INSURANCE NEED

Once your client meeting has concluded, you will need to calculate your client's life insurance need. Communicate to your client that you will need some time to prepare a recommendation.

The following factors may influence your client's life insurance needs:

- Final expenses and funeral costs
- Income replacement
- Marginal tax rates
- Mortgage and other household debts
- Potential college costs
- Savings and investments
- Current retirement savings
- Estimated inflation rate
- Estimated return on investments on outside assets
- Current in-force life insurance

HELP CALCULATING THE NEED

Our convenient online calculators can help clients figure out how much coverage they may need to help protect their families and achieve their financial goals.

View our **life insurance need calculator** and other calculators at **PacificLife.com**.

5 / DELIVER RECOMMENDATION

The final step in a life insurance checkup is to deliver a recommendation. Depending on your clients' goals, financial situation, and current coverage, you may likely make one of the following recommendations:

- ☐ **No change is needed. Reaffirm that your clients' needs and policies are aligned and encourage them to call you if they experience a major lifestyle change before their next policy review.**
- ☐ **Update the life insurance policy beneficiary or beneficiaries.**
- ☐ **Purchase additional life insurance coverage.**
- ☐ **Reduce the death benefit and pay up the policy.**
- ☐ **Transfer the policy to an irrevocable life insurance trust (ILIT).**
- ☐ **Surrender the policy.**
- ☐ **Exchange the existing policy for a new policy.**

There are circumstances in which replacing your client's existing life insurance or annuity can benefit your client. You should make a careful comparison of the costs and benefits, including any applicable surrender charges, of your client's existing policy and the proposed policy to analyze how a replacement may affect your client's plan of insurance. You should provide this information to your client and discuss whether replacement is in your client's best interest.

Make sure that your clients know what to expect next. Send a follow-up communication recording the calculated death benefit need for your client and your policy review recommendation.

GET HELP FROM
PACIFIC LIFE EXPERTS

COMPETITION UNIT
CompetitionUnit@PacificLife.com

CASE DESIGN
(800) 800-7681, Option 3, 1
LifeIllustrations@PacificLife.com

ADVANCED DESIGNS UNIT
(800) 800-7681, ext. 3690
AdvancedDesigns@PacificLife.com

THE POWER OF PACIFIC

Pacific Life provides a variety of products and services designed to help individuals and businesses in the retail, institutional, workforce benefits, and reinsurance markets achieve financial security. Whether your goal is to protect loved ones or grow your assets for retirement, Pacific Life offers innovative life insurance and annuity solutions, as well as mutual funds, that provide value and financial security for current and future generations. Supporting our policyholders for nearly 160 years, Pacific Life is a Fortune 500 company headquartered in Newport Beach, California. For additional company information, including current financial strength ratings, visit PacificLife.com.

Buying life insurance is a long-term commitment. The company your clients choose matters.

Pacific Life, its affiliates, their distributors and respective representatives do not provide tax, accounting or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor or attorney.

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

Life insurance is subject to underwriting and approval of the application and will/may incur monthly policy charges.

PACIFIC LIFE

Pacific Life Insurance Company
Omaha, NE
(800) 800-7681 • PacificLife.com

Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product/material availability and features may vary by state.

Insurance products and their guarantees, including optional benefits and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company, but they do not protect the value of the variable investment options. Look to the strength of the life insurance company with regard to such guarantees as these guarantees are not backed by the broker-dealer, insurance agency, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the life insurance company.

This material reflects the Pacific Life Insurance Company policy features and benefits.

All policy features and benefits may not be available through some broker/dealers.

Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value