

# 3-Step Guide

## FOR LIFE INSURANCE VALUATION IN BUSINESS PLANNING

Life insurance is an asset that could have a fair market value far exceeding the cash surrender value and support planning options. Each individual client is unique; however, outdated value concepts are health-agnostic and can leave advisors relying on vague information, which can stall planning.

**Ensure potentially valuable life insurance assets are identified, evaluated, and addressed before critical decisions are made and opportunities are missed. Follow these three steps as a guide to integrating life insurance valuation into client conversations.**

### 1 DOCUMENT POLICY INVENTORY

- Number of Policies Owned By or Related to the Business
- Ownership Structure, Influencing Factors, Family Dynamics
- Policy Information: Policy Type, Face Amount, Date of Issue, Cash Surrender Value, Premium
- Health Rating at Issue
- Date Last Appraised and Fair Market Value

### 2 DETERMINE SUITABILITY

- Would you purchase this same policy if it were proposed to you today?
- Has the insured's health changed since the policy was issued?
- Are premium obligations becoming a burden?
- Are you considering lapsing or surrendering any existing policies?
- Are there any business transitions being considered? (sale, exit, leadership change?)
- Are there any time constraints or obligations outside the business that impact planning decisions.

### 3 REQUEST FAIR MARKET VALUE

- Key-Person Change in Health or Retirement
- Funding Buy-Sell or Succession Planning
- Pre-Sale or M&A Planning
- Unwinding Complicated Structures
- Value Needed for Policy Transfer (i.e., business to individual)
- Business Valuation Support
- Create Immediate Cash Flow for Business Needs or New Products & Services



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