

## ***Life Insurance Might Become the Most Valuable Asset in Your Portfolio***

At first glance, most people buy life insurance to replace income, pay off a mortgage, or provide an asset base for loved ones in the event of death of the primary income earner. Some investors believe that once you achieve a certain level of wealth, you no longer need life insurance. However, life insurance is a tool that can be used to help you achieve many other important goals such as preparing for the unexpected, not being a burden to your family, protecting your family's lifestyle, minimizing taxes, providing a lasting legacy, and funding educational and charitable goals.

Here are ten reasons why life insurance may become the most valuable asset in the portfolios of wealthy families:

1. ***Liquidity when heirs may need access to cash.*** Death benefit proceeds from a life insurance policy do not need to go through the probate process, which means the cash passes directly and quickly to the beneficiary, thus creating a pool of liquidity which may be utilized to pay estate tax obligations or for immediate cash needs.
2. ***Share with family, not the government.*** Not only does the death benefit offer immediate liquidity to heirs, it is also, when structured properly, free from income and estate taxes. Owning insurance in a trust could provide family assets that extend for several generations free of future estate taxes.
3. ***Improve the tax efficiency of your portfolio.*** Funds within a permanent life insurance policy can potentially grow tax-free. In addition to the income tax advantages, certain policies can offer a consistent, reliable, competitive returns as compared to other investments.
4. ***Maintain business continuity.*** Many business owners use insurance to fund a buy/sell agreement to ensure the business continues in the event a partner passes away unexpectedly. Key person life insurance may facilitate continuity when a family business relies on a person for its survival. In such situations, the policy provides liquidity or cash flow to help the business transition to a new management structure.

5. **Easy divisibility.** Life insurance proceeds are much easier to divide among heirs than other illiquid assets, such as real property, art or business interests.
6. **Diminished reliance on lenders.** One of the more powerful benefits of permanent life insurance is that you may access the cash value at any time. Policy loans and withdrawals have no application, collateral, credit reporting, or fixed repayment schedule requirements.
7. **Benchmark for future investment opportunities.** The internal rate of return on your insurance serves as a benchmark against which to measure the risk/return of other investments.
8. **Asset Protection from creditors.** When owned personally, life insurance policy cash values are protected from creditor claims in most states.
9. **Earnings don't count against Social Security tax.** Unlike most taxable income (and even tax-free municipal bond interest), earnings inside life insurance will not increase the tax liability on your Social Security income.
10. **No contribution restraints.** You may contribute as much as you want, as long as the policy qualifies with IRC section 7702A(b) as insurance. Unlike other savings vehicles, there are no minimums or maximums so long as it is constructed correctly. Therefore, you are only limited by the amount of death benefit your provider is willing to offer.

One cannot overstate the important role insurance may play in any financial plan, no matter where you are on the financial spectrum. Without adequate protection and the right policy features, your financial future is uncertain. Failing to plan means risking your legacy. Your hard earned wealth may be greatly diminished by onerous estate taxes or your heirs could be troubled with liquidity or business continuity concerns. Please contact your United Capital financial adviser for an insurance review today to help create a plan to protect, preserve and grow your legacy.