# LIFE INSURANCE: YOUR WELL-BEING ASSET
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Thank you for joining us today for our monthly webinar Life Insurance: Your Well-Being Asset. I would like to welcome back to our presenter, Andrew Hall, from the Institute for Financial Education who has presented on various financial topics for us before. Thank you for being with us today, Andrew. I will hand it over to you to let you tell a little bit more about yourself.

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All right. Awesome. Thank you so much, Cynthia. Welcome, everybody. I am super excited to be here today. I'm actually super excited to talk about life insurance. I don't know what that says about me. I'm excited to talk about life insurance for the next 45 minutes or so. But I am. It is such an important piece of people's lives, but probably more than anything, more misunderstood and misrepresented areas of people's lives as well. Through my career, through our nonprofit, the Institute for Financial Education, I have kind of dedicated my life to helping families be educated and through that we have really become known for more than they think it's a let families know with certainty that they are going to be okay no matter what. And I have talked with a lot of families, a lot of individuals, a lot of people wrote the years, life insurance comes up more often than not. It might not be for everybody. It might not be something that you need in your life. It might not be something that you want in your life. But maybe today will open up your eyes a little bit and wake you up to what is possible. Our goal today this presentation is to simply just do that. Wake you up to what is possible. Hopefully hold you accountable to yourself so that you can step it up and kind of look to see if it is something that you need or want and how it fits. And just tell you the truth. Tell you the truth about it. Sorry. All right. Our objective today -- before I get to the objectives, I just wanted though this disclaimer out there. This presentation does not in any way, I'm not advocating for not offering advice on, not making recommendations about the stock market, investments or securities, insurance, any of that. The decisions that you make are really important and you are encouraged to seek advice from professionals for actual recommendations. All right. If you have questions or concerns anyone to talk about this or something I say strikes a chord with you, absolutely feel free to reach out. All our information is going to be at the end. If you want to speak to my team or even to me directly, you have the opportunity to do so. Take advantage of it. Take advantage of all these great resources that are provided to you here through FOH. So, our goal today is basically to just kind of talk about what is life insurance? The basic types. We are going to talk about what the government actually provides you. Once we kind of know that, we're going to try to apply this to your life and go do some different scenarios. The scenarios will not be perfect or they may not be your scenario exactly. But I try to put a bunch of different things together that hopefully something somewhere in those scenarios resonates with you. Before we get into the kind of definition of stuff and the basic types of life insurance, things like that, I think life insurance needs to fit perfectly in somebody's plan. I believe what we as consumers are lacking is a plan.

We might have a pile of assets. We might have investment strategies. We might use our TSP or whatever kind of assets that we use. We might have an income strategy. We might have a healthcare strategy. We might have a tax strategy or legacy strategy. Very rarely are all five of those different pieces of the puzzle communicating well together. Everything that you do needs to be part of a plan. He needs to handle and cover those five worlds. Investment, income, healthcare/long-term care. Legacy and PACs. Life insurance is just an asset. However, it is an asset that could potentially be used as an investment. It could be used as an income generator. It could be used as a health care long-term care product. It absolutely could be used as a legacy product. It is one the best tax saving strategies that exist today. It is kind of like the master of all. Is really well-rounded asset. What has to be part of your overall plan. I can't reiterate that enough. All right. It is oftentimes unfortunate gets sold not that way. How much insurance do you need, here it is, you need to buy this. Let's look at the overall plan. But essentially there is two basic types of life insurance. There is two basic types of life insurance. There is two basic types of life insurance. There is like group insurance and there is private insurance. So group insurance is provided by your employer. Vaguely as you know by. Is it the federal. The government's. If you're in a group life insurance plan, you are underwritten as an entire group regardless of individual health. Allie federal employee, you can sign up for life insurance and it doesn't matter if you have a laundry list of conditions that are normally disqualifying for life insurance. You can still get that because the group as a whole was underrated. We will go a little bit more vaguely a little bit as we get into this presentation. You can typically add multiples of sellers for life-saving events such as marriage, divorce, birth, child, and death. It is written as a group. It is really important. We're going to talk about private quite a bit today. We will talk a little bit vaguely more as we go on too. Insurance purchase your own. Outside of your employer. It is underwritten individually. Therefore, healthy individuals receive cost savings or more benefits. So you are underwritten as a group. Health doesn't matter. Private, now you're actually going out into the open market and you are finding a company that is willing to ensure your life for a cost. There is two types of these. Term insurance or permanent insurance. So let's talk about these one by one by one. Let's talk first in that one group by said. Term insurance. What is term life insurance? Term life insurance provides coverage for a specified period of time. It is usually about 30 years. If you die, within that defined., Your beneficiaries will receive the death benefit of that policy. That the and if it is 100% tax-free. All the benefits that get paid for life insurance are completely and utterly tax-free. You buy insurance and you make a deal with the insurance company that says I'm going to pay you $500 a year for the next 20 years. If I die within the next 20 years, you're going to pay me $200,000 tax-free. Or pay my family $200,000 tax-free. If you don't die within that 20 year period, your policy lapses. If you die at your 21, nobody gets ending. You don't get the $500 back that you paid. It is all just gone. Here's the pros. Significantly more affordable than permanent insurance. It could potentially be convertible to permanent insurance later which is a really important piece. And the premium is protected against death. The con is that your premium is forfeited if you don't die within the term. It runs out. Is not forever. Is a good him a quick, cheap way to get coverage. Solely for a death benefit. All right. I really like under their the probe. That second bullet point that says it is potentially convertible to permanent insurance later. What this means is maybe you have a term policy for 20 years. And maybe in the year 18, so say you get cancer. Okay. The prognosis isn't great. Well, if you have more than two years, your life insurance goes away. But if you have a convertible policy, you can convert that to a permanent policy indoor health doesn't matter upon conversion. New age matters but your health does not. My general recommendation is if you're going to buy term insurance, consider looking to see if it is convertible or not. Much more in-depth I should say is going to be permanent life insurance. Permanent life insurance provides coverage as long as you live. You pay a premium for lifetime for a predetermined amount of time. Upon your death, benefits are paid to your beneficiaries. It also typically comes with a cash value savings element. We'll talk about that little bit more. The pros, refundable paid premiums. Maybe you pay $500 or plus peerless épée $5000 a year for 10 years into this policy. That is $50,000 for the good news is if you wanted to and take the $50,000 out, a lot of the times you can for any reason that you want. It includes cash value that earns interest. It includes a death benefit that can also be used in the event of a chronic illness such as long-term care. It is a conservative investment long-term care alternative. You know, a tax-sheltered way. To tax-sheltered money. In an estate planning tool as well. Because of a lot of different things. Cons here, it is more expensive than term life. Some of the premiums just go directly towards the cost of insurance. You have term insurance that runs out. Your permanent insurance that basically stays its course forever. Those are the two types. Let's dig in a little bit deeper into the actual permanent life insurance. There's three different types. We will go into it one by one by one. So permanent life insurance, universal index life. You hear this all the time. This is like if you see a Facebook ad or EC people a lot of times on the radio they say, is the one thing we can put your money in tax-free. Earn interest. It is not going to lose money because of the market you can create tax-free income people for the rest of your life. People like Walt Disney and Warren Buffett have been using the secret for years. Call now for your free brochure on how you can do this. Nine times out of 10, that person, that ad is talking about universal index life insurance. What happens with permanent universal index life insurance. The cost of insurance increases annually. Essentially what you do is you purchase a one year term on your life. Think younger you are, the less expensive you are. If I buy 100 thousand dollars from the universal index life insurance policy, that my only cost me let's say $5000 a year for that hundred thousand dollars universal life insurance policy. A small portion of that $1000 is going to pay for the insurance. A one year term insurance policy before $100,000 on somebody who is 35 years old is like pennies on the dollar. The chance of you dying at 35 is very very low. The piece that that the fund term insurance actually gets invested into a cash value account and earns cash value. All right. But a one year term insurance policy on a 90-year-old is now very very expensive. That preview that you pay is almost always going to the cost of insurance. The younger you are and the mass less expensive it is. Only moving downwards. Premiums can be flexible. Baby you pay $1000 when you prove the next you pay $1500. The next year you paid $2000. During your life, you can pay extra or less or heart your payment altogether. You can keep the policy but halt your payment altogether. However, the policy could lapse if it is not funded probably properly or doesn't earn high enough interest. This is one of the biggest faults of universal life insurance. The illustrations look really really good if they earn, but if the stock market is down for example, or something else. The cost of insurance is really high, if I'm paying $1000 a year but the cost of insurance is $10,000 a year because I'm 85 years old, well, we better hope that we got a lot of cash in that policy. They can include chronic illness waivers which, again, you can use the benefit for long-term care potentially. Any premium paid about the cost of insurance goes into the cash value and interest is earned based on investment performance. Universal index life insurance. Second type of universal life insurance is called universal variable insurance. Similar to universal index only is a key difference. The cash value is invested in the stocks, bonds, and mutual funds. That means the public the itself, the cash value itself could lose money and labs simply based off of poor investment performance. Nothing more than that. Same of universal life. Sorry, universal index life. The policy is going to lapse if it is not funded properly. Or the cost of insurance gets too high. Variable collapse simply because the investments were poor investments. As far as life insurance goes, this universal variable life insurance can be a little bit risky. Typically, most people use life insurance as a tool to mitigate risk. All right. So, this variable is kind of the riskiest version of life insurance. On the flipside of this, you have something called whole life insurance. Unlike universal life, the cost of insurance is essentially fixed and doesn't increase over time. Premiums funded two sides of the policy. They fund both cash value and the phone the death benefit. The money you are paying into these policies, you can use in the future. It might not light the world on fire as far as interest earned, but you can use this money in the future to pay for anything that you want. I personally have a whole life insurance policy on myself. And I just took like $20,000 out of the whole life insurance policy to pay for a vehicle that we just purchased. On this going to pay the whole life insurance policy back over the next couple years, therefore I don't have to go to the bank or do anything like that. I just use the money I've been paying for my life insurance. So, the key points of all these types of insurance whether it is universal, whether it is whole, whether it is universal pool variable, the benefits of life insurance are completely tax-free. Death benefits Pastor Ayres is 100% tax-free. Cash value plus the interest earned can also be accessed and withdrawn completely tax-free. You can access the cash inside these policies typically via a straight distribution that may reduce the amount of debt and if it that is payable on death or long-term care. Or a loan against the policy. I just told you, I took a loan against my policy. I'm charging interest rate, however, instructor properly, the loan amount can remain cash value earning interest. Therefore, any outstanding loan upon my death has to be paid back. If I die, the loan has to be paid back. That comes off of my death benefit. If not, I don't ever have to pay that loan back if I don't want to. And meanwhile, while I have money out for buying a vehicle, that money that is theoretically out buying a vehicle is still earning interest in the policy. You can just take the money out or you can turn around and take a loan against the policy as well. Whichever one you want to do. It is flexible. That is the beauty of it. Some permanent policies allow early death benefits in case of long-term care. Depending on if you are doing whole life or universal life pulses can be structured in many ways including more death benefit than cash value or vice versa. You need to favor the death benefit or paper the cash value. You can have joint policies which is more like a second to die policy. The death benefit pays once the second person dies. You can also have long-term care focus policy that focuses less on cash value and death benefit but more on long-term care benefits if and when you need them. Most importantly, more than any of this, consult with a comprehensive financial adviser and by the tool that fits your long-term financial plan. Remember, it has to fit your plan. What we just have gone over here in the first 20 minutes basically can be confusing for a lot of people. Do I buy term insurance, joined by permanent insurance, joy by hole, do I do universal, joy universal burial variable? We don't talk about universal variable life insurance all that much. Because if you're trying to use life insurance and you want some investments, just use the stock market. For investments. That is where your risk is going to be. Life insurance is better suited to create long-term wealth via tax-free interest earnings, death benefit, long-term care, and a hedge against low interest rates and a hedge against stock market volatility. That is what it is meant for. But this is a really key slider here. Basically, permanent policies give you death benefit if you go into long-term care. They give you tax-free benefit if you go into for death. They give cash value. You can structure them however you want. More cash value, less cash value, less death benefit, one person, long-term care focus, not long-term care focus. A lot of different ways out there to do this. I was want to hopefully introduce you the idea that this is flexible and can be part of somebody's plan. Let's talk about an insurance that most everybody on this probably has for sure. And that is your federal employees group life insurance vaguely is what it is known. How does -- work? It is provided by the federal government. Your health does not matter. Anybody can get tricky. You can only get it when you elect to get it. When you elect it when hired or upon a life-changing event. And you can add it during special open enrollment periods. It has to be a FEGLI open enrollment. There is none currently scheduled. Is very rarely that they happen. They happen like once every 10 to 15 years. I think the last one was back in like 2015-ish. I can't remember off the top of my head. The one before that was like 2000. You can reduce the amount of FEGLI you have at any point in time. You can never go up or add unless there is a special enrollment. Or a life-changing event. Life-changing event it's like you have a kid. You have a spouse. You lose a spouse. You lose a kid. You are covered on somebody else's insurance. That person died. Something like that. There is a lot of those life-changing events in which they would like you to change your -- what it is group life insurance. Here's the options that you have. This is what most people get right when they sign up and the default into. It is called vaguely basic. It is her Sally run of the next thousand dollars plus $2000 could you make $99,500 a year. You'll get $102,000 of life insurance. Here's the cost of it. 34.347 cents a month per $1000. For example, you make ¬100,000 a year, you pay -- in order to have $100,000 a year. Option a in FEGLI. You have FEGLI basic. Option A. It is just $10,000. What you see on site is that the cost increases typically every five years once you hit four years old. So, $10,000 of life insurance and $.65 a month. Okay. If you're over 60 years old, that is $13 a month to carry $10,000 of life insurance. Between 1 to 5 times additional coverages in your salary. I make $100,000 a year and I want to buy five times my salary. That is -- of courage. But I wanted to focus on the cost of this. You can see until you're like between 35 years old to 49 years old, that 49 years old, your only paying $65 a month for like half $1 million of life insurance coverage. That is not too bad. But once you turn 50, that 60 bucks, most of them doubles. He goes to $110 a month. And once you turn 55, that 110 goes to 195. And once you turn 60, you can see the pattern on the wall. Once you turn 60, you are now paying a much almost 400 dollars a month for that $500,000 of life insurance. If you decide to keep that to your retirement, let's say made $100,000 a year. You keep five times your salary. Your pain $37,000 a year for group life insurance at the age of 80 to keep five times her salary. So, this additional coverage can be really cost-effective for you when you're really young to get a bunch of insurance, but later on in life, you have to understand what is going to happen in your retirement years in the latter years., Since the people says, I don't need life insurance my petard. I'm just going to drop it. You might not be the death benefits solely for death benefit. But, if a lot of your money is in your TSP and it is traditional, you need some tax shelters. VITAC shoulders in a hurry so life insurance could become vitally written. Depending on what you're going to do, are going to leave that money behind? Are you going to wash 35% of your 401(k) get taxed by the dog government after you die? Or if life insurance is tax-free, we start adding cost of together, it can be a very powerful tool. However, if your plan is to keep FEGLI, just be aware there is a significant cost. Last option you have is option C. This is basically on your family. Is on your spouse. It comes in 1 to 5 times multiples. You get 5000 of the $25,000 on her spouse and 2500 on each child. This is the cost. Same thing. Kind of increases throughout the years. Okay. You have FEGLI basic. Pretty cheap. Most people get it. And you have option a what is $10,000. Option B which is the really important decision point. How many times her salary and how much cost. And option C which is coverage on your spouse and children. It is important to know with basic and typically we recommend everybody keep basic when they retire and this is why. If you meet the requirements, this is what happens when you retire in your 65. You can choose no reduction. Let's say you have $100,000 coverage because you make $100,000 a year. Already. You have to pay for that every year for the rest of your life. Is Primus basically does paying what you pay now only forever. You have a 50% reduction which says I have a $100,000 coverage, my $100,000 goes down to 50%. $50,000 and reduces 1% each month until it reaches 50% of its pre-reduction amount. This costs something though. The cost a little bit less but it cost something. Why do they keep basic and the retirement and pay with it until you were 65 is the third option here. Basically what happens is you lose 2% each month until you get 25% of its pre-reduction amount. And it is free starting at 65. If you retired at 65 with $100,000 life insurance policy and you keep it, you don't have to pay a nickel for it. And ultimately when you pass away, it is going to be worth $25,000 for that benefit the rest of your life. Keep in mind, caring FEGLI into retirement can get increasingly costly if you have option B. This 85% reduction which a lot of people choose, it is free. Get pre-life insurance. Now, it is just a death benefit. Of this cash value and long-term care. It is just a death benefit, but again, it's free. Let's talk now about some of the strategies that exist when it comes to life insurance and how you can utilize life insurance. Remember I talked about investment, income, health care, long-term care, tax legacy. We will talk about these now. I think we have three or four scenarios here we can go through. Here's an example 1. Using insurance as an investment strategy. I actually ran the numbers on this. These are real-life numbers and real-life examples and really how they work. Let's say in individual is 50 years old and they're retiring at 65. And let's say they have a chunk of money going into the G fund. The G fund is a very conservative fund. It is going to earn anywhere between one to 3% interest. For now, it is a little bit higher than it has been over the last decade because the interest is so high. But for the last decade, it averages about 1.5%. Let's say somebody 50 is putting $26,000 a year into the fund. Pretty common. I would venture to say there are some people in this exact scenario right now. 50 years old, retiring in 15 years. Bring money into the fund. The 2040 fund invests roughly a quarter of that money. 25% into the G fund for the next 15 years. Of the $26,000, you're putting into your 2040 fund, 6500 a year is simply going into a G fund which is earning interest at a rate of 1.5%. Already. Basically, if you do this project and, $6500 a year at 1.5% for 15 years, that equals about $110,000. So, the last 15 years of your career, you sought a way that might to have $110,000. That's all it is. From 65 on, your retire in a longer putting money in. Gives you about $1500 a year of interest earned. That is what that portion of your money is doing. Pretty straightforward. What if we did a 15 page permit life insurance policy instead. What we do is we say we are going to take $6500 a year and instead of putting it towards the G fund. Clinic with that towards apron life insurance policy and compare apples to apples. The cash value projected at the end of 15 years, is about 125 thousand bucks for that is -- more than what the G fund would average. Just cash value. Remember, a permanent policy build cash. You can use that for anything you want. Here's the cool part. That same cash value has a death benefit of $221,000 in the cash value now earns roughly 6500 bucks of interest a year for the rest of your life. Option one kind of Bliley maxes out the TSP. Going towards a lifecycle fund that puts 25% of your money into the G fund running 1.5% to get you $110,000 and $1500 of interest. That same dollar could get you higher cash value. It could get you twice the amount of for the death that is typically tax-free. Twice the amount of money for a long-term-care benefit that is completely tax-free. And renewed 3 to 4 times as much interest every year for the rest of your life. With the exact same amount of risk which is virtually none. So, there is a way that you can use life insurance properly. As an investment strategy. You just have to understand that is going to come from different parts of your life and accomplish different things. I love that strategy. In both scenarios, you never have to fund again after age 65. You are just done. You are retired. Another example of how you can use life insurance and this is going to be delivered assets for long-term care. Now we're looking at somebody who is five years old. They are retired. They have roughly $750,000 in lifetime savings. This between TSP, 401(k), they spent all the money that they have. Let's say between your pension and your Social Security, you need about another $15,000 a year in extra income. That is 2% of your life savings. And if you're a lifetime federal employee, you've got 35 to 40 years of service, this is a very common scenario that folks in that situation find themselves in. Say if you have the $750,000 of lifetime earnings and you are only using 2 to 3% of it to live off of the income every year, what happened do we just took another 2% a year for the next 10 years and kind of stashed that way. What would happen if you just took 2% of your lifetime savings for 10 years and put it away in the scenario? You would have 150 grand of cash sitting there available to you. It would also have $80,000 of long-term-care benefit every year for six years. You win the long-term-care. That would be $480,000 of long-term care benefits you have if you don't use the money, that benefit increases each year. Is is a basically good but $150,000 of cash in this for 10 years. You have $80,000 a year of long-term care benefits for six years. $80,000 a year that increases every year usually somewhere between five and 10%. If you die without utilizing the long-term-care benefit whatsoever, is $150,000 goes to your heirs completely tax-free. That's awesome. He put $150,000 into a policy like this and you have 55% of that available to you every year for six years for long-term care in case if and when you need it. If you don't, it goes to your family. That is a great way of utilizing life insurance to pay for long-term care. The benefit is more long-term-care oriented than the death and if it oriented. You still get the death benefit but you get a bunch of long-term-care. Let's look at using life insurance to create a tax-free estate with the state land. Okay. Sorry. Let's say you're looking at a 65-year-old retiree. You have half 1 million bucks in assets. We are just going to assume a 5% rate of return. A 20% tax rate today and a 20% inherited tax rate. I think that is wildly conservative, but that's fine. We just want to illustrate that. What happens if the 65-year-old retiree simply takes his -- at 72 years old and reinvest them and dies at 85. That is a very common scenario. Got half million bucks. Turned some two years old. You need to take requirement of distributions and reinvest those requirement of distributions because maybe you don't need them. And the night of life expectancy. Total taxes paid will be $471,000. To that heirs would be 7500 dollars. Okay. And they have balances to 287,000. Basically after your lifetime taxes were paid on the I.R.A., the taxes were paid on the reinvest assets and the net balance of the heirs tax rate, your pain nearly $990,000 in taxes over the course of your life. That is just the math learning how many taxes you are paying on an I.R.A. over the next 20 years. Reinvested and given to your heirs. Let's see how it is take 4% of that a year and reinvest in the permanent life insurance instead. Okay. Basically what happens is they might only get $450,000 of the I.R.A. to the heirs and set of 705. However, they also get life insurance benefit of 685 which, guess what, is completely tax-free. Therefore, the total benefit to the heirs is like $1.1 million. 685 of what is completely guaranteed regardless of the investment strategy. That's huge. That is the difference -- that is about an extra $175,000 simply because of a tax-free benefit of life insurance. Not to mention about half of that balances is not protected regardless of what the stock market goes. In still have a significant balance that can absolutely be tied to the stock market if you want.

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Andrew, can you explain what RMDs are? We have some questions about the acronyms.

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Absolutely. Sorry about that. When you're 72 years old, any assets that are in your traditional TSP or traditional I.R.A. or traditional 401(k), when you are 72 years old, you need to take something called a required minimum distribution or and RMDs from your account. When you want to take money out of your I.R.A., the government forces you to take that money out and pay taxes on that money on the ordinary income tax rate. What you do with it after that is up to you. So this example basically says, you know what? If this person takes their half $1 million and doesn't really needed, and is just taking their RMD at 72 what the government horses them to do, they're basically going to leave about $990,000 behind their kids assuming a 5% rate of return. If they were a little proactive with their tax planning and started taking the money out and reinvesting into permanent life insurance, the earlier about $1.1 million to their heirs assume that they 5% tax rate of return on their on their I.R.A. So, the difference between 992 and 114, there is your tax savings. It is over six figures in tax savings. Regardless of the investment. And one of the last concepts we have here, this is something that is interesting and a lot of people will use this. This is what I did. The infinite baking concept effectively pays interest to you instead of the bank and timing could pay off your debt. Example for a new car or house. This is exactly what I did. Essentially what I did is I have been saving money into a permanent life insurance policy over the course of my life. That has been building up a cash value over the years as they put into it. It had a death benefit in a long-term care benefits that when I'm 65, I don't have to worry about that. All right. But when I need money and I need money to buy a new car, I need $20,000, as for going to a car dealership or going to a bank to get a loan, what I did is I loaned against my policy. And so the insurance company gave me the loan. In the billing part about me getting the loan from the insurance company is that when I pay that loan back to my account, I am crediting back interest to my own account. I'm not crediting back interest to a bank or somebody else. So essentially what happens is you kind of follow the pattern here. Money goes into the policy and the build cash value. Comes out of the policy via a loan. All right. And as you pay off the loan, you put the money back in the policy, but the whole time you're paying off the loan, the loan is earning dividends and interest at the same time you're paying it off. So, that is a concept of how you can use life insurance to put yourself in a better situation. It is called the infinite baking banking concept. It is a very interesting concept in life insurance but has been used just right. But it is a very popular way to do so. Okay, so those are four different ways there on how you can use life insurance. You can use them for long-term care. You can use it for leverage in the state plan. You can use as an investment plan. You can use it to become your own bank. It is a very powerful tool to a well-rounded plan if utilized properly. It is not for everybody. Let's look at some key points here as we finish up plans can be structured in different ways. Remember that. High cash value, low death benefit, or vice versa. Okay. You can have something like a variable policy that has got more potential for growth. But it has also got more potential for loss too. Keep that in mind if you use a variable policy. There is definitely more guarantees if and fewer unknowns. We know pretty much what is going to happen. Or you can do it to more living benefits and fewer death benefits. All right, as you can really structured this in a bunch of different ways. That is what is really cool about it. Really important point. Life insurance is just a tool. Used efficiently, it can be a valuable asset to leverage your estate, create savings, provide extra life living benefits. Allow more financial freedom. Used inefficiently, it can be at a cost that doesn't provide a lot of value. And oftentimes if you're not doing this as part of a plan, if you want insurance adviser and you simply got a life insurance policy and you might pay five, 10, $13,000 a year, whatever it is you pay into it, and you kind of lose sight of the forest from the trees which is easy to do, every year that premium is due you were going to be wondering what the heck you are doing. But if you have a really nice well-rounded plan it is very clear about how that fits into your plan, there is no problem paying the premium every year. Choose an adviser that can help you make a well-rounded plan and see if it even is or is not a good idea. Hopefully today help to understand the bigger picture of what is going on. Remember the keys. In the group, your health doesn't matter. That is what FEGLI is. In private, your health matters. There's two big types. Term and permanent. Use it or lose it. Term insurance. Use it or lose it. Permanent it keeps forever but it costs more. Too many types of universe. Two main types of permanent at the universal and in an index policy, there's less guarantees. There's more potential for cash value growth, but there is an increase in cost. In a variable policy. It is more risky, but as stocks perform well over time, it could grow significantly. That would be awesome. But it is riskier. Whole life provides guarantees for the interest in cash value. Whole lives like the warhorse. It is going to keep on. Is going to take a licking and just keep on ticking. FEGLI is group term insurance. You can pay to keep when you retire what is going to increase in cost. And if used properly, life insurance is more for tax planning. Conservative investment, tax-free income. I said it once, I exited million times. Always consider this as part of your financial plan. It can be a very powerful tool if used properly. We have some resources for you. There is a couple books of what I thought would be good tax-free retirement by Patrick Kelly. Is a very good book where he talks a lot about life insurance and using it as a plan. This RUL book is also kind of a way to teach about how to use and RUL. Some good articles, websites, et cetera. All right. That are available to you to pay for long on there. So, I'll see our website on there.

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Andrew, yes, we did forget to put your website. But in the version that we mail out -- that we email out to you, this will have Andrew's website information and has organization on it. So, that is ifeonline.org. We can go to sorry we didn't include that in the version of the slide that you get. We will include that in the email. That is just if you want to get a hold of me. This really makes a whole lot of sense. I want to see how it fits into my plan. Maybe it does, maybe it doesn't. And he wants some more one-on-one information, feel free to reach out to us directly. You can talk to somebody on my team more evenly if you really want to. If you can put up with me again. I'll answer some questions here and the second. Cynthia, do you want to do your thing here about this?

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Sure. Before Andrew gets to your questions, I just want to remind you that when you exit, you will see a satisfaction survey. Please let us know how we did today. We read all of your comments after each webinar and we do work to try to make adjustments based on your feedback and we truly appreciate you filling out the survey. And also keep your questions coming in. Will get to as many as possible. And our frequently asked question, yes, you'll get a question of the transcript, the recording, in the slides in your email within 24 hours and it will be posted on FOH for you in about two weeks. And that is all from me for now. Andrew, I will hand it back over to you to answer some of these questions.

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Okay. Awesome. How do you find out if you have a policy that is convertible to permanent? If you have a term policy, there are a couple things with a term policy they actually really need to understand. One, the best way to figure out is to call the number and ask them. Or if you open up the original policy, you will see the word convertible somewhere on there. Other than that, the best thing to do is to talk to your agent who sold it to you what is called the one 800 number and ask them. That is basically the only way to figure it out. Something else with term insurance that this question actually prompted me thinking is that a lot of people think their term insurance is lasting a lot longer than it is. Term insurance typically comes in terms of 10, 20, or 30 year periods. But the top of your policy might say term payable to 95 or term life insurance to 100 years old. So you would think you have term insurance to 100 years old. Technically you do, but after the 10, 20, 30 year term, you now have to pay. A new premium after that term is up. You might be paying $500 a year for 500 thousand dollar policy. Once the term is up to make and keep that heavenly dolls a year, but instead of $500,000 a year, you might have to pay $10,000 a year. Don't be fooled if it says term to 95 or term to 100 at the top of your policy. Make sure you understand when you're guaranteed premium runs out. That is really important. Okay. Next question. When converting, does the monthly premium cost a lot? Yes. When you convert from a term to a permanent, permanent insurance is just more expensive. The cost of insurance is going to be based of your age, but it is going be based off of your health when you first signed up. If your junk is super healthy and in your 20s and got like a preferred plus rating and the now you're 45 years old and you gained some weight or got some chronic illnesses or whatever it is and now you can't even get insurance, you can still get a permanent insurance policy at a preferred plus rating, but it is going to be at your age of 46. Costco's up by age. Not health. What do you mean when he said the policy collapse? Basically a lapsed policy essentially means that the policy cancels and goes away. With universal life, what happens is is a bogus cash value over the course of your life. It is next financial curve. Then all of a sudden you have tons of money that has grown. It is awesome. And then all of a sudden your 70s, 80s, and 90s, it goes down. I have a very very good article on this in the Wall Street Journal about two or three years ago. If you reach out to me, I can get it to you. And actually, I might send it over. Anyway, basically, if the cash value is not enough to keep up with the premium, your policy will cease to exist. You just got to be very clear that doesn't happen. Can you cancel FEGLI insurance at any time? Yes. You can cancel FEGLI at any time. You cannot add it any time, but you can cancel at any time. This is a question as is, what does basic two times -- to five times family mean. Family basic means one times her salary essentially. Plus like $2000. But one times her salary. Then when you go to times to five times additional, that is just how many times additional salary that you have of life insurance that you pay for. I answer that question. Is whole life similar to or 1K? No. They are two completely different things. The 401(k) is employer-sponsored savings plan that typically invest in stocks, bonds, and mutual funds. A whole life insurance policy is a nonqualified policy which means his tax completely different from a 401(k). It is an insurance policy. Not an employee or sponsored savings plan. Two completely different things. They are both important. They both financial tool. They're both used very differently. You can use a 401(k) to take money and fund a whole life policy. In some instances, you can actually utilize whole life inside of 401(k)s. But they are two very different things. How long does it take to build cash value in a whole life policy? It depends. Depends on how you build it. You people are with building you. My personal policy has flipped okay, so that means I've got my policy about seven years ago. Next year, when I pay my premium, I will have 100% of the cash value that I put into it throughout the years. Available to me in cash. Every year going forward it will earn more money than you put into everything we year. But it is different for everybody. Is probably between 6 to 10 years depending on your age and health before you have as much cash as he put into it that you can take out. Are you only allowed to take out the amount of money you put into the policy? Yes. Plus the interest that he earns. Are these policies a tax write off? No. They are not a tax write off. So it is not a tax write off. It is simply -- death benefit is tax-free. Is there a reason to get FEGLI if we can attain more private insurance coverage for a lower premium? Not really. I guess if you can find coverage for cheaper than that, FEGLI and cheap coverage is the same thing. That is private insurance company that sells to a federal employees. I'll say it is be careful with that and understand what you're getting into. This is actually a good question. I noticed this. I think slide 23 is incorrect. When I was talking about FEGLI option C , the multiples are $5000 or $2500. Not multiples of your salary. That is important to note. Option C is multiples of $5000 for your spouse or $2500 for your children. Somebody said FEGLI is a reduction in basic life insurance. The amount once you hit 62. No, it is once you retire. And hit 65. It says I heard the reduction is $2500 total. No. It reduces to 25% of your total benefit. If you have $100,000 in insurance and you keep FEGLI basic what you reduce it for free, it ultimately goes up $25,000. What is 25% of $100,000. It is not $2500. It is 25%. There is a question. How do writers work? Writers are just like anything else that go on a policy. You might have a convertible writer which basically just means you can convert the policy. You might have a long-term care writer which means the policy will be available to you for long-term care early. He might have a terminal illness writer which means you can access the death benefit if you get diagnosed with a terminal illness. They give you less than a year or two to live. You can take the benefit and go on a huge vacation. You want to spend the money. I have seen this question a couple times. Are you saying want to retire from the Fed that after I reached 65 I no longer have to pay a premium on my life insurance? That is correct. If you want -- if you don't care about your life insurance decreasing all the way down to 25% of whatever it is. If you want to keep the life insurance that you have at a level rate, you are going to have to continually pay your premium. All right. So, a couple other questions here in the last minute. Any tips on how to select an adviser or good reputable insurance provider? Yeah. Give us a call. What I've been doing with insurance, I have been dealing with insurance for the last 15 years. Companies are typically a rated or higher. Around at least 100 years and never failed to pay a dividend is kind of the criteria we look at. And we have one last question. Is it worthy to enroll life insurance for a 60-year-old? Absolutely. If you're healthy, I'll be up until your 70s, life insurance can be a good deal for you if used properly. Don't let your age scare you away if you're 63 or 64 years old. You can do some really long-term tax and state planning. That is pretty awesome. So, that's most of the questions. I have run out of time though.

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Is the top of the hour. Thank you, Andrew. Oh my goodness. You got to a lot of questions. I know if people have more, they can feel free to give EAP a call. Reach out to us to speak to a financial adviser or consultant. Also feel free to visit Andrew online. Like I said, we will include that website on the version we send out to you. It is ifeonline.org. We will also send out the corrected slide for the FEGLI option C. So, we will correct that as well. I want to thank Andrew again for presenting and thank you for your time and for joining us today. Have a wonderful rest of your day.

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[Event concluded]