

Key Client Indicators That May Point to a Life Insurance Need

Life insurance is about more than income replacement. It can protect a family business, offer opportunities for tax-deferred growth and tax-free income in retirement, and help ensure that legacy intentions are carried out as planned. Below are several client circumstances that may indicate a strong potential fit for incorporating life insurance into a client's overall portfolio strategy.



Clients Who Have Established Irrevocable Trusts

Why

The creation of an irrevocable trust demonstrates a deliberate and sophisticated approach to estate planning. When life insurance is owned by the trust, it can provide vital liquidity at death and significantly enhance the overall efficiency and impact of the trust's strategy.

Demographic

Ages 40 – 70 | Net worth \$15 million + (\$30 million if married)

Client Questions

What is the purpose of the trust and what assets have been contributed to it? Does the trust hold any life insurance? Who are the beneficiaries and do you currently have any relationship with them?



Clients Who Are Business Owners

Why

Only 30% of small-business owners have a succession plan in place.¹ Life insurance can be a critical component of that plan, helping ensure the strategy is properly funded and able to withstand the unexpected.

Demographic

Ages 40 – 70, Business owner

Client Questions

Has any business succession planning been completed? Is there a formal buy-sell agreement in place with your partner(s)? If the intent is to transition the business to children, is it important to be fair with the legacy you leave to them including those involved in the business?



Clients Who Have Large IRA Balances

Why

The SECURE Act requires most Individual Retirement Account (IRA) non-spousal beneficiaries to distribute inherited traditional IRA assets within 10 years (likely during peak earning years), often creating a significant tax burden and reducing the net value of the inheritance.

Demographic

Ages 59 ½ - 75

Client Questions

Do you have assets in an IRA that are not needed for retirement income? Who are you planning to leave assets to?



Clients Who Have Existing Life Insurance Policies

Why

Insurance policies that are not regularly reviewed may become underfunded or underperform, increasing the risk of lapse or reduced benefits. Policies held-away can often be consolidated into a Merrill account to streamline management and deepen client relationships.

Demographic

Ages 40 – 70

Client Questions

Do you have a permanent life insurance policy? If so, can you provide a recent statement so we can complete a policy health check?



Clients Who Are High-Income Earners

Why

Qualified retirement plans have contribution limits that may leave high-income clients with a retirement savings gap. Cash value life insurance can serve as a tax-advantaged supplemental income strategy. When properly structured, these policies offer tax-deferred cash value growth and the potential for tax-advantaged access to funds through basis withdrawals followed by policy loans.

Demographic

Ages 30 - 50

Client Questions

If you are fully funding your qualified plans and your income exceeds the Roth IRA limits, would you be interested in exploring other ways to supplement your retirement income plan?



Clients Who Have Concentrated Stock Positions

Why

Clients with concentrated stock positions often intend to pass these shares to their beneficiaries — particularly when the stock has a low cost basis and the assets are not needed for retirement income. However, maintaining a highly concentrated position exposes the portfolio to significant single stock risk and may lead to lower long-term returns compared to a more diversified investment strategy.

Demographic

Ages 30 – 70

Client Questions

Would you be open to exploring a strategy that may help reduce the price volatility and concentration risk of your stock position, while still preserving the asset for your beneficiaries?

Contact your Crump team today to help identify life insurance opportunities.

