

## ***Thinking of Using The Values of A Current Life Insurance Policy or Annuity Contract To Fund A New Policy or Contract?***

### ***If so, please consider the following:***

Each individual has unique financial objectives, which may change over time. There are many reasons for purchasing life insurance and annuity products and there are many different vehicles available to help you reach your objectives.

A “replacement” is defined as a transaction by which a new life insurance policy or a new annuity contract is being purchased and, to support this purchase, an existing policy or contract will be terminated, converted to paid up, amended, or otherwise adjusted by using the values in that policy or contract. The decision to replace an existing product must be made with care and you should consider the following:

1. Your current policy or contract may be modified to satisfy your financial goals.
2. Premiums on a new policy may be higher due to age and health.
3. A 2 year contestability period and/or suicide clause may exist on a new policy, which jeopardizes your death protection.
4. By replacing coverage, you may be sacrificing dividends or the availability of cash surrender value, which is slow to build in the initial years of a new policy.
5. Loan rates, disability benefits, investment options and other features may differ with a new policy or contract. The amount of risk incurred may differ with different types of policies.
6. There may be charges incurred for surrendering your existing coverage.
7. A new policy or contract may have a different surrender charge schedule.
8. A replacement may have tax consequences, especially if you have loans on an existing policy or an annuity withdrawal is made prior to age 59 1/2.
9. Incurring loans or taking a withdrawal from an existing policy may reduce your death benefit.

I encourage you to obtain additional materials and facts to make a well-informed decision. You should understand why your current policy or contract will not meet your goals. Please let me know if I can provide any further assistance in helping you to understand all of the above features for both your existing and proposed coverage.

### **Applicant's Certification**

I have considered all of the issues outlined above and understand the ramifications of using the values of my current coverage to fund the proposed coverage. I feel that the proposed coverage more adequately addresses my financial goals.

\_\_\_\_\_  
Name of Applicant (please print)

\_\_\_\_\_  
Signature of Applicant and Date

### **Agent's Signature**

*I have asked the applicant to consider the above points and have disclosed to the applicant any benefits that will be lost and why the current coverage will not meet the applicant's stated financial objectives.*

\_\_\_\_\_  
Name of Agent (please print)

\_\_\_\_\_  
Signature of Agent and Date