



Term Conversions

Certain Coverage for Uncertain Times – 12 Reasons Why Now May be the Perfect Time for Term Conversions

1 No Underwriting Required on Term Conversions.

Your clients can keep the rate class they had when they were younger and healthier without having to undergo any medical exams.

2 To Provide Insurance to Unhealthy Individuals Owning Term Policies. Converting these policies before the term expires can guarantee continuation of coverage (if the policy provides for conversion rights).

3 Conversion Credits. Some carriers offer conversion credits for converting term policies.

4 Level Premium. A permanent product can ensure premium payments will never increase.

5 Cost Recovery. If your clients can't get a tax deduction on the premium, the next best thing is cost recovery. This can be done through permanent insurance.

6 A Conversion Can Make Your Clients' Business-Owned Policies Section 101(j) Compliant. If your clients sold business-owned policies and they are not in compliance with IRS Section 101(j), the death benefit may be in jeopardy of being taxed. A term conversion can be a potential solution.

7 Supplement Retirement Income—Tax-Free. At retirement, your clients can take withdrawals from their policy up to cost basis, switching to loans thereafter. These payments are income tax free as long as the policy is not a Modified Endowment Contract (MEC).

8 To Mitigate Taxation of Social Security Benefits. Currently, income from life insurance policies does not impact the income calculation for taxing social security benefits.

9 Potential Income Tax Advantage. Permanent life insurance receives special tax advantages under the United States Internal Revenue Code. Cash value growth is not subject to current income taxation as long as the life insurance policy meets the definition of life insurance and the policy remains in force. With tax-free build-up of the policy values, your clients' money can grow faster than if it were taxed every year.

10 Creditor Protection. Some state statutes protect cash value from the claims of creditors.

11 To Provide for Business Continuation. Permanent life insurance is typically a better solution than term for funding a business continuation plan. It ensures that the policy will be in force regardless of how long the business owner stays active in the business. Policy cash values may be available to fund a lifetime buyout or supplement an owner's retirement.

12 Cash Value Life Insurance is not a Factor in Determining Eligibility for Financial Aid. As a general rule, policy cash value is not a factor used in determining eligibility for financial aid for college.



All guarantees subject to the claims paying ability of the issuing insurer.



For Financial Professional Use Only. Not intended for use in solicitation of sales to the public. Not intended to recommend the use of any product or strategy for any particular client or class of clients. For use with non registered products only. Crump operates under the license of Crump Life Insurance Services Inc., AR license #100103477. Products and programs offered through Crump are not approved for use in all states.

© 2022 Crump Life Insurance Services Inc.

0522 LIFE22-9198-A, 0524 III-C