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## **Life Insurance and Retirement**

Once you retire, will you have any need for life insurance? The answer to that question may not be as simple as it seems and can depend on why you purchased life insurance to begin with. Retirement does not necessarily mean the end to your need for life insurance. However, as with any other major life change, you should re-evaluate your life insurance coverage to be sure it is adequate. If, as you near retirement, you still have dependents that would suffer financial hardship if you die, you should consider having life insurance. On the other hand, if you no longer have dependents, you may find you have less of a need for life insurance.

So, what are your options with your permanent life insurance policy? One place to start is to talk with your agent. He or she can help you determine what is appropriate for you in your situation. Here are some options you may want to discuss with your agent if you have a whole life policy:

- Option 1: Keep the policy in force indefinitely by converting it to a paid-up policy. You pay no more premiums, but the amount of insurance is reduced. The accumulated cash value remains intact, and you retain the option of borrowing against it.
- Option 2: Surrender the policy and use the accumulated cash value to purchase a fixed annuity, which can provide a guaranteed lifetime income. (Guarantees depend on the claims paying ability of the issuing insurance company.) Or, you might use the surrender cash value to purchase another financial product. However, be aware that income taxes likely will be due. Taxes will be based on the sum of the cash value plus dividends you receive that exceed the premiums you have paid while the policy was in force. If you keep the policy in force as paid-up insurance until death, generally no income taxes will be payable on the policy proceeds.

Regardless of the type of life insurance policy you have, it is a good idea to review your coverage and options with your agent as you approach retirement age to be sure that your policy will continue to meet your needs. For further information on how life insurance may help meet your retirement needs, contact **Jason M. Woodward, J.D.** today at [financialattorney@gmail.com](mailto:financialattorney@gmail.com).