



Financial Guidelines

LifeLines – Your competitive underwriting resource

PERSONAL NEEDS

Income Replacement

GUIDELINES

Age x annual earned income multiple

18-40	41-50	51-60	61-67	68-75	76+
40x	30x	25x	15x	10x (IC for more)	5x (IC for more)

Premium-to-income ratios: in general, ratios should not exceed 10-15 percent of earned income.

The total premiums for all life insurance policies should make sense for the household income and net worth. Higher ratios are subject to individual consideration.

Spouses: both employed and non-employed spouses are eligible for the same amount of coverage as the higher-earning employed spouse, up to a maximum of \$10 million. In general, a non-employed spouse should not have more life insurance than the employed spouse.

Estate Conservation

- Generally, a 6 percent growth rate to net worth x55 percent, out to age 85 (maximum of 20 years).
- Higher or lower growth rates will depend on case specifics and are subject to individual consideration.

Juvenile Coverage

- Minimum age is 15 days old.
- In all states, except WA and NY, a maximum of 1.25x the highest amount of coverage on either parent, generally limited to \$1,000,000 (individual consideration for greater amounts).
- Siblings should have equal face amounts or premiums.

New York Juvenile Legislation

Age 0-4 years, 6 months: the greater of \$50,000 or 25 percent of the amount of life insurance in force on the life of the applicant (owner) on the date of issue.

Age >4 years, 6 months to age 14 years, 6 months: the greater of \$50,000 or 50 percent of the amount of life insurance in force on the life of the applicant (owner) on the date of issue.

- The fact that an applicant (owner) may be uninsurable does not alter the provision of the law.
- A grandparent who does not support the grandchild may obtain a policy on the grandchild for more than the above limits, if justified financially. However, insurance must be purchased on all minor grandchildren for like amounts of coverage or premium. The grandparent must be owner and payor in this situation.

Washington Juvenile Legislation

- The overall amount of insurance should not exceed the annual household income (earned and unearned).
- A juvenile insured actual age 15–17 years old must sign the application along with the parent or legal guardian with whom the child lives.

Charitable Giving

- A demonstrated financial loss to the charity must be established in the event of the client's death (e.g., client donates financially or is a board member of the charity).
- For financial giving, a multiplication factor from 10x to 30x is used, based on the giving pattern and age of insured.
- The applicant must have an adequate personal insurance program.
- ALIR is not available.
- No premium financing on charity-owned policies.
- For amounts over \$2 million, we may need documentation of contributions (e.g. receipts from the charity or a copy of Schedule A from 1040 tax return).

Personal Creditor	<ul style="list-style-type: none"> • Generally, we will consider up to 75% of the loan amount. • Loan duration should be a minimum of 5 years. • Full amount of personal loan is subject to individual consideration.
BUSINESS NEEDS	GUIDELINES
Key Person	<ul style="list-style-type: none"> • Consideration up to age 60. • Generally 10 to 15x the compensation package. • Individual consideration with unique circumstances for up to 20x the compensation package with supporting documentation.
Buy-Sell	<ul style="list-style-type: none"> • Coverage is based on the insured's portion of fair market value or equity in the business, plus a 6% growth factor over 10 years, with adequate justification. • All individuals with ownership should apply concurrently. • If the agreement is not finalized, other supporting documents will be required.

These are general underwriting guidelines. Your underwriter may at any time request additional discretionary requirements in order to properly assess the risk.

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