

Premium AdvantEdge

Vol. 1, No. 1

Your Objective Insurance Information Source

www.pa-llc.com

The Source

Premium Advisors knows it's tough all over, and nowhere is it tougher than in the automobile industry—one of your key clients. The auto industry is experiencing serious financial problems, and the experts indicate these difficulties will continue for at least another year—and probably longer.

Auto dealers continue to see their margins dwindling while their expenses just keep growing. Finding ways to save real dollars is often your biggest job as an auditing and accounting firm serving these dealerships.

That's why we've created *Premium AdvantEdge*. Each quarter, we'll offer tips you can use to help your auto dealer clients make the most of their life insurance programs.

This first edition of *Premium AdvantEdge* focuses on two programs that can save your dealer clients a significant amount of money year after year. The first program can dramatically reduce the current annual premium on a "rated" life insurance policy (see "Exchange Programs") while the second is designed to maximize the legacy a dealer's family will receive from his profit sharing, 401(k) and IRA plans at his death (see "Passing On").

The strategies in *Premium AdvantEdge* are tried and tested and proven to work—and we're offering them to you in this complimentary newsletter.

If you have any questions or comments about any of the articles in *Premium AdvantEdge*—or if there's a topic you'd like to see *Premium AdvantEdge* tackle in the future—please contact Tony Freeman at 312-807-3700, tony@pa-llc.com, or visit the website at www.pa-llc.com.

Exchange Programs: Trade Up Your Insurance

It turns out automobiles aren't the only thing you can trade in—and, more importantly, trade up. Many dealers have life insurance policies that were issued on a special class or "rated" basis.

This means the premium they pay includes an additional charge for a medical condition that existed at the time the policy was obtained.

These extra charges can often be reduced or eliminated by taking advantage of an underwriting technique called "table shaving."

Several major players in the life insurance industry currently offer exchange programs that result in substantial premium reductions

when a rated policy is exchanged for a new policy that provides the same benefit—and it doesn't require any major lifestyle changes, such as quitting smoking.

The new policy is issued on a standard basis even though the insured's medical condition has not improved. Dealers that qualify can reduce their annual outlay for their coverage by as much as 50%.

And the dealer receives the commission and annual renewal fees on the new policy if he has an insurance agency in place at the time of the exchange.

Now that's what we call a real trade-in value.

Dealers that qualify can reduce their annual outlay for their coverage by as much as 50%

Take A Pass On Taxes To Pass On Your Legacy

Many of your older clients soon will reach the age at which "minimum distributions" must be disbursed from their profit sharing, 401(k) and IRA accounts—and the same is true for certain life insurance policies, as well.

In addition to the current income tax due each year, qualified plan assets are also subject to both income and estate taxes at the participant's death. The impact of these death taxes can reduce the amount the dealer's family inherits by as much as 70%. But there is a way to make sure your client's legacy reaches its heirs intact.

It is possible to substantially reduce or even eliminate the effect of these death taxes by restructuring the dealer's current retirement accounts.

A new program jointly developed by Premium Advisors in partnership with an actuary provides you and your client with a "before" and "after" comparison of the amounts received at different points in the future by the family.

Don't let taxes come between your client and his family.

For more information contact Tony Freeman at tony@pa-llc.com, 312-807-3700 or visit www.pa-llc.com.

The impact of taxes can reduce the amount of an inheritance by 70%