

# Uncovering Insurance Needs: Life Events



## 1: Young Adults

*"If I couldn't work due to disability or illness, I could not financially survive more than a few months"*

If your client would be financially burdened if he/she was unable to work due to an illness or injury, he/she may want to consider disability insurance. This type of insurance helps partially replace lost income if your client is unable to work due to an injury or illness.



## 3: Home Ownership

*"I purchased a new home"*  
*"I have a mortgage"*

Buying a life insurance policy can help to ensure that your client's loved ones would receive a death benefit to put towards mortgage debts or home maintenance costs upon your client's death. This relieves the client's loved ones from the financial responsibility of paying homeownership costs themselves, and helps ensure that they would not lose their home while they are adjusting to lost income and paying funeral expenses.



## 9: Estate Planning

*"I would like to leave a legacy"*  
*"How can I pass down the most inheritance to my children?"*

Life insurance is a valuable wealth transfer tool, which allows clients to pass down money to heirs income tax-free. Other benefits of life insurance within estate planning include liquidity for estate settlement costs and estate taxes, funds for medical and funeral costs, and funds for equalizing your client's estate.

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## 2: Marriage

*"My spouse and I are working to pay off debt"*

Perhaps your client's spouse couldn't afford to pay off debts or other expenses on a single income. Life insurance would help leave the spouse in a better financial place.



## 7: Divorce

*"I am getting divorced"*  
*"My spouse and I are separating"*

Buying life insurance and choosing an ex-spouse as a beneficiary may be necessary in a divorce agreement. If an ex-spouse passes away, the surviving ex-spouse can utilize benefit payouts to help ensure obligations are met.

## 4: Business Ownership

*"I have my own business"*  
*"I'm an entrepreneur"*

*"My friend and I are starting a joint venture"*  
*"If anything happened to my key employees, I wouldn't know what to do"*

If your client has a business partner or owns a business and there are people relying on him/her, then he/she may consider a life insurance policy to help meet business obligations.



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## 5: Birth or Adoption

*"I am expecting/adopting a child"*  
*"I am now a grandparent"*  
*"I just celebrated the arrival of my first child/grandchild"*

If your client has family depending on him/her, your client likely needs life insurance to help ensure loved ones would be financially sound if he/she passed away. This includes both employed caregivers and stay-at-home caregivers with high replacement costs. Clients may also consider disability insurance to help replace lost income if they are unable to work.



## 6: Family Care

*"My parent has Alzheimer's"*  
*"I just put my parent in a nursing home"*  
*"How do I make sure I am financially independent in old age?"*

If your clients have a family history of chronic conditions or cognitive impairments and are concerned about how these could affect them at some point in their lives, they should consider purchasing long term care (LTC) insurance to assist in paying for the cost of care. LTC insurance is generally more affordable the younger clients are as people generally do not get healthier as they age.



## 8: Unused Required Minimum Distributions

*"I have a significant 401(k) or IRA"*  
*"I want to pass down retirement savings to my children"*  
*"I have unused RMDs"*

Beginning at age 72, clients must take 401(k) and IRA required minimum distributions<sup>1</sup>. If clients have accumulated money in their retirement accounts which they don't expect to spend, they may consider putting unused RMDs towards insurance premiums. Their beneficiaries will receive the insurance proceeds income tax-free.

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1RMDs are generally not required from qualified retirement plan accounts if the individual is still working and less than a 5% owner of the business. Updated by the Setting Every Community Up for Retirement (SECURE) Act of 2019, if you reach age 70 ½ in 2020 or later you must take your first RMD by April 1 of the year after you reach 72 ([irs.gov](http://irs.gov)).

This piece is meant to assist FAs and CSAs in identifying life events which may indicate a need for insurance. If you come across these needs and are insurance licensed, you may qualify clients. If you are not licensed, you may refer the client to someone who is and perform tasks that are deemed administrative