A photograph of a person's hands writing in a notebook on a wooden desk. A laptop is open in the background, and the scene is softly lit. A green circular graphic is overlaid on the bottom left corner.

Chad Cardwell, LL.M.

Life Insurance: Estate Planning

Knowledge Series - Part Two

Life Insurance: Estate Planning

Why buy life insurance? Life insurance is one of the biggest players in the estate planning game. For some, it is the only way to ensure that family members will be able to support themselves after the death of the primary wage earner. For those with larger estates, life insurance can provide the funds needed to pay estate taxes (and other costs) without liquidating estate assets. For those with a business interest, life insurance can be used as a vehicle for business succession. Finally, for those with a generous spirit, life insurance can permit your client to make charitable gifts.

Provides an income for your client's family. Life insurance can provide your client's family with immediate cash to cover their day-to-day living expenses after your client's death. This may be desirable if your client's estate is small so there would be little left for your client's family to fall back on after payment of debts and expenses. This may also be desirable if: (1) your client's property has a high value but is not income-producing, (2) Your client has heavily invested in speculative securities, (3) Your client has parents, young or disabled children, or other family members who are dependent on your client, or (4) your client's property is weighted heavily on the variable side.

Provides for the special needs of your client's family. Life insurance can provide funds for your client's children's (or grandchildren's) education, or it can be used to satisfy the special needs of individual family members (e.g., financial demands of a physically or mentally handicapped or learning disabled child, aging parents, or other dependents with physical or mental limitations).

Provides for children of a previous marriage. In today's world, a family is often a mixture of "yours, mine, and ours." If this is the case for your client, your client may need to plan ahead to ensure that your client's assets are sufficient to provide for your client's new family as well as your client's children from a previous marriage. Life insurance may be one option that is right for your client.

Provides cash for payment of estate expenses and debts. Life insurance can provide funds for payment of federal and state death taxes and other estate settlement costs.

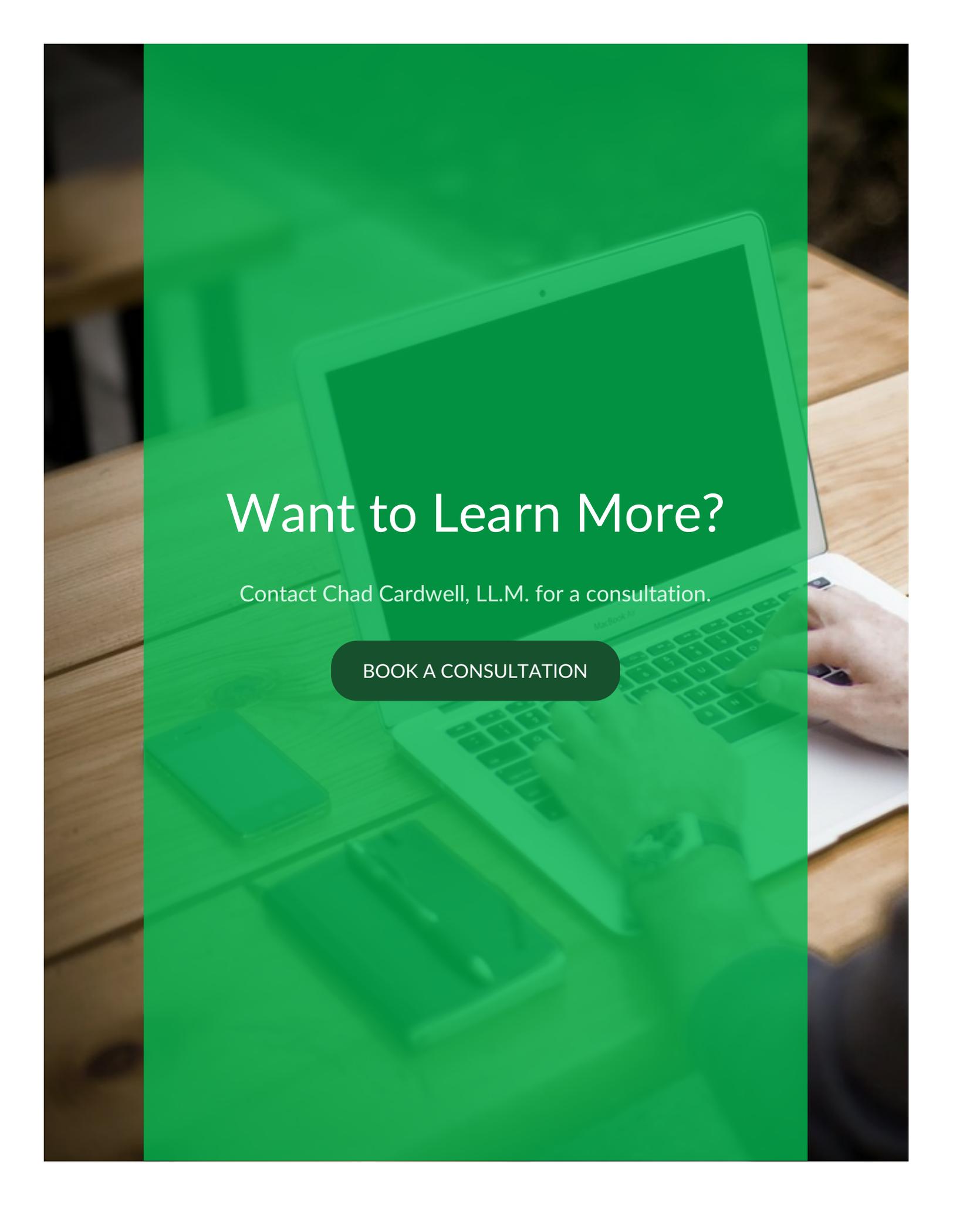
Can be used to fill business needs. If your client is a business owner, life insurance proceeds can be used to:

- Fund a buy-sell agreement
- Finance nonqualified deferred compensation arrangements
- Finance death benefit only (DBO) plans

Can be used to fund a charitable gift. Life insurance proceeds can be used to fund or supplement charitable donations. This can be accomplished in two ways: by having the proceeds paid directly to the charity or by using the proceeds to replace other assets given to charity.

copyright - www.forefield.com, Broadridge Advisor Solutions

IMPORTANT DISCLOSURES: The information herein is not legal advice or counsel, and does not create an attorney-client relationship. The information presented is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer to avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



Want to Learn More?

Contact Chad Cardwell, LL.M. for a consultation.

[BOOK A CONSULTATION](#)

Information

Chad Cardwell, LL.M. believes in helping clients through processes that can be challenging by giving each matter personal attention, providing sound legal information and having open communication with every client. Attorney Cardwell has dedicated his career to practicing exclusively in the area of estate planning since 2008. Attorney Cardwell was admitted to practice before the Supreme Court of Tennessee in 2007 and the United States Tax Court in 2008, and holds the distinction of being an Accredited Estate Planner® designee by the National Association of Estate Planners and Councils.