For anyone who has lived through the cell phone revolution, the tasks that these devices can perform are nothing short of miraculous. In fact, as far as I am concerned, it's basically magic how useful they are from day to day, particularly when I travel. But think back to the days when they were huge, clunky devices that were extremely expensive and could really only accomplish one task – making a phone call. Less known though is just how life insurance products have evolved on a similar track in a similar time frame. If you have an old life insurance policy, you might be due for an upgrade.

In the early 1980's, life insurance companies began to develop a brand new product, called Universal Life Insurance. This tool had an advantage over traditional cash value life insurance in that it was more flexible, you could allow the cash value build up to take the place of the death benefit or you could even let it pay your premiums for you for a while if you had enough cash value in your policy. Over time the next evolution allowed for the cash value to be invested in funds that mirrored the stock market, generating huge returns in bull markets but of course creating problems for policy holders in bear markets.

If you have a cash value life insurance policy in force, whether it is fully paid up or if you are still paying premiums each month, you should take a moment to look at what is now available to you in the new cash value life insurance products. Let's take a look at some of the things that might tempt you to make a switch to a more modern insurance policy.

Let's start with mortality tables. These are tables which predict how long the average person will live given their current age. When you purchased your cash value life insurance policy, it is likely that your insurance company based your monthly premiums on a mortality table that is now out of date. People are living longer now and longer lifespans should generate lower life insurance rates. But if your policy is locked in to an old mortality table, then you are being charged rates that anticipate that you will live a shorter lifespan than now may be the case. A new policy, based on new mortality tables has the potential to save you a lot of money on your monthly life insurance premiums, even though you are older now.

Administrative costs – If your cash value policy is old enough, say 15 years old or more, you may have built in administrative costs in your policy that are costing you more per month, and/or limiting how fast your cash value can grow inside your policy. You see, back then life insurance companies, which were very slow to get into the computer game, had not automated a number of their clerical functions, even simple ones like going in and adjusting the growth or interest on the cash value of your account. Using hundreds and even thousands of clerical persons to handle this was very expensive. Additionally, they had to rent office space and maintain premises to house all of these workers each day. Most of that is all gone now and computers have taken on these tasks. As a result, far fewer people work for these insurance companies and they rent far less real estate. But, if you have an older policy, those expenses are still built into your policy and you are now paying for ghost employees and empty office buildings. And these expenses are pure profit to your life insurance company. A new policy will save you from this expense.

Indexing – the new way to grow your money. Most older, cash value life insurance policies have very rigid investment options that severely limit how your money can grow. Indexing in life insurance refers to a technique where your money is invested in very safe, low yielding investments for the most part, but the insurance company will buy options on stock market indexes and convert these options if the market goes up and allows them to do so at a profit. What this means for you in general terms is that your cash value can now earn a large percentage of any stock market gains while avoiding any losses when the market goes down. If you can avoid losses, this technique alone can make a huge difference in how fast and how far your cash value inside your life insurance policy will grow. Indexing is a powerful tool that can help you end up with a lot more money in a long term investment like cash value life insurance.

Long Term Care – some cash value life insurance policies will now allow you to collect a portion or even all of your life insurance death benefit before you die to use on long term care for yourself as you age and become unable to care for yourself. This is a powerful feature because it does not require you to move to a long term care facility to collect the funds. You can use them so that you can continue to live in your own home and hire care givers to help you stay there as long as you are comfortable with that. Most long term care policies are not this flexible and besides, their cost is very high. Here you are just using your death benefit as a living benefit for yourself.

Retirement Bucket – this new feature is found on fewer new policies but is catching on and may soon be very commonplace. Some of these new cash value life insurance policies will allow you to create a bucket where you can dump in money for your retirement, either from a 401k or from non tax deferred funds. Either way, the advantage is that you will be able to create a lifetime income that you can’t outlive. This means that as long as you are alive you will receive monthly payments no matter how much that adds up to over your life time. And the real power of this bucket is that you will be able to generate a much higher monthly amount given each dollar of cash value than any other method of distribution will allow. This could make a big difference in your retirement lifestyle.

At Clinard Insurance Group we want all of our clients to be informed insurance consumers. If you would like help with your life insurance, or your auto or home or business insurance, please call us, toll free, at 877-687-7557.