WHEN TERM LIFE ENDS AT 60+

CASE STUDY

Mark wants to ensure his wife, Linda, would never have to sell investments in a down market, reduce her retirement lifestyle, or worry about estate costs. By converting part of his term policy and adding permanent coverage, he is looking to protect her future and provide stability at a critical time. Review this case study.

CLIENT PROFILE & SITUATION

Clients: Mark (age 62) and spouse Linda (age 60)
Situation: Mark purchased a 20-year term life insurance at age 42. He is now preparing to retire in the next 12-18 months and has realized his term policy will expire at age 63.

Goals:
- Ensure Linda is protected if Mark passes away in early retirement
- Provide liquidity to cover final expenses, outstanding debts, and estate settlement costs
- Reduce the financial burden on Linda while preserving assets for adult children
- Avoid paying significantly higher premiums with no plan.

THE CHALLENGE

1. **His term policy expires next year** - The guaranteed premium period ends, and renewal rates would increase dramatically (5-10 times higher).
2. **His financial situation has changed** - Mark's retirement income will come from a mix of Social Security, pension benefits, and investments. If he dies early in retirement, Linda's income would be reduced, and she may face higher healthcare and living expenses.
3. **He needs liquidity** - Estate settlement expenses, taxes, and final medical costs could force Linda to liquidate investments during market downturns.
4. **Health changes at 60+ matter** - Mark has developed mild hypertension, which is well-controlled, but still can be a factor in underwriting. His age also increases mortality costs.

Without a plan, the family faces a financial shortfall.

SOLUTION IMPLEMENTED

- Convert a portion of the existing term policy
- Add a small guaranteed universal life (GUL) policy
- Add chronic illness/LTC Rider (if available)
- Simplified underwriting or No medical underwriting for converted coverage – if the client meets the conversion guidelines
- Guaranteed protection at a tie when income is ending

WHAT CHANGES AT AGE 60+ THAT FINANCIAL PROFESSIONALS SHOULD HIGHLIGHT

- Underwriting becomes less favorable
- Term renewals become prohibitively expensive
- Survivor income becomes a significant risk
- Estate liquidity needs increase – Your clients may underestimate costs for: final medial expenses, long-term care, probate fees, and taxes
- Clients often want to protect a spouse, not just replace income
- Conversion deadlines are often overlooked

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FINANCIAL PROFESSIONAL REVIEW & PLANNING PROCESS

STEP 1 – REVIEW EXISTING COVERAGE

You will explain that the term conversion option is expiring soon. The conversion period allows your client to convert part or all of their term policy into permanent coverage without medical underwriting, but only before the conversion deadline.

STEP 2 – CONDUCT A RETIREMENT PROTECTION NEEDS ANALYSIS

Key findings:

- Linda, in this case study scenario, would lose one Social Security check at Mark's death
- Pension has a reduced 50% survivor option
- Investment accounts would need to supply $40,000/year to keep her comfortable
- Estimated estate liquidity need: $150,000

STEP 3 – EVALUATE INSURANCE SOLUTIONS

Several strategies are discussed:

A. Partial Term Conversion + Supplemental Guaranteed Universal Life (GUL)

- Convert $150,000 of the existing term to permanent coverage with no health exam
- Add a new GUL policy for $250,000 to provide guaranteed lifetime protection
- Level premiums, no market risk
- Guarantees liquidity at death

B. Permanent Policy with Long-Term Care Benefits

A life insurance/LTC combination policy is considered, given the growing LTC risk in retirement

C. Survivorship (Second-to-Die) Policy for Estate Efficiency

If the goal is mainly estate liquidity and legacy, a survivorship policy is a cost-effective complement

MARK chose A because it balances guarantees, affordability, and ease of underwriting.

As your clients enter their 60s, their needs change, but the importance of protection does not. A well-planned transition from expiring term coverage to a permanent strategy can provide lifelong security, predictable liquidity, and peace of mind for retirement and beyond.

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