

## *The Looking Forward Series: January 2014*

### **December Trends**

GBFG continues to see an increased demand for unbiased in-force insurance policy reviews brought to us by trustees, family offices and other professional advisors concerned about fiduciary responsibility and market effects on older in-force life insurance policies.

December saw an increase in interest in Indexed Universal Life due to strong performance in the S&P in 2013, while at the same time a decrease in guarantees and fixed rates on Universal Life policies due to the continued low interest rate environment.

### **On Whole Life Purists and Dividend Announcements** by Caleb Baker

The three Whole Life Purists, as I like to call them, Mass Mutual, New York Life, and Guardian, announced dividend rates greater than or equal to 6%. Mass Mutual, the highest, announced 7.10%, New York Life announced 6%, and Guardian announced 6.25%. I call these companies "Whole Life Purists" because each continues to keep their primary focus on their Whole Life products. Each of these companies represent the focus and long-term vision that should embody a mutual insurance carrier allowing them to keep their dividend rates relatively high despite the challenges of the past five years.

While the S&P in 2013 showed strong growth, Universal Life contracts continued to lower guaranteed and fixed rates as they recover from the challenges of the previous four years. This is in line with historical trends that show an average lag time of 3-5 years for Universal Life carriers to respond to interest rate changes. These three whole life carriers, on the other hand, have showed the long-term vision that mutual based companies champion by returning strong dividends throughout the financial crisis of 2008 and its recovery.

*Next Month's Topic: Taking advantage of Indexed products in a volatile market.*

### **Inserting Flexibility into Irrevocable Life Insurance Trust Planning**

Summary: Recent private letter rulings involving trust-to-trust policy sale seem to indicate that the IRS may allow strategies that offer some flexibility in "irrevocable" trust planning. Clients should understand the potential options for restructuring irrevocable insurance plans and the importance of a properly drafted trust agreement to take advantage of those options, if needed in the future.

**For Further Reading:** [http://www.gbfinancial.com/publication/inserting-flexibility-into-irrevocable-life-insurance-trust-planning/wppa\\_open/](http://www.gbfinancial.com/publication/inserting-flexibility-into-irrevocable-life-insurance-trust-planning/wppa_open/)