

LIFE SAVERS

Fee-only life insurance advisers are a rare breed, but they are well worth the money. **BY CARRIE COOLIDGE**



Life insurance comes in a bewildering array of choices. For a lot of people, simple term coverage will suffice: It's cheap, and you buy it only when you really need it (until the kids are out of college). You can find the best rates via an online service like Quotesmith.com or AccuQuote.

But if you are prosperous (assets in seven figures) and concerned about estate taxes, it could make sense to buy whole life, a.k.a. permanent life. It builds up a cash value that can go to you in your retirement or to your heirs at your death. Properly structured, the policy will pay out a death benefit that escapes both estate tax and income tax. The tax benefits, although much exaggerated by insurance salesmen, are sometimes enough to overcome the considerable overhead costs (salesmen's commissions, etc.) of passing on wealth in this fashion.

Should you have the time and the willpower to school yourself in the arcana of insurance, you can navigate this thicket. Insurance agents are eager to help you, yet their goal is to sell you the most coverage possible, even if you don't need so much. While the world is full of honorable agents, remember they typically pocket your first year's premium, so the bigger the policy they sell you, the better for them.

That's why fee-only insurance advisers exist. These savants are working for no one but you; they don't sell policies and thus receive no commissions. With most charging around \$250 per hour, they configure policies to suit your particular needs and steer you to low-cost insurers like Ameritas Life or TIAA-CREF, which eliminates sales commissions. For complex estate planning, the adviser also can work with an attorney, accountant or financial planner.

Fee-only life insurance advisers aren't numerous. No association exists that represents the trade, meaning nobody knows where to find them all. A handful of them, however, have national reputations and are

easy to locate. They include J.J. MacNab in Bethesda, Md. (www.deathandtaxes.com), Glenn Daily in New York City (www.glenndaily.com), Peter Katt in Mattawan, Mich. (www.peterkatt.com) and James H. Hunt, life insurance actuary for the Consumer Federation of America, in Washington, D.C. (www.consumerfed.org).

One MacNab client, a 45-year-old marketing executive with two teenage children, had a net worth of \$10 million. Agents had been trying to peddle him policies with \$5 million in death benefits. "That was twice as much as he really needed," scoffs MacNab. The agents' thinking was that he should buy as much insurance as he could now, because that locks in the price: Adding more insurance later to cover a growing estate means higher costs. Premiums are lower at 45 than at 55.

MacNab, though, evaluated all the proposals and saw they were burdened with high internal fees and surrender penalties. Next she looked at other estate planning options. She concluded that the executive could get by with \$3 million of coverage and helped him set up trusts to hold the policies for his children. Premiums are paid through tax-free gifts to the trust. "Insurance is expensive, so you should do everything else first," she says. **F**