

At Witt's End

Blended Policies and Fee-Only Insurance Advisors Draw National Attention
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The blending of insurance policies has generated significant interest among the financial media and financial professionals. Blended products, as they are sometimes called, are designed to reduce agent compensation by utilizing a combination of term and permanent insurance. Financial Advisor magazine recently wrote about this topic - click [here](#) to read the article.

Through policy design, it is often possible to reduce the level of agent compensation on a policy by 80% or more. And with the synergy between cash value levels and mortality charges, every dollar of reduced compensation is worth even more to the client.

Fee-only insurance advisors are experts at policy design - and because they serve as true fiduciaries, they are obligated to consider alternatives that help maximize client value - including blended policies that minimize agent compensation.

All other things being equal, a client will generally prefer to minimize agent compensation. But insurance is so complicated that one cannot simply assume that all other things are equal - and in some cases an insurance agent may have earned every penny of a full commission. The commission level is important but in many cases can be overshadowed by investment and mortality experience. This explains why many "no-load" policies are not able to sustain a long-term advantage over policies with low (and perhaps even full) commissions.