

# Estate Planning

## Fast Faxes

October '99

Estate, Tax and Family Wealth Preservation Planning For Advisors

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## THE TEN MOST COMMON LIFE INSURANCE MISTAKES (And How To Avoid Them)\*

Many of you who are life insurance-licensed serve your clients' needs in this critical estate planning area. But even for those of us not directly involved in life insurance sales, it is critical that we recognize and help our clients avoid mistakes involving their personal and business life insurance.

Each of these mistakes has two things in common: first, each has potentially serious consequences in both expense and aggravation; second, each could easily have been avoided and, if found in time, can be corrected quickly and inexpensively. Who cares if these ten mistakes are not found and fixed? Certainly not the IRS. It profits from our clients' mistakes of omission and commission. The parties who care and suffer most are those who end up doing with less or doing without: our clients or their heirs. Think about it.

- ☞ Mistake 1: You named your estate as beneficiary.
- ☞ Mistake 2: You failed to name at least two "backup" beneficiaries.
- ☞ Mistake 3: You failed to check your policies at least every three years.
- ☞ Mistake 4: You haven't matched the product with the problem

(You've got the wrong type of life insurance).

- ☞ Mistake 5: The amount of your personal coverage is inadequate for your family financial security goals.
- ☞ Mistake 6: Your policy is payable outright to your minor children or grandchildren.
- ☞ Mistake 7: All the insurance on your life is owned by you.
- ☞ Mistake 8: You haven't checked to see if your business or professional practice can provide insurance on a more efficient basis.
- ☞ Mistake 9: You forgot that term insurance (including group term coverage) runs out and/or becomes prohibitively expensive to carry.
- ☞ Mistake 10: You buy life insurance as though it were a commodity (paying no heed to the agent, the policy, the carrier, the beneficiary arrangement, etc.)



Life insurance may be one of the most important purchases your clients ever make. Those of us who don't sell it can still help our clients avoid costly pitfalls. *\*Contact us for copies of our four page article which addresses and solves the ten mistakes described here.*



"We cannot write a life policy for your husband, Mrs. Blaine, because he is already dead. In insurance terms, that is considered a preexisting condition."

Allow us to serve as a resource for you to strengthen your relationship with your clients. Our initial estate planning consultation is always complimentary. Remember to contact us if you would like an attorney from our firm to provide a presentation on estate planning topics of interest to your clients.



A thought for October:  
Thinking is like living and dying;  
each of us must do it for ourselves.

### Services Provided by Price & Farrington

Attorneys and Counselors at Law



- ☞ Revocable Living Trusts
- ☞ Wills & Community Property Agreements
- ☞ Probate Representation
- ☞ Estate Tax Planning
- ☞ Irrevocable Trusts
- ☞ Charitable Trust Planning
- ☞ Asset Protection Planning
- ☞ Family Limited Partnerships
- ☞ Limited Liability Companies
- ☞ Disability Protection Planning

**STOP**  
Procrastinating

It's time to plan.

Price & Farrington [www.estateplanning.com/pricefarr](http://www.estateplanning.com/pricefarr)  
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An invitation to you and your clients! Visit us on our *Estate Planning Learning Center* web site at:  
[www.estateplanning.com/pricefarr](http://www.estateplanning.com/pricefarr).



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