

HOW TO READ A LAFAYETTE ANNUAL REPORT

I haven't seen many of you that do not need help the first few times you get your annual report. That's to be expected.

Remember the first time you saw a 401k statement or a statement from a mutual fund or brokerage account?

I have reproduced a copy of one of our statements on page 3 (and a PDF attachment for people who get this newsletter by email) to look at as we go over the process of understanding an annual report.

Some of you may ask why my wife is both the owner and insured. I thought I would save the divorce lawyers a lot of troubles, so I decided to give her the whole shebang right from the get go! In fact, she is the owner and insured on all our policies.

Almost all of you guys have something I do not – the ability to qualify as the insured person on a BOY plan. I hope you cherish this gift. I am working hard to change this situation, but it is not easy to do.

Okay, let's get down to business.

Notice on the statement that I have labeled and highlighted some items. We will refer to these items as we go through the statement, so be advised.

The top right area of the report gives you all the basic info on the plan. As you can see, my wife was kind enough to name me as her beneficiary!

The area below is divided into two blocks. On the right, you are given information on how your dividends have been used. On the left, you are given information about your premiums, life insurance amounts and cash values. Near the bottom of that block you are given policy loan information.

Now let's look at the highlighted, numbered items. BOY plans consist of several parts.

Every plan has a Base Policy. The cash values and dividends for base policy are represented by the items I have labeled #1. Paid-up Additions means the total that all your dividends to date has added to insurance and cash value. On the right you will see the current dividend and how the total under Paid-up Additions on the left was calculated. The right side shows the previous and current amounts for the base plan.

Some plans have a term rider. This one does not. If you have a term rider as part of your plan, that information will be shown right under the base plan information. Same goes for the LTC rider, which is not on this plan either.

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Almost all plans have a Level Premium Paid-up section to them. This is represented by #2 in our example. As you can see, this is set up in the same manner as the base plan information on both the left and right boxes.

By the way, I will always be happy to go over your annual report with you during one of our Six Month reviews. You can always make an appointment with Gail to speak with me in between these reviews if you like, as well.

This plan has a third part to it. When we started this plan, my wife transferred cash value that she had in a universal life policy that was starting to self destruct. Many of you have done similar transfers. The money from transfers goes into a Single Premium Paid-up part of your policy. These insurance, cash value and dividend amounts are in the area marked #3.

Again, the same format is followed as in the other areas.

In the left side of the box at the bottom, you will see "TOTALS". This gives you the grand total from all areas on life insurance, dividends and cash values.

This is the most important set of numbers on the whole report. This tells you where you are.

I hope you have found this trip through a Lafayette Annual Report helpful. For those of you who have not yet received your first report, I hope this will give you something to look forward to. I am here to help. Just ask!

See you next month!

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