

## **Single Premium Insurance Policies Help Beneficiaries**

**By Woodrow Wilcox**

If you have a Certificate of Deposit or other investment that can be turned into cash, and it is not earning much interest and you want to pass the value to your descendants tax free, consider a single premium life insurance policy.

Recently, I attended a one day conference on insurance that might interest senior citizens. One of the ideas presented was single premium insurance policies. The idea is that for one premium payment, the insured has a definite amount that the beneficiaries will receive when the insured dies.

In one example, a person who is age 80 buys an insurance policy for \$70,000. When the insured dies, the beneficiary (usually a child or children of the insured) will receive a payment from the insurance company of \$144,000. Whether the insured dies a week, a month, a year, or ten years after buying the policy, the insurance company will pay the same amount.

At this point in time, the amount paid by the insurance company to the beneficiary is tax free. So, if you want to pass cash to your children, grandchildren, or other loved ones and don't want them burdened with delays or taxes related to your estate, consider a single premium insurance policy.

There are variations to the standard single premium insurance policy. Some companies will allow the premium to be paid in installments. I recommend consulting an independent insurance agent who is not obligated to recommend a particular company. The more choices available, the better the chances are that you can find a policy that will accomplish your objective.

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