

Life Insurance Premium Financing FAQ'S

by Editor

â€¢ What are the requirements to qualify for premium financing? To qualify for premium financing, you must have a net worth of at least \$1 million (apart from your primary residence), and a minimum annual income of \$200,000. In addition, in order to obtain the actual insurance policy, you must meet underwriting guidelines. Being in poor health or a smoker, can significantly influence your ability to be insured.

â€¢ Is premium financing only for individual life insurance? No, it is also possible for premium financing to be applied to a buy/sell agreement or to a charitable giving plan as well. Contact the JEFF Group today to find out more information.

â€¢ What is the length of the term of the loan? Loans for premium financing can be 5, 10, or 15 year terms. The term length depends on the age of the borrower, the current interest rates, and the loan amount that is needed for the policy.

â€¢ How does paying interest on the loan work? You do not have to pay the interest immediately. It is possible to roll the interest into the loan, and repay the interest with the death benefit. You can also choose to pay a portion of the annual interest from out-of-pocket.

â€¢ What are the out-of-pocket costs that I will be responsible for? There may be some out-of-pocket costs associated with premium financing, however, they are small in comparison to paying the annual premiums on life insurance.

â€¢ Are there any risks associated with premium financing? As with any financial endeavor, premium financing does involve some risk. Interest rates can greatly affect the cumulative loan amount. It is possible for interest rates to grow too large. If this occurs, the cumulative loan may grow faster than the cash value of the policy, which can result in a decreased death benefit.

â€¢ How can I find out more about premium financing?
Call the JEFF Group today, and let us help you with all your premium financing needs. Visit us at: www.jeffgroupny.com

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