

A PLAIN-ENGLISH GUIDE · 2026 EDITION

Life Insurance *in Retirement*

When to keep it, when to change it, and how to get full value from the coverage you already own.



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BEFORE YOU BEGIN

The policy you bought at 40 has a new job now

Most people buy life insurance to protect a young family and a paycheck. By retirement, the kids are grown and the mortgage may be gone, so it is natural to wonder whether the policy still matters.

Often it does, just for different reasons: protecting a surviving spouse's income, passing on a legacy, or keeping an estate simple. Sometimes it no longer fits, and the right move is to change it rather than let it quietly lapse.

This guide helps you decide which situation you are in, and what options exist either way.



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Why retirees still own it

Life insurance death benefits are generally received income-tax-free and, with named beneficiaries, pass outside probate. That makes coverage useful in retirement for reasons that have little to do with a paycheck.

Protect a surviving spouse

When one spouse dies, one Social Security check stops and a pension may shrink or end. Many expenses do not. Coverage can help replace that lost income.

Treat children fairly

If one child will inherit a business or property, a policy can provide a comparable inheritance for the others without forcing a sale.

Keep the estate simple

Prompt cash can cover final expenses, debts, and taxes due on inherited retirement accounts, so heirs are not rushed into selling assets.

Leave a legacy

A policy can turn modest premiums into a meaningful gift to grandchildren, a church, or a cause you care about.

Larger estates: the federal estate tax exemption is \$15 million per person in 2026. Families above that level often use policies owned by an irrevocable life insurance trust, set up with an estate attorney.

Review the policy you have

Five checks reveal most of what you need to know about an existing policy.

1

Confirm the type

Term coverage ends or becomes expensive after its level period. Whole life and guaranteed universal life are built to last. Traditional universal life can lapse if it is underfunded.

2

Request an in-force illustration

The insurer can project how long coverage lasts at your current premium. For universal life, this is the most important document you can ask for.

3

Note the term conversion deadline

Many term policies can be converted to permanent coverage without new medical questions, but only until a set age or year. After that, the option is gone.

4

Check owner and beneficiaries

Who owns the policy affects whether it counts in your estate. Make sure primary and contingent beneficiaries reflect your current wishes.

5

Look for living benefits

Many policies include riders that let you access part of the death benefit during a terminal, chronic, or long-term care illness. Benefits paid during life reduce what beneficiaries receive later.

Options when needs change

If a policy no longer fits, letting it lapse is rarely the only choice, and seldom the best one.

Reduce the coverage

Lowering the death benefit can lower or end future premiums while keeping some coverage in place.

Exchange it

A Section 1035 exchange can move cash value into an annuity or a policy with long-term care benefits without current income tax. Compare surrender charges and new costs first.

Take it paid-up

Many whole life policies can stop premiums in exchange for a smaller, fully paid-up death benefit.

Surrender for cash

You receive the cash surrender value. Any amount above what you paid in premiums is generally taxable.

Sell it

A life settlement sells the policy to a third party, sometimes for more than its cash value. Offers vary, proceeds may be taxable, and a sale can affect eligibility for some benefits. Compare multiple offers.

ONE RULE ABOVE ALL

Never cancel a policy until any replacement coverage is approved and in force.

Your policy inventory

Include every policy: individual, group coverage through work, and any policies owned by a trust.

INSURER / POLICY #	TYPE	DEATH BENEFIT	ANNUAL PREMIUM	OWNER	BENEFICIARIES

REQUEST FROM EACH INSURER

- ☐ A current in-force illustration
- ☐ Term conversion deadline
- ☐ Cash value and surrender charges
- ☐ A list of riders and their costs

YOUR NEXT STEP

Let's make sure your coverage *still fits your life.*

A complimentary policy review, with no obligation to make a change.

01 • Book

Scan the code below or call to choose a time that works for you.

02 • Review

Bring your policy inventory and statements. Murrieta or by video.

03 • Decide

You receive a written summary. Keep, adjust, or replace: your call.



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