

Business

Barry Jensen editor/591-2300

Thursday, September 20, 1984 O&E

(T-80-80)(7)C

New policy may be better deal

By Sid Mittra
and Mark Kulikowski
special writers

Part IV

While most prices have been going up, the price of life insurance policy has been coming down.

Also, the life insurance industry has been introducing a variety of new products. If you have a policy more than two years old, you should look for a better deal.

Lower Costs and More Choice

Insurance companies have been cutting prices for several years. These cuts reflect longer lifespans, insurers' higher investment earnings and intensified competition.

Deregulation of interest rates has pressured insurance companies to design products that give the buyer an opportunity to earn more on policy cash values.

As we mentioned last week, the major development has been the insurance companies' adoption of the Universal Life (UL) policy. Several companies are expected to introduce this year a new UL policy that will permit you to choose the kind of securities in which



finances and you

Sid Mittra

the company invests the cash accumulations.

Here is a brief description of some of the newer policies (besides UL).

Excess Interest

Premiums are fixed, and the company credits interest at rates that may change. One such policy invests in intermediate-term, fixed-dollar securities. A male age 40 would pay annual premiums of \$613 for \$100,000 death benefit and, assuming an 11% gross yield on investments, would have a cash value at the end of 20 years of \$17,325.

Fixed-premium variable.

Premiums are set, and the policyholder has a choice of investments. For example, one popular policy lets holders choose one or more of five funds: money market, intermediate and long-

term government bonds, and blue-chip and riskier growth stocks.

A \$100,000 policy would cost a 40-year-old male \$628 a year for 10 years. Then the premium would jump to \$948. It would jump to \$1,588 after the 20th year, when the cash value — assuming a 14% gross yield — would be \$16,823 and the death benefit of \$119,014. There is no guaranteed yield.

The growth in investment-oriented policies hasn't stopped the insurance companies from devising still more variations on traditional policies. If you need a special coverage, just ask for it. Chances are you will get it.

Compare Old with New Policy

If you have an old policy, it's time to review it carefully. Here are some steps to take to compare old and possible replacement policies:

- You need professional help, so talk to your own or a new agent, or to a

financial planner.

• The basic information on any policy is the "ledger statement" showing present and future premiums, cash and surrender values. Your agent should get a statement from each company involved and probably can explain it to you.

• Figures from the ledger statement form the basis for calculating comparative rates of return — a complicated process. Joseph M. Belth, professor of insurance at Indiana University, has worked up a do-it-yourself formula. To obtain it, with instructions, send \$2 to the Insurance Forum, P.O. Box 245-S, Ellettsville, IN 47429. Ask for the June 1982 issue.

• Don't switch to a new policy unless you are in excellent health.

• Before cashing in an old policy, ask the company how much, if any, of the cash-surrender value will be taxable — an important consideration.

• If it's a tossup between an old policy and a new one, keep the old.

Educational Seminar: The Observer & Eccentric Newspapers and the Coordinated Financial Planning staff will conduct a seminar 7:30-10 p.m. Tuesday, Oct. 9, at the Mercy Center, 28800 11 Mile Road, Farmington Hills. The seminar is free, but registration is required. For more details, call 613-8888.

business people

John Schreer was named store manager of Jacobson's Birmingham Children's Store. He replaces John Chandler, who was transferred to Jacobson's expanded Clearwater store.

James M. Olin of Bloomfield Hills was named managing partner of Roney & Co., replacing Wade Sloan, who retired.

Federal-Mogul Corp. of Southfield elected Ralph A. Bruce vice president-global aftermarket development. Philip Tomkinson was named president-Federal-Mogul World Trade.

Bloomfield Savings & Loan Association named F. Allen Graham chief operating officer. Robert C. Lucas was named senior vice president and chief financial officer. Jerome M. Bradman was named senior vice president in charge of marketing and branch operations.

After he retires next year, Richard A. Teague, vice president-styling for American Motors Corp. of Southfield will go on special assignment for the company. John W. Mowrey will assume the design responsibility as vice president-product planning and design. Joseph A. Bostater was put in charge of

the company's network of supply plants in the U.S., Canada and Mexico.

William G. Hall was named president of the electronic systems and operations division and senior vice president of Michigan National Bank of Detroit.

Jan H. Shlumbock of Southfield was named public relations coordinator for the Berlinc Group Inc. in Birmingham.

Lawrence Givens of Southfield has been named director-corporate relations for the Automobile Club of Michigan.

David E. Reichard of West Bloomfield was appointed vice president, machine tool marketing, for Ex-Cell-O Corp. in Troy.

Chad K. Mills has been named art director for the Southfield-based advertising agency of J. Grunor & Associates Inc.

Earle V. Kanners of Southfield has been named vice president/controller of Kingsway Department Stores.

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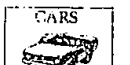
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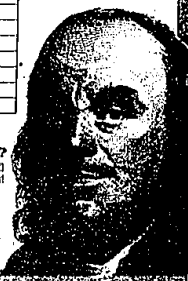
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