

## 8 Questions to Ask a Life Insurance Salesperson

If a life insurance salesperson tries to sell you whole life insurance, the questions below will help sort out the agents who have your best interest at heart from the agents who are just trying to make a buck. Take this list with you when you meet with them.

- 1. Please show me only the worst-case scenario numbers on the whole life policy.** When whole life insurance is sold, salespeople must show you a high, middle, and low scenario. Obviously, the salesperson wants to focus on the best case, while your focus should be on the worst. Don't fall for statements such as, "That'll never happen." It could!
- 2. Why are there so many zeros?** A lot of zeros can be a bad thing. When the salesperson shows you a chart of how the policy is estimated over the years and you see a lot of zeros in the "cash value" column of the policy, this could be a problem. It could mean you will not accumulate money in the policy because too much goes toward fees and insurance.
- 3. I really want you to look at my monthly budget to see if I can afford this.** If a life insurance agent isn't at least somewhat concerned with your monthly budget, this may mean they know they are pushing a policy you won't be able to afford.
- 4. What is your commission?** No one works for free except volunteers. It's okay to ask the agent how much they make off the policy. There is nothing wrong with someone making a profit, but there *is* something wrong with someone making a profit off you that you cannot afford to give them.
- 5. What is the cost of the whole life compared to a 20- or 30-year level term policy of the same amount?** In most cases, whole life costs about 10 times more.
- 6. What is the cost on both policies if I wait five years?** Sometimes crossing a certain age, like 30, can result in a drastic upswing.
- 7. How much life insurance do I need?** As a rule of thumb, divide your annual income or expected income by 6 percent, then add \$15,000. The answer is how much life insurance you need. If you make \$30,000 a year, divide that by 6 percent, and the answer is \$500,000. Add \$15,000, and the total is \$515,000. If your loved ones had a check for \$515,000, they could spend \$15,000 on funeral expenses, etc., then invest the \$500,000 at 6 percent, which would produce an income of \$30,000 a year. Using this calculation for appropriate insurance needed, your income is replaced.
- 8. Do I even need life insurance at all?** If you have no dependents and don't plan to in the distant future, you may get away with not having any life insurance at all. Be sure to bring this up if this is your case.

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