

# AGENT COMMUNICATION

## INCOME GUIDELINES

These guidelines are intended to provide a general formula to calculate suggested maximum amounts of life insurance that should meet the financial needs of your clients. The affordability of ongoing premiums for individuals should be questioned if exceeding the following income guidelines.

While each of your clients have different financial needs, these guidelines are intended to provide a general formula to help calculate suggested maximum amounts of life insurance

Purpose	Annual Premium for all policies/Annual Income % should not exceed the percentages below	
Affordability Guidelines	Annual Income	Premium ÷ Income
	≤ \$50,000	10%
	\$50,001-\$100,000	15%
	> \$100,000	20%

### REQUIREMENTS

- There should not be a significant adverse change in financial status or financial flexibility from the purchase of the policy/ies.
- For incomes less than \$15,000 (USD), details supporting the need and purpose of the insurance may be necessary. Adjustments (*upwards*) for family size (when known) should be considered to align with U.S. Federal Poverty Guidelines published by the U.S. Department of Health & Human Services.
- Premium affordability should be demonstrated for the total premiums being paid on all policies, by the payer(s). This includes all policies on the payer(s) life and all policies on the lives of others for which they are paying.

Income should be verifiable

## HIGH NET WORTH APPLICANTS

In unique circumstances where the case exceeds the above guidelines, such as a client with demonstrable high liquid assets and low/moderate income. In these situations further consideration beyond the guidelines may be given. A cover letter of explanation and supporting financial evidence will likely be necessary.

**Where cover letters are included by the agent, or requested by underwriter, ideally they should include:**

- The need and purpose of the life insurance [what future financial loss is being protected]
- How were the face amount and premiums determined
- How the policy will be funded (source and pattern of funding)

For agent use only.

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