

Putting the spotlight on life insurance opportunities using Form 1040

Form 1040 can be a powerful tool towards uncovering potential life insurance planning opportunities with your clients¹. This tax form offers a personalized look at their financial situation and risk exposures. Below we've highlighted a few opportunities that may be uncovered by reviewing Form 1040 with your clients.

What to look for on Form 1040

1 Filing Status:

- Has your client's family dynamics changed? A change in marital status may require careful review. Examples:
 - A newlywed may need coverage for income or debt protection.
 - A second marriage may require a blended family estate planning review.
 - A qualifying widow(er) may have dependents relying on them and need protection in the event of their death.

2 Home Address:

- Has your client's address changed? A change in address could point towards a need for mortgage protection.
- Does your client have property in multiple states? Having multiple properties could point to opportunities for estate planning as they may not be aware of each state's estate/inheritance laws.

3 Dependents:

- Has your client's family grown? The addition of children could point to opportunities for adding a Child Term Rider² to in-force coverage or purchasing standalone coverage, college planning needs, survivor income needs or special needs planning.

4 Wages-Line 1:

- How will your client's family replace lost income due to death or disability? It's important to discuss the impact a family may experience in the event of lost income. This could lead to opportunities for income replacement coverage.

5 Interest & Dividends- Lines 2a-3b:

- Are your client's assets diversified? The information shown within this section may indicate that they could benefit from tax-deferred cash value growth, which life insurance offers.
- Does your client have taxable interest or ordinary dividends? Income not needed and earmarked for children/grandchildren may provide opportunities for legacy planning.
- Does your client have tax-exempt interest? If yes, they may already understand the tax advantages life insurance offers and could be interested in leveraging this income towards purchasing life insurance protection instead of reinvesting these assets.

6 Retirement Income- Lines 4a-6b:

- Is your client taking IRA distributions, annuity distributions or receiving a pension or social security benefit? If yes, they may be facing multiple risks; lower investment returns during distributions, longevity or long-term care expenses. These risks could lead to opportunities for income protection planning or Chronic, Critical or Terminal illness planning, utilizing an Accelerated Death Benefit Rider³.

What to look for on Schedule 1

7 Alimony received/paid- Lines 11 & 31a:

- Is your client divorced or in the process of finalizing a divorce? A divorce agreement may require life insurance protection. If life insurance is not required, it could lead to opportunities for discussions around the impact a family could experience from an untimely death of an ex-spouse who's paying or receiving the alimony.

8 Business Income- Lines 12 & 17:

- Does your client own a business? If they own a business they may have multiple needs that require your attention. This could lead to opportunities to discuss topics such as succession planning, creditor protection, retirement planning or key-person planning.
- Does your client have rental income? If they have rental income, there's a possibility for having outstanding mortgages on these properties. This could lead to opportunities for estate planning as rental properties are not easily liquidated and could be hard to divide between beneficiaries.

9 Farm Income- Line 18:

- Does your client own a farm? If they own a farm they may have multiple needs that require your attention. This could lead to opportunities to discuss topics such as succession planning, estate planning, creditor protection or retirement planning needs.

10 Self-employed retirement- Lines 28 & 32:

- Is your client saving for retirement (W-2 employees would see contributions on their W-2 statement)? High income earners may be limited on contributions due to plan limits and others may have no available plans for retirement. This could lead to discussions around retirement planning and how life insurance fits.

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074 2018 Attachment Sequence No. 01	
Department of the Treasury Internal Revenue Service		▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		▶ Attach to Form 1040.	
Name(s) shown on Form 1040				Your social security number	
Additional Income	1-8b	Reserved	7	1-8b	
	10	Taxable refunds, credit		10	
	11	Alimony received		11	
	12	Business income or (loss). Attach Schedule C or C-EZ		12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶		13	
	14	Other gains or (losses). Attach Form 4797		14	
	15a	Reserved		15b	
	16a	Reserved		16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		9	
	18	Farm income or (loss). Attach Schedule F			
	19	Unemployment compensation		20b	
	20a	Reserved		21	
	21	Other income. List type and amount ▶		21	
	22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23.		22	
Adjustments to Income	23	Educator expenses		23	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106		24	
	25	Health savings account deduction. Attach Form 8889		25	
	26	Moving expenses for members of the Armed Forces. Attach Form 5903		26	
	27	Deductible part of self-employment tax. Attach Schedule SE		27	
	28	Self-employed SEP, SIMPLE, and qualified plans		28	
	29	Self-employed health insurance deduction		29	
	30	Penalty on early withdrawal of savings		30	
	31a	Alimony paid		31a	
	32	IRA deduction		32	

What to look for on Schedule A

11 Gifts to Charity- Lines 11 & 12:

- Does your client donate to charities? If they make giving back part of their lifestyle, it could lead to opportunities to discuss other gifting strategies, such as Charitable Remainder Trusts or the Foresters Financial™ Charity Benefit Provision⁴ available on Foresters Life Insurance products².

SCHEDULE A (Form 1040)		Itemized Deductions		OMB No. 1545-0074 2018 Attachment Sequence No. 07	
Department of the Treasury Internal Revenue Service (90)		▶ Go to www.irs.gov/ScheduleA for instructions and the latest information.		▶ Attach to Form 1040.	
Name(s) shown on Form 1040		Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.		Your social security number	
Gift Ch	11	Gifts by cash or check. If you made any gift of \$250 or more, see instructions		11	
	12	Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500		12	
	13	Carryover from prior year		13	
	14	Add lines 11 through 13		14	

To learn more about how Foresters products may be a viable solution, call:

¹ Foresters, their employees and life insurance representatives, do not provide, on Foresters behalf, legal or tax advice. The information given here is merely a summary of our understanding of current laws and regulations. Advise your clients and prospective purchasers to consult their tax or legal advisor.

² Foresters products and their applicable riders may not be available or approved in all states and are subject to eligibility requirements, underwriting approval, limitations, contract terms and conditions and state variations. Refer to the applicable Foresters Producer Guide and the insurance contract for your state for these terms and conditions. Underwritten by The Independent Order of Foresters.

³ (if applicable) This product is a life insurance policy that accelerates the death benefit on account of chronic illness and is not a health insurance certificate providing long term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long Term Care Partnership Program and is not a Medicare supplement certificate. Receipt of the accelerated death benefits may affect eligibility for public assistance programs. Receipt of the accelerated death benefits may be taxable. Not available in CA.

⁴ When a claim is paid to the beneficiaries, Foresters will pay the eligible designated charitable organization in the name of the insured. The maximum payment under this provision is \$100,000. The designated charitable organization must be an accredited 501(c)(3) organization under the Internal Revenue Code and eligible to receive charitable contributions as defined in section 170(c) of that code.

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