

## Life Insurance as a Gift of Love (Part 2 of 2)

In Part 1 of this article, we introduced Marge and John, a devoted couple, each married previously, with children from their first marriages. You might want to review their situation from the last issue, and then, let's find a solution!

**The Planning Environment:** In this planning environment, it is natural that both spouses want to plan for the benefit of each other and to secure the well-being of their respective children. John understands that his new wife doesn't have the financial resources to provide for him and doesn't expect her to; he is financially secure. Consequently, John has planned for Marge in the event of his death; in addition, he has also provided for the children of his first marriage.

Marge's principal concern is for her children, and she desperately wonders how they will manage should she die before John: Will their natural father help? She knows better than to ask; he was incapable before and has become more incapable since. What about John? Will he provide for them? John has no legal obligation to do so, and given the children's behavior toward him, Marge guesses that he wouldn't want to be responsible for them after she is gone.

**A Gift of Love:** There is a solution to our family's dilemma. It requires a joint effort by both Marge and John – a gesture to help unify their new family and show their love for one another.

**Marge should:** Create a trust for her children that will set forth all her instructions regarding how she wishes them to be taken care of after she is gone; purchase a life insurance policy on her life, naming her trust as the beneficiary of the insurance proceeds; and name John – rather than her ex-husband – to be the children's trustee. She should do this to ensure that the insurance money will not be squandered by her ex.

The stumbling block to Marge's ideal planning solution is obtaining the requisite funds to purchase her life insurance policy. This is where John takes the initiative to show his love and concern for his new family.

The solution is a *gift of love*. John will purchase the life insurance policy for Marge as his gift of love. Each year on their anniversary he'll pay the next year's premium;

in effect, reaffirming his love for both Marge and her little ones. Nothing could be more selfless and loving.

Marge now has peace of mind knowing that should something happen to her, her children will be financially secure because her trust will hold real financial resources from her life insurance proceeds. It will also have the right trustee to make sure that her little ones will want for nothing, even if her children go back to live with their natural father.

John has peace of mind knowing that his wife is serene in her knowledge that his generosity has provided for her little ones. In addition, he knows that as trustee for the children, he can see that the money he has provided through the insurance policy is properly administered. Plus, he can still use his own assets for the children from his first marriage.

We hope you have the opportunity to offer this gift of love – a simple life insurance policy used creatively – to enable loving spouses to solve a major problem that often plagues second marriages.



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