THE MONEY LIFE

WE TESTED 20 AGENTS, AND MORE THAN TWO-THIRDS

BY WALTER L. UPDEGRAVE

Term. Whole life. Universal life. Variable life. Even variable universal life. As those cryptic policy names suggest, buying life insurance to protect your dependents may be the most confusing financial decision you can make. No wonder most people turn for guidance to someone they regard as an expert: an insurance agent. But most agents tend to be biased—their financial well-being depends on getting you to sign up for a policy. Worse yet, relatively few of them get formal training in helping clients decide how much insurance they need and what kind of policy suits them best. As a result, you may well wonder just how trustworthy life insurance agents' recommendations are.

THOMAS DAVIS

STATE FARM INSURANCE AGENT

Davis, 37, of Oxford, Miss. scored a near-perfect 26 out of a possible 27 points in MONEY's first life insurance test. In the exam's most difficult section—determining how much insurance a hypothetical couple with two children should buy—he matched the amount suggested by our judges. Equally impressive were the recommendations he didn't make. Unlike most of the contestants, for example, Davis didn't push policies on clients who already had all the insurance that our judges thought was needed.

THE WINNER

INSURANCE TEST

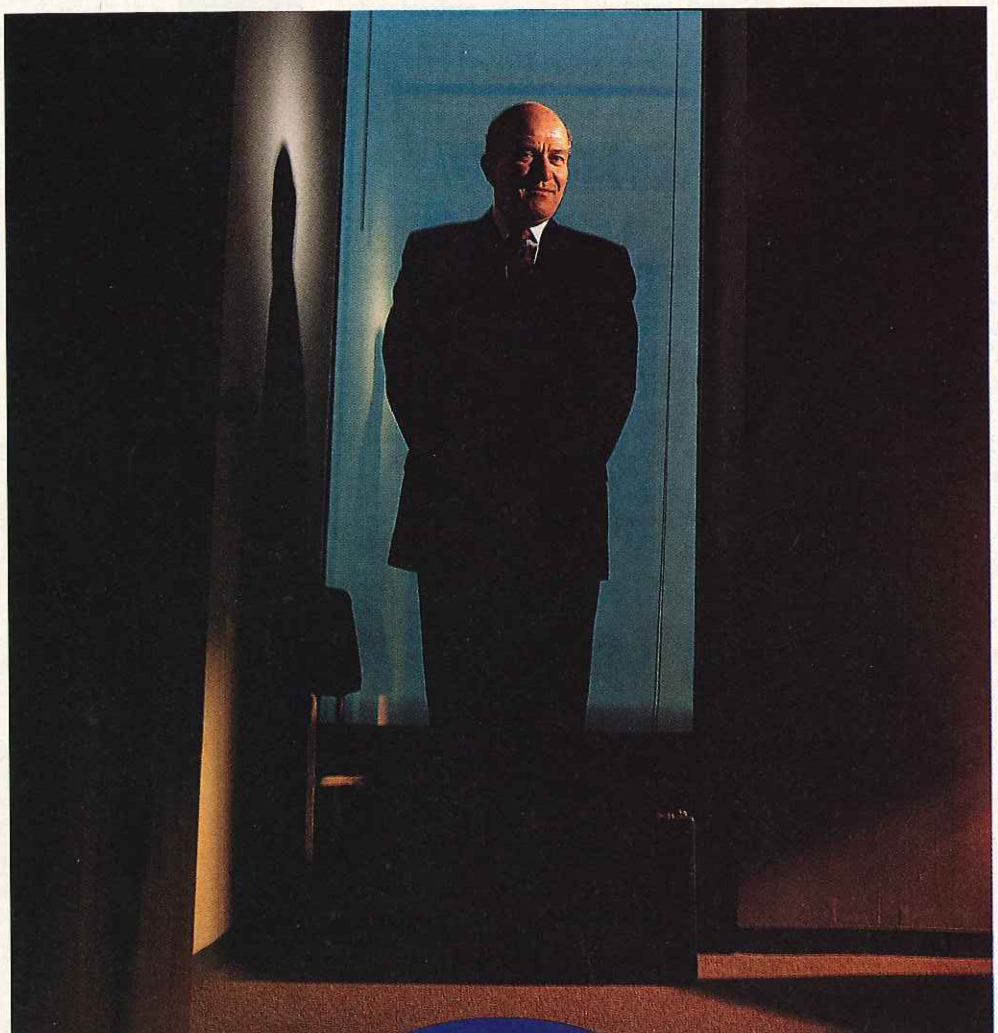
FAILED. MOST WERE TOO EAGER TO SELL POLICIES.

Photographs by Timothy Reagan

To find out, MONEY tested 20 typical agents from all around the country. We drew up detailed financial profiles of three hypothetical insurance customers: Brad Carefree, a single 25-year-old with no dependents; Larry Heath, 34, and Judy Barr, 32, a married couple with two children; and Harry Davidson, 63, and his wife Brenda, 60, who are nearing retirement. Then we recruited the 20 volunteer test takers. Some candidates were suggested by major insurance companies and industry associations; others were referred to us by our regional correspondents. In the end, we got a geographically balanced cross section of agents, including both independents and so-called captives—that is, agents who sell primarily the pol-

BURT MEISEL

INDEPENDENT INSURANCE AGENT



Meisel, 59, of Southfield, Mich. finished last in our insurance test, earning a mere four points. The main reason for his poor showing: in two of the cases, he recommended $100,000 policies that the judges felt our hypothetical clients didn't need. When Meisel learned his score, his first reaction was to joke, "Fire the judges!" Then the 36-year insurance vet—and author of *Pocket Full of Sales*—went on to defend his answers. "It doesn't bother me at all being No. 20," he said. "I recognized insurance needs and made recommendations accordingly."

THE LOSER

icies of one life insurance company.

We asked the contestants to evaluate the fictional customers' needs and make recommendations in writing. (Fifteen of the original 35 contestants dropped out after seeing our test; one of them explained that his employer, Primerica Financial Services, wouldn't let him compete.) For help in designing the profiles and grading the test, we turned to the three founding members of the Life Insurance Advisers Association (800-521-4578), a new group of consultants who charge flat fees for their advice rather than earn commissions for selling policies. The judges, highly regarded for their expertise, were Glenn Daily, a New York City consultant; Roger Roemmich, an insurance specialist with Cannon Financial Institute, an Athens, Ga. financial planning firm; and Peter Katt, a West Bloomfield, Mich. insurance adviser.

The judges graded the agents on their recommendations for all of the three clients, awarding three points each for a very good answer, two points for a good one, one for an acceptable answer and zero for an unacceptable one. Maximum score: 27 points. Since choosing insurance coverage is hardly an exact science, the judges awarded points to contestants whose recommendations seemed sensible even if not precisely what the panel suggested.

How did the insurance agents do? In a word, horribly. Only three passed with honors: the winner, State Farm agent Thomas Davis of Oxford, Miss. (26 points), Guardian Life agent Alan Press of New York City (24 points) and independent agent Stephen Neumeier of Norwood, Mass. (24 points). Of the other contestants, 14 flunked, scoring 16 points or less (for the complete test results, see the table at right).

The test's outcome demonstrates that despite the seemingly impressive credentials that often appear on letterheads—for example, C.L.U. (chartered life underwriter) or Ch.F.C. (chartered financial consultant)—many agents are first and foremost salesmen, determined to get your signature on an insurance contract that will pay them fat commissions. Here are the other main conclusions

HERE'S HOW THE AGENTS' ADVICE COMPARED WITH OUR JUDGES'

As this table shows, when we asked 20 life insurance agents from around the country to advise the same three hypothetical clients, their recommendations—and the first-year premium costs—varied enormously. Agents are listed from best to worst according to points awarded by our three judges: the founders of the Life Insurance Advisers Association (LIAA), a national group of fee-only professionals. Agents' recommendations were graded as follows: three points if very good, two points if good, one point if merely acceptable, and none if unacceptable. No agent got a perfect score of 27, although the winner, State Farm agent Thomas Davis, accumulated 26 points. Seven agents received 10 or fewer points. The LIAA's consensus recommendations appear first, followed by the contestants' advice; the footnotes offer additional details. Here are thumbnail sketches of the clients; for more about them, see the accompanying story.

■ **BRAD CAREFREE**, 25, earns $35,000 a year, is in excellent health and has no dependents.

■ **LARRY HEATH**, 34, and his wife Judy Barr, 32, earn $40,000 each and have two term policies. They have two young children: Max, 5, and Wendy, 3.

■ **HARRY DAVIDSON**, 63, earns $60,000 annually and plans to retire in two years. His wife Brenda, 60, does not work. They have no children.

AGENT (Type)	SCORE
Life Insurance Advisers Association West Bloomfield, Mich.	**N.A.**
Thomas Davis (C) State Farm Oxford, Miss.	26
Alan Press (C) Guardian Life New York City	24
Stephen Neumeier (I) Lincoln Financial Group Norwood, Mass.	24
Brian Ashe (I) Brian Ashe & Associates Lisle, Ill.	21
Scott Foster (C) State Farm Conyers, Ga.	19
Laurence Peters (C) Mutual of New York Lake Success, N.Y.	18
Ted Bernstein (I) Assured Enterprises Chicago	16
Cornelius Hickey (C) John Hancock Falmouth, Mass.	15
Orobo Osagie (I) Amenex Insurance Agency San Francisco	15
Tim Thomas (I) Securance Corp. Houston	12
David Bell (I) Bell & Associates Denver	12
Joseph Penchansky (I) LifeQuote Miami	11
Albert Brodbeck (I) Neiman Associates New York City	11
Michelle Moen (C) Allstate Rockford, Ill.	10
John Cruikshank (C) Northwestern Mutual Deerfield, Ill.	10
Ralph Lagriola (I) IBS Financial Network Kenilworth, N.J.	6
Suzanne Toms (I) Burgess Insurance Agency Lakewood, Colo.	6
Lisa Donatelli (I) LAD Associates Whitestone, N.Y.	6
Betty Decker (C) Massachusetts Mutual Phoenix	5
Burt Meisel (I) Meisel & Fiore Southfield, Mich.	4

Notes: C=Captive agent who sells primarily policies of one com- pany; I=Independent agent who can sell policies of many insurers

Brad Carefree	Larry Heath (husband)	Judy Barr (wife)	The Davidsons
Needs no life insurance	**Replace term policy with $400,000 Ameritas universal life. First-year premium: $1,600**	**Buy $320,000 Ameritas universal life. First-year premium: $900**	**Keep existing policy and continue paying premiums. Use dividends to increase coverage.**
Needs no life insurance	Replace term with $365,000 State Farm universal life. First-year premium: $2,000	Buy $355,000 State Farm universal life. First-year premium: $2,000	Keep policy and pay premiums as long as cash value offers competitive returns.
Needs no life insurance	Buy $123,000 Guardian term. First-year premium: $186	Buy $143,000 Guardian term. First-year premium: $189	Keep coverage. Use dividends to pay premiums and, if necessary, to provide extra income.
Needs no life insurance	Replace term with $215,000 Guardian Life whole life. First-year premium: $2,059	Buy $135,000 Guardian whole life. First-year premium: $2,345	Keep coverage but stop paying premiums. Take dividends in cash if needed.
Buy at least $100,000 of First Colony Life term. First-year premium: $175	Buy $730,000 Security Life of Denver universal life plus $730,000 term.[1] First-year premiums: $4,450	See advice for husband Larry.	Keep existing policy.
Buy $50,000 State Farm term. First-year premium: $116	Buy $365,000 State Farm universal life. First-year premium: $2,000	Buy $365,000 State Farm universal life. First-year premium: $2,000	Keep policy, but use dividends to increase cash value rather than to buy additional coverage.
Buy $100,000 Mutual of New York term. First-year premium: $151	Buy $584,841 Mutual of New York term and $100,000 MONY whole life. First-year premiums: $1,759	Buy $601,811 MONY term and $100,000 MONY whole life. First-year premiums: $1,391	Keep policy and use dividends to pay premiums.
Buy $100,000 First Colony term. First-year premium: $151	Replace term with Fidelity Union $202,000 universal life.[2] First-year premium: $1,209	See advice for husband Larry.	Roll over policy into $275,000 Fidelity Union universal life.
Buy $100,000 John Hancock whole life. First-year premium: $733	Buy $250,000 John Hancock term. First-year premium: $318	Buy $250,000 John Hancock term. First-year premium: $312	Keep existing policy.
Needs no life insurance	Set up a living trust funded with a term policy.	Same advice as for husband Larry.	No additional insurance needed; set up living trust.
Buy 100,000 Provident Mutual whole life. First-year premium: $512	Replace policy with $225,000 Provident Mutual whole life. First-year premium: $1,238	Buy $150,000 Provident Mutual whole life. First-year premium: $799	Keep policy. Sell all investments to buy a $500,000 Provident Mutual annuity.
Buy $100,000 Interstate Assurance universal life. First-year premium: $713	Replace policy and buy $193,000 Interstate Assurance universal life.[3] First-year premium: $1,050	See advice for husband Larry.	Keep policy. Sell all investments to buy $500,000 Seaboard Life annuity.
Buy any of five policies of $38,000 to $100,000. First-year premium: $1,000	Buy $395,778 and $415,778 Federal Kemper term for Larry and Judy.[4] First-year premiums: $8,047 to $8,978	See advice for husband Larry.	Keep policy and cash in $250,000 of investments to buy a Confederation Life annuity.
Buy $100,000 Prudential variable life and $100,000 Prudential term. First-year premiums: $948	Replace policy with $425,000 Prudential whole life. First-year premium: $4,934	Buy $425,000 Prudential whole life. First-year premium: $4,054	No additional insurance needed.
Buy $100,000 Allstate universal life. First-year premium: $1,033	See advice for wife Judy.	Buy $171,025 Allstate universal life with $69,580 coverage on Larry. First-year premium: $2,400	No additional insurance needed. See a Dean Witter broker.
Buy $50,000 Northwestern Mutual whole life. First-year premium: $559	Buy $90,000 Northwestern Mutual whole life. First-year premium: $1,330	Buy $108,000 Northwestern Mutual whole life. First-year premium: $1,239	Keep policy and, if necessary, collect its dividends as income.
Buy $250,000 Midland National universal life. First-year premium: $900	Buy $150,000 Midland National universal life. First-year premium: $1,890	Buy $160,000 Midland National universal life. First-year premium: $1,517	Buy $25,000 whole life on wife Brenda. First-year premium: $864
Buy $100,000 Allied Life universal life. First-year premium: $957	Buy $68,000 Allied Life universal life. First-year premium: $438	Buy $88,000 Allied Life universal life. First-year premium: $424	Buy $50,000 annuity; $27,000 Allied Life universal for wife Brenda. First-year premium: $1,798
Buy $125,000 Equitable variable universal life. First-year premium: $1,800	Replace policy with $725,000 Equitable variable universal.[5] First-year premiums: $4,011	Buy $725,000 Equitable variable universal life. First-year premium: $2,021	No additional insurance needed.
Buy $25,000 Massachusetts Mutual whole life. First-year premium: $369	Buy $63,000 Massachusetts Mutual whole life. First-year premium: $752	Buy $83,000 Massachusetts Mutual whole life. First-year premium: $729	At retirement, cash in policy, sell all investments and buy $631,000 Massachusetts Mutual annuity.
Buy $100,000 Connecticut Mutual whole life. First-year premium: $351	Buy $250,000 Connecticut Mutual universal life and $250,000 term. First-year premiums: $2,153	Buy $250,000 Connecticut Mutual universal life and $250,000 term. First-year premiums: $1,945	Buy $100,000 Connecticut Mutual universal life. First-year premium: $3,500

…: Not applicable [1]The term policy is for Judy. [2]This is a first-to-die policy on Larry that also provides $102,000 for Judy. [3]Policy includes $113,000 universal life for Judy and $10,000 per child. …y additional $184,00 of whole life for children's education; agent listed four companies' policies but didn't specify which to buy. [5]Buy $100,000 Equitable whole life too.

THREE CONTESTANTS RECOMMENDED THAT OUR RETIRED COUPLE SPEND THEIR ENTIRE LIFE SAVINGS ON AN ANNUITY.

that we drew from our test's results:

- **You'll get wildly different recommendations if you consult several agents.** For example, contestants suggested that our hypothetical young couple buy anywhere from $146,000 to $1.6 million in coverage; the first-year premiums varied from $375 to $8,988.
- **Some agents' advice can actually hurt you.** Three contestants recommended that our retired couple spend every penny of their $500,000 life savings on an immediate annuity (for definitions of key insurance terms, see the box below). It would pay them as much as $4,466 a month for life but leave them with no money for emergencies and no protection against inflation.
- **Agents push policies on anyone, regardless of need.** Even though Brad Carefree needs no insurance because he has no dependents, 16 agents recommended that he buy insurance anyway; one suggested a policy with a $250,000 death benefit that would cost him $900 a year.
- **Agents' explanations of policies are often incomprehensible.** The contestants inundated us with a tower of babble, 1,086 pages of paper. Even so, we still couldn't decipher what some were actually advising. An agent for LifeQuote, a Miami firm that sells low-cost insurance by phone, sent in 76 pages, complete with flashy but confusing computer graphics, describing 16 policies. The company left the final choice to the clients.

Shocking as those conclusions may be to consumers, they came as no surprise to the insurance experts with whom we shared the results of our test. "These guys are trained every day to skew the numbers upward to generate commissions," says Stanley Hargrave, an insurance specialist with IMS/CPAs & Associates, an accounting and financial planning firm in Riverside, Calif. More disconcerting is that agents aren't likely to be upbraided for doling out lousy advice. Neither regulators nor professional insurance associations have any formal system of monitoring the quality of agents' advice.

Here's a detailed look at our hypothetical clients and the contestants' recommendations:

BRAD CAREFREE

Bachelor Brad Carefree, 25, has excellent health, doesn't smoke and has no dependents. He earns $35,000 a year as a computer programmer and owns a $100,000 house with a $95,000 mortgage. Although eligible to contribute 6% of his salary to his company's tax-deferred 401(k) retirement savings plan, Brad, like many young workers, has never gotten around to signing up. He has a group term life policy, provided by his employer, with coverage of two times his salary.

The judges' recommendation: Brad needs no additional insurance, since he has no dependents. His group term policy plus the proceeds from the sale of his house would easily cover his burial expenses and his mortgage. Brad should, however, begin saving for retirement by investing $2,100 annually in his tax-sheltered 401(k).

Brad's case couldn't be simpler, yet only four agents—Davis, Press, Neumeier and independent agent Orobo Osagie of San Francisco—recommended that he not buy a policy. Five conceded that he didn't really need insurance now, but they—and 11 others—made sales pitches for policies with coverage of as much as $250,000 and first-year premiums costing as much as $1,800. Northwestern Mutual Life agent John Cruikshank of Deerfield, Ill. voiced a typical explanation: "The younger you are when you buy life insurance, the less it costs." True enough, but as the judges noted, any price is too high

DECIPHERING LIFE INSURANCE-SPEAK

This glossary of life insurance jargon will help you understand an agent's sales pitch and increase your chances of choosing the right policy.

Cash value. This is the tax-deferred savings portion of a life insurance policy that you can withdraw or borrow against. Only term policies (explained at right) have no cash value.

Immediate annuity. An insurance contract that, in return for your nonrefundable premium, pays you a guaranteed monthly income, beginning immediately. You specify how long you want the payments to continue—for example, as long as either you or your spouse is alive.

Term insurance. The most basic type of life insurance and often the least expensive. You pay premiums, and the insurer guarantees only that your beneficiary will receive a specified amount of money when you die.

Universal life. A policy that pays a money-market rate of interest on its cash value; the rate can rise or fall annually. Universal policies also let you increase or decrease the amount you pay in premiums each year. Often, you can withdraw cash tax-free.

Variable life. A policy that invests your cash value in your choice of stock, bond or money-market funds. Variable life policies generally deduct sales charges and other annual expenses that can cut their cash-value returns in half over the first 10 years that you own them.

Whole life. The most basic type of cash-value life insurance. The cash value pays annual dividends that lately have yielded about 8½%.

THOUGH AGENTS SAY INSURANCE COSTS LESS WHEN YOU'RE YOUNG, ANY PRICE IS HIGH FOR COVERAGE YOU DON'T NEED.

for life insurance that you don't need.

Suzanne Toms, an independent agent in Lakewood, Colo., advised Brad to take half the money he could put into his 401(k) and buy a $100,000 Allied Life universal life policy, which would give him "liquid money otherwise unobtainable through investment vehicles." If Brad followed her advice, he would pay $4,783 in premiums over the next five years and end up with just $748 in cash value, which he could withdraw or borrow against. Toms maintains that Brad couldn't tap any of his 401(k) money easily.

LARRY HEATH AND JUDY BARR

Larry Heath, 34, a self-employed advertising consultant, and his wife Judy Barr, 32, a bank lending officer, each earn $40,000 a year. The couple, both nonsmokers in excellent health, live with their two children, Max, 5, and Wendy, 3, in a $150,000 house. They have a $130,000 mortgage and investments of $50,000, including $20,000 in tax-deferred retirement accounts. The couple save $9,000 annually—$5,000 goes into their retirement accounts and $4,000 into short-term investments. Judy has $80,000 of group term life through the bank, while Larry has a $100,000 annual renewable term policy that he bought three years ago from Massachusetts Mutual. Current annual premium: $168. They want to be sure of the following if one of them dies: enough cash to pay off or carry the mortgage; income for annual living expenses of $20,000 in today's dollars until Wendy, the youngest child, is 21 and then $15,000 until the surviving spouse turns 65; a $25,000 kitty for special needs such as home repairs; and a $60,000 fund, in current dollars, to help send both kids through fours years of college.

The judges' recommendations: Larry and Judy each need roughly $550,000 in coverage for the next 10 years but, to keep the premiums affordable, could settle for $400,000. Accordingly, Larry should dump his term policy and buy $400,000 of Ameritas universal life with a $1,600 yearly premium. Judy should purchase a $320,000 universal life policy from the same company for $900 annually. The judges chose universal life because policyholders can withdraw money from its cash value; with whole life, they must borrow against the cash value. Our panel liked Ameritas because the company is financially strong (rated AA by Standard & Poor's) and charges no commissions.

Given the complexity of this case, the judges scored contestants leniently, awarding points to all who recommended $100,000 to $500,000 of coverage each for Judy and Larry.

ONE AGENT'S FAULTY ANALYSIS LED HER TO SUGGEST THAT OUR YOUNG FAMILY BUY $1.6 MILLION OF LIFE INSURANCE.

Judge Glenn Daily said he could even understand how an agent might say the couple could safely postpone buying insurance for several years.

Lisa Donatelli, an independent agent in Whitestone, N.Y., weighed in with the highest recommendation: a total of $1.5 million of variable universal life and $100,000 of whole life, with yearly premiums of $6,032—$2,000 more than the couple's current nonretirement savings. Donatelli's overestimate was partly caused by her neglecting to take inflation into account in projecting the surviving spouse's future wages. When asked about this analysis, Donatelli said that she assumed that Judy might not continue working.

But even when contestants advised sensible coverage, the premiums were sometimes questionable. For example, Albert Brodbeck, an independent agent in New York City, suggested that the couple could buy two $425,000 Prudential whole life policies. The budget-busting cost of $8,988 annually for the next eight years would force them to stop contributing to their retirement savings. Brodbeck explained that, in real life, if Larry and Judy said they couldn't afford those premiums, he'd offer other, less expensive policies.

HARRY AND BRENDA DAVIDSON

Harry Davidson, 63, earns $60,000 a year as manager of a small retail store. His wife Brenda, 60, does not work. They have no children and only two living relatives, both nieces married to affluent businessmen. The Davidsons don't smoke and are in excellent health. They're looking forward to a modest but comfortable retirement when Harry leaves his job in two years. The couple own their $200,000 house free and clear, and they have $500,000 in a diversified portfolio. Harry has a 20-year-old $66,000 Northwestern Mutual whole life policy that costs him $1,822 a year. Harry reinvests the policy's annual dividends of roughly 8½% of his cash value to increase the policy's death benefit, currently $136,000. The whole life policy could be cashed in for about $72,000.

The judges' recommendations: The Davidsons need no additional insurance, since they have no dependents and, if one of them dies early, their investments plus Harry's insurance policy would permit the survivor to live comfortably. The couple should therefore keep his policy, since its tax-deferred 8½% buildup easily beats such alternatives as money funds. Later in retirement, the Davidsons can draw on the policy's cash value to boost their income.

The contestants scored best in this

What do you do with all the money you make?

"Most people think more money means less worry. But you probably already know that isn't necessarily so. You need to be in control of your money.

Quicken® gave us the financial control we need for just $69.95. We always know exactly where our money goes. Exactly how much we have. And exactly what we can afford. We've never felt so organized about money.

We're in control.

Where does our money go? As we pay our bills, Quicken automatically organizes our expenses — utilities, clothes, charity, whatever — into categories. Then we simply select the cash flow report to see exactly how much we spent in every expense category each month.

How are we doing? The budget report shows our budget-versus-actual. Credit application? In three seconds, we've got a financial statement showing income, expenses and net worth. Tax time? No sweat. Quicken reports every detail of our itemized deductions plus interest, dividends and capital gains. Now all our investments are organized in one place.

Quicken creates reports instantly as we pay our bills and update our investments.

Saves time and hassle.

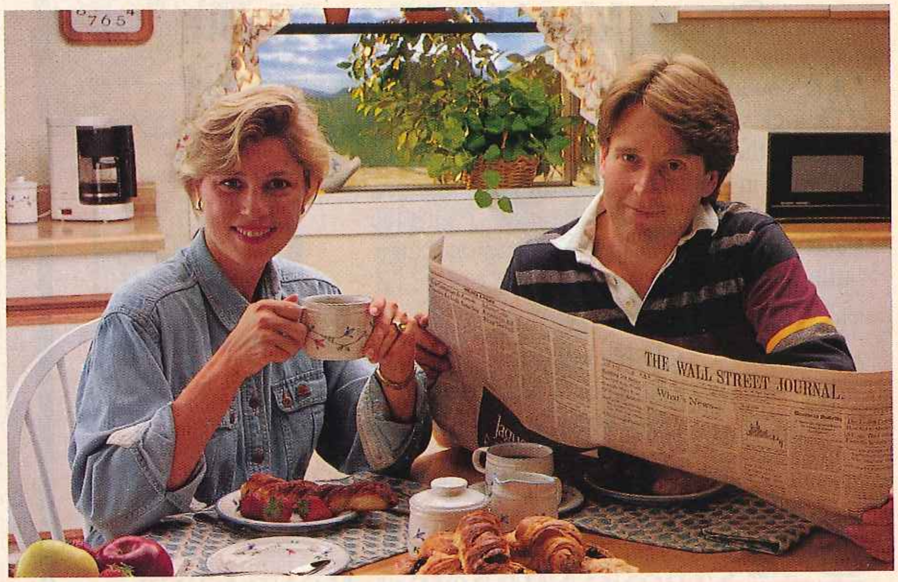
Time to pay bills? Quicken has memorized all our regular payments. We just confirm the amounts, and it prints checks for us to sign. We still use our regular checkbook when it's more convenient. And we can pay our bills through the CheckFree® electronic payment service. Bank statements take about two minutes to reconcile. Quicken saves us hours.

Organizes investments.

Now all our investments are conveniently organized in one place. We just press the + or - key to update prices, and instantly see the gain or loss for each security and the market value of our whole portfolio. One screen shows all our stocks, bonds, mutual funds, CDs, IRAs and more.

It's a powerful business tool.

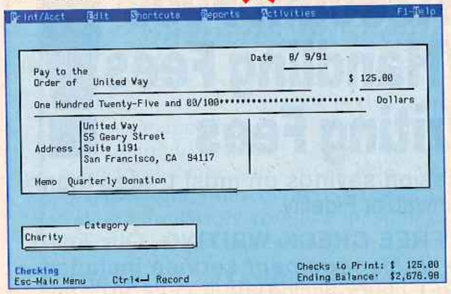
Quicken organizes and controls our small business finances, too. It produces P&Ls and balance sheets. Forecasts cash flow. Tracks A/R, A/P, payroll, jobs, clients, properties and more. And with Intuit's new QuickPay™, Quicken is now the fastest, easiest way to do payroll."



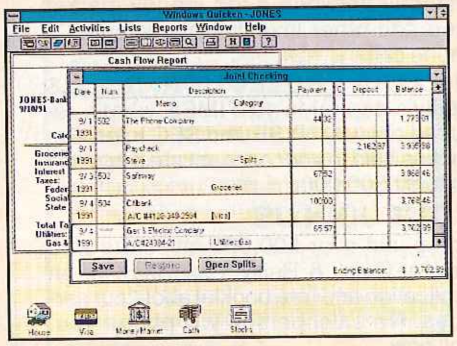
"With Quicken, we always know exactly where our money goes — and exactly how much we have. We're in control."

Easy to use.

Just pull out the Quick Start Card, type "install," and you're doing work in 15 minutes. There's nothing new to learn. No accounting terms. No complicated instructions.



The screens look like your checkbook. You already know how to use them.



In Windows, Quicken is the most powerful financial software around. It's the only one that tracks investments, pays bills electronically, and actually lets you see multiple accounts and reports on-screen all at once.

Try Quicken for free!

Order now and Intuit charges just an $8 handling fee to your credit card (non-refundable). If you're not satisfied, keep Quicken for free! Simply return the reply card in 30 days and you won't be charged the $61.95 balance. When you pay the full $69.95, you also get Hole-In-One Miniature Golf and Reminders!™ for IBM® users (a $75 value); or Hole-In-One Miniature Golf and CalendarMaker™ for Mac users (a $90 value).

1-800-624-8742

24 hours a day, 7 days a week, U.S. and Canada.
Current Quicken users call for upgrade information.
M.Y.M. users call for FREE conversion program information.

PC MAGAZINE 1988 and 1989 | BYTE 1990 READERS' AWARDS Byte Reader's Choice | PC WORLD WORLD CLASS AWARD 1990 and 1991 | MACWORLD 1990 and 1991

- ❑ YES, send me Quicken plus my free bonus gifts for just $69.95.
- ❑ YES, I'll try Quicken for free! per the free offer details.

Name____________________
Address____________________
City____________State____Zip____
Day Phone____________________

❑ DOS ❑ Windows ❑ Macintosh
IBM: ❑ 5 1/4" ❑ 3 1/2"
❑ Check enclosed(no COD or purchase orders)
❑ Visa ❑ MC ❑ AmEx ❑ Discover
Card#____________Exp.Date_____
Signature____________________

Free Federal Express 2nd day delivery within the U.S. CA, MN residents add sales tax. For mail in orders, allow 2 weeks for delivery in the U.S., slightly longer in Canada. International shipping extra. Offer on bonus gifts expires 5/31/92.

SPECIFICATIONS: Guaranteed to work with your IBM/DOS, IBM/Windows, Tandy or Macintosh computer; your monitor and printer or your money back. CheckFree not available outside the U.S. Free technical support.

Mail to:

Intuit
P.O. Box 3014, Menlo Park, CA 94026
Or Call: 1-800-624-8742
U.S. and Canada

Ad Code: MY01L

THE JUDGE CALLED SOME ADVICE CRAZY.

section of the test. The consensus was that the Northwestern Mutual policy was worth keeping, although the agents disagreed about whether the Davidsons should continue paying the premium from income or with the dividends, rather than using them to increase the policy's face amount. Since both views have merit, the judges awarded points according to how well agents made their cases.

Nonetheless, nine of the contestants couldn't let the Davidsons walk away without buying something. Burt Meisel, an independent agent in Southfield, Mich. who came in last in our rankings with only four points, recommended that Harry buy a $100,000 Connecticut Mutual universal life policy to assure that Brenda would have a comfortable retirement if Harry died first. Meisel's first-year commission: $1,775. The judges felt the staggering $3,500 a year in premiums would unnecessarily eat up cash reserves that the couple could be saving toward their retirement. Two other agents suggested a policy for Brenda (one advised a face amount of $25,000, the other $27,000), claiming she needed the policy for her burial expenses. Roger Roemmich, one of our judges, described the advice as "crazy"; the couple's investments could easily pay for a funeral.

In the judges' opinion, however, the worst advice of all came from the three agents who told the Davidsons to sell off their $500,000 portfolio and buy an immediate annuity. Betty Decker, a Massachusetts Mutual agent in Phoenix, also suggested that Harry cash in his Northwestern Mutual policy. She would then have the Davidsons put all of their money into a $631,000 Mass Mutual immediate annuity (her estimated commission: $19,000). Besides leaving the couple defenseless against inflation, this advice would cost them all of their savings, as well as $12,000 in unnecessary income taxes, since Decker neglected to suggest a so-called Section 1035 exchange, which would be tax-free. When asked about this omission, Decker, who submitted a 56-page an-

ONE AGENT'S TAX MISTAKE WOULD HAVE COST $12,000.

swer to the test, maintained that she knew about 1035 exchanges. "I didn't realize you wanted me to go into that much depth," she said.

THREE LESSONS THAT HELP YOU

To avoid getting bad advice when insurance shopping, take these steps:

- **Get recommendations from at least three agents.** An estimated 75% of people who buy life insurance rely on one agent's advice, which leaves them exposed to receiving high-cost coverage they don't really need. Instead, solicit specific proposals on the amount of insurance, type of policy and annual premium from at least three agents recommended by trusted financial professionals, such as your accountant or lawyer. Then compare the advice. You might even ask an objective insurance consultant or financial planner for advice. Expect to pay such an expert about $150 to $500.
- **Don't take the agent's word on the financial stability of his insurance company.** In our test, agents recommended policies of such financially troubled companies as Equitable and Mutual of New York. Before buying a policy, go to your public library to review the insurer's safety ranking in reports regularly issued by the major independent ratings companies Standard & Poor's, Moody's Investors Service, Duff & Phelps and A.M. Best. For a list of the 20 biggest, safest life insurers, see page 34.
- **No matter what an agent says, don't count on insurance as a substitute for investments.** The primary purpose of life insurance is to pay benefits to your survivors, not to build up wealth. Cash-value policies do indeed have savings features that grow over time, lately about 8% a year, but yields are often sharply reduced by expenses. Don't expect an agent to tell you this, though. Cash-value policies can pay him or her commissions that are five times higher than those on term insurance, which has no cash value. "Don't fall for the pitch that insurance can be your best investment," says one of our judges, Peter Katt. "Agents may tell you so, but that's bunk." $