

THE INSURANCE MAZE

INSURANCE TYPE ↓	FACE VALUE	CASH VALUE	DIVIDENDS	INCOME	BURIAL EXCLUSION
TERM LIFE INSURANCE	Non-countable as reserve, unless it carries a cash value. If so, see whole life insurance.	Usually N/A. If the policy does have cash value, see whole life insurance.	Verify accumulated dividends and count as reserve. Count dividends paid out to the policy owner as reserve only if an amount remains on the first of the month following payment.	Do not count accumulated dividends as income. Do not count dividends paid out to the policy owner as income.	Dividends may be used in Phase 5 of burial exclusion, when applicable. Once designated, ignore increases due to interest earned on dividends; additional dividends earned are countable reserve , which also may be designated if burial exclusion not used up.
WHOLE LIFE INSURANCE <u>GENERAL</u> (See below for additional information on participating policies.)	Use original face value at policy issuance to determine face value of policy and total FV for the individual (unless the policy is a "graded" policy. Then use current FV.)	Count cash value as reserve when the total (original) face value of whole life policies for the individual exceeds \$10,000. Do not count as reserve when total (original) face value of whole life policies for the individual is equal to or less than \$10,000. **When CV is countable, include any dividends which have been added to cash value in countable reserve. (See below.)	Always address the issue of dividends , even if total FV is less than or equal to \$10,000!! (See below for how to treat dividends.)	See below for participating policies. Income is not an issue for non-participating policies.	When total (original) FV ≤ \$10,000, FV may be used in Phase 2 of burial exclusion when applicable. When total (original) FV > \$10,000, CV may be used in Phase 4 of burial exclusion when applicable. Once designated, subsequent increases in cash value are ignored unless designation is disturbed.

INSURANCE MAZE (CONTINUED)

<u>PARTICIPATING</u> WHOLE LIFE:	FACE VALUE	CASH VALUE	DIVIDENDS	INCOME	BURIAL EXCLUSION
WHOLE LIFE with Dividend Additions to Face Value	Ignore increases to face value due to dividend additions. Use original face value.	Countable reserve if total (original) face value for the individual exceeds \$10,000.	Ignore dividend additions to face value for purposes of reserve.	DO NOT count paid out dividends as income. Do not count dividend additions or accumulations as income.	When total (original) FV \leq \$10,000, FV may be used in Phase 2 of burial exclusion when applicable. When total (original) FV $>$ \$10,000, CV may be used in Phase 4 of burial exclusion when applicable.
WHOLE LIFE with Dividend Additions to Cash Value	Use original face value at policy issuance.	When total FV $>$ \$10,000, include any dividends which have been added to cash value in countable reserve.	Include dividends in countable CV when total FV exceeds \$10,000.	See above.	When total (original) FV \leq \$10,000, FV may be used in Phase 2 of burial exclusion when applicable. When total (original) FV $>$ \$10,000, CV may be used in Phase 4 of burial exclusion when applicable Once designated, ignore increases in cash value, including <u>dividend additions</u> to CV, unless burial designation is disturbed.
WHOLE LIFE with Dividends used to pay premiums	Same.	No impact on countable CV.	Do not count dividends used to pay premiums as reserve.	See above.	If any dividends remain after paying premiums, see the applicable item, based on status of remaining dividends.
WHOLE LIFE with Dividend Accumulations left to earn interest	Same.	No impact on countable CV. Treat dividends separately.	Count accumulated dividends as reserve , just as you would a bank account. Count regardless of total FV of insurance.	See above.	See "Burial Exclusion" for term insurance. Treat the same.
WHOLE LIFE with Dividends Paid Out	Same.	No impact on countable CV.	Count as reserve only the amount remaining as of the first moment of the month following payment.	See above.	Use in Phase 5 of burial exclusion, when applicable, if the money is placed in a bank account. Ignore increases due to interest once account is designated unless designation is disturbed.