



## Thames Tax & Retirement Services

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# What Is a Chartered Life Underwriter®?



*The Chartered Life Underwriter designation is one of the oldest in the financial services industry; it was founded in 1927.*

A Chartered Life Underwriter® or CLU® is a financial professional who meets the educational, experience, and ethical requirements established by The American College. A CLU® has knowledge and training in several areas, including life insurance, pensions, taxation, finance, retirement planning, estate planning, and planning for business owners.

## What are the requirements?

In order to obtain the CLU® designation, a number of requirements must be met. An applicant must:

- Take and pass eight courses administered by The American College
- Have at least three years of qualifying full-time business experience in insurance or financial planning
- Pass a fitness standards and background check
- Comply with The American College Code of Ethics and Procedures

Once appointed, a CLU® must meet continuing education requirements in order to maintain the certification.

## What does a CLU® do?

Practitioners with the CLU® designation provide guidance on a variety of financial and insurance topics. A CLU® develops and implements financial plans for individuals, businesses, and organizations, focusing on risk management in general and health and life insurance needs in particular.

## How is a CLU® compensated?

Typically, financial professionals earn their living either from commissions or by charging hourly or flat rates for their services. A CLU® may use a combination fee-and-commission structure: you pay a fee for development of a financial plan or for other services provided by the CLU® who also receives a commission from products he or she may sell to you. A commission is a fee paid when someone buys or sells a stock or other investment. It also is paid when

someone buys insurance (such as health, life, or long-term care insurance) or annuities.

When calculating the cost to employ the services of a CLU® consider fees, commissions, and related expenses, such as transaction fees and management fees related to the products he or she recommends.

## How can a CLU® help you?

A CLU® can help you analyze your overall financial picture and identify life and health insurance needs. A CLU® often can offer expertise in risk management, including strategies involving life and long-term care insurance, health insurance, and liability coverage. A CLU® is also able to help you create an estate or business plan.

Specifically, a CLU® can help you:

- Establish financial and personal goals and create a plan to achieve them
- Evaluate your financial situation and help you attain financial security through insurance products including life, health, and disability insurance, long-term care insurance, and annuities
- Develop and implement an estate plan to conserve your existing assets and enhance the value of the estate you leave to your heirs
- Create a business plan aimed at protecting your business assets from risks and liabilities while ensuring their efficient transfer at your death

## How to choose a CLU®

Working with a CLU® involves sharing very personal information, so you will want to feel comfortable with the professional you choose. Not only will you want the CLU® to be competent, but he or she should also have integrity and a commitment to the highest ethical standards in the industry. Also, a CLU® often offers services to a particular clientele, such as small business owners, corporate executives, or retirees, so be sure the CLU® you select works with clients whose interests and goals are similar to yours.

**The programs of study required of a CLU® include:**

- *Fundamentals of Insurance Planning*
- *Life Insurance Law*
- *Fundamentals of Estate Planning*
- *Planning for Business Owners and Professionals*
- *Individual Health Insurance*



Before you choose a CLU® to work with, ask around. You may know a family member, friend, or colleague who has worked with a CLU® they'd recommend. Also, be prepared to interview the prospective professional. If the CLU® provides investment advice for a fee, request a copy of form ADV or the comparable state form. A CLU® who offers investment advice is required to file form ADV with the U.S. Securities and Exchange Commission (SEC) or with the state of residence of the CLU® (although some exceptions apply). Form ADV contains information about the CLU® including details about his or her education, business, disciplinary history, services offered, fees charged, and investment strategies. In addition to form ADV, ask for the disclosure document that contains other important information. Even if you don't ask for the disclosure document, it must be provided to you at the time you enter into an agreement for services, or soon thereafter. Be sure to read the disclosure document carefully as well as any written agreements you enter into.

Here are some questions you may want to ask a CLU® to help you find the right planner for you:

- What is your education? What schools did you attend and what degrees have you earned?
- What licenses do you hold? Are you registered with the SEC, FINRA, or the state?
- Are you affiliated with any professional groups or organizations?
- Does your practice concentrate in a particular area? What types of clients do you work with?
- What type of products and services do you offer? Are you limited as to the types of products and services you can offer me?

- How are you compensated for your services? Do you receive a commission for any products you may sell to me?
- Have you ever been disciplined by any government board or regulatory agency?

### **Is a CLU® right for you?**

The financial world has become a very complex place, and insurance is often a necessity for people and businesses. Even if you're used to handling your own financial affairs, the time may be right to consult a CLU® who can review your financial health and offer suggestions that may help you protect your assets and reach your financial goals.

For example, are you aware of the many different types of life insurance products available to you? Do you have enough life insurance protection for your family? How will you protect your assets should you suffer from a long-term disability or illness? If you retire, will you have sufficient health insurance and if so, what will it cost? If you own a business, do you have an adequate plan in place in case of the death or disability of you or a partner? These are just some of the questions that a qualified CLU® can address with you and your family.

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