

# AI-03284 Term Life Insurance Cancellation

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Tags	Investing
Created time	@December 19, 2025 12:41 AM

Calculate my savings post cancellation of the following term life insurance:

Policy cancelled: 00627834,\$250k term life insurance

Now, \$165.33

Renewal, \$205.12

Here's a clean, conservative calculation based on what you provided.

### Given

- Policy: \$250,000 term life (Policy #00627834)
- Current premium ("Now"): \$165.33
- Renewal premium: \$205.12

Assuming these are monthly premiums (typical for term life):

## 1. Immediate Savings (If Cancelled Now)

Item	Amount
Monthly savings	\$165.33
Annual savings	\$1,983.96

## 2. Avoided Future Cost at Renewal

Item	Amount
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Monthly savings at renewal	\$205.12
Annual savings at renewal	\$2,461.44

### 3. Interpretation (What This Means Practically)

- By cancelling now, you immediately free up \$165.33/month
- By cancelling before renewal, you avoid a higher burn rate of \$205.12/month
- Over a single year post-renewal, that's ~\$2.46k preserved capital
- Over multiple years, the compounding opportunity cost becomes material (especially if redirected to ETFs or cash reserves)

### 4. Actionable Framing (Aligned With Your Situation)

Given your context (high net worth, no dependent risk, retirement/decumulation phase):

- This policy functions more as legacy insurance, not risk insurance
- Cancellation converts a guaranteed expense into guaranteed savings
- Those funds can be:
  - Reallocated to low-volatility investments
  - Used to reduce sequence-of-returns risk
  - Simply lower fixed monthly obligations (psychological + financial win)
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If you want, I can:

- Project 5-, 10-, or 20-year savings
- Compare this to self-insurance via portfolio drawdown
- Run a break-even analysis vs keeping the policy

Just say which one.

Below is a clear, conservative 5- and 10-year projection, with assumptions stated explicitly.

## Assumptions (Conservative & Transparent)

- Premiums are monthly
- You cancel the policy before renewal
- Savings are calculated at the renewal rate (worst-case, higher cost avoided)
- No investment return assumed (pure cash-flow savings)

Renewal premium used: \$205.12 / month

## 5-Year Savings Projection

Period	Monthly	Annual	Total
1 year	\$205.12	\$2,461.44	\$2,461.44
5 years	—	—	\$12,307.20

## 10-Year Savings Projection

Period	Monthly	Annual	Total
1 year	\$205.12	\$2,461.44	\$2,461.44
10 years	—	—	\$24,614.40

## Sensitivity Check (If Cancelled

Immediately

at Current Rate)

Using \$165.33/month instead:

Horizon	Total Savings
5 years	\$9,919.80
10 years	\$19,839.60

## Interpretation (Big Picture)

- 5 years: ~\$12k preserved
- 10 years: ~\$25k preserved
- Zero risk, zero volatility, guaranteed return (expense elimination)
- Equivalent to earning a risk-free, tax-free yield equal to the premium avoided

In decumulation or late accumulation, this is one of the highest-confidence financial moves available.

## Optional Next Step

If you want, I can:

1. Add investment growth scenarios (3%, 5%, 7%)
2. Compare this vs self-insurance from portfolio
3. Translate savings into months of living expenses covered

Just tell me which lens you want.