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# Financial Risks That Extend Beyond The Portfolio

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## *Why Some Investors Use Insurance Strategies as Part of a Broader Wealth Preservation Plan*

For many investors, retirement planning begins with a familiar formula: build a diversified portfolio of stocks, bonds, and cash equivalents designed to grow over time. While those traditional investment tools remain foundational, retirement introduces a new set of risks that portfolios alone may not always fully address.

As individuals move from wealth accumulation to wealth preservation and income distribution, the conversation often expands beyond market returns and into broader concerns such as longevity, healthcare costs, legacy planning, and protecting assets during periods of uncertainty.

That is one reason many affluent and high-net-worth investors incorporate insurance-based strategies into their overall financial plan—not necessarily as a replacement for traditional investments, but as a complement designed to create additional stability and planning flexibility.

### **Retirement Today Looks Different**

Retirements are lasting longer than ever. For many individuals, retirement could span 25 to 35 years or more. While longevity can be a blessing, it also creates financial pressure. Investors are not simply managing market risk anymore—they are managing the risk of outliving their assets.

At the same time, healthcare costs continue to rise, market volatility remains a reality, and many retirees are navigating retirement without the safety net of traditional pensions. This evolving landscape has increased interest in strategies designed to help manage uncertainty and provide a more predictable foundation for long-term planning.

### **Insurance as a Wealth Preservation Tool**

Insurance strategies can play several roles within a broader financial plan depending on an investor's goals, liquidity needs, tax considerations, and risk tolerance.

For some investors, certain insurance products may help provide:

- **Supplemental retirement income**
- **Protection against longevity risk**
- **Estate and legacy planning support**
- **Tax-efficient wealth transfer strategies**
- **Protection from certain unforeseen financial burdens**
- **Greater confidence during periods of market volatility**

Importantly, insurance-based solutions are generally most effective when integrate thoughtfully alongside investment portfolios, rather than viewed in isolation.



## Managing Longevity and Income Risk

One of the primary concerns retirees face is ensuring their assets can support a potentially lengthy retirement. Market downturns early in retirement—combined with ongoing withdrawals—can place pressure on long-term portfolio sustainability.

Some investors use insurance strategies, including annuity-based solutions, to create a layer of predictable income designed to supplement Social Security, pensions, or portfolio withdrawals. This approach may help reduce reliance on selling growth-oriented investments during unfavorable market conditions.

Different products carry different features, costs, and risks, making professional evaluation important when determining suitability.

## Preparing for Healthcare and Long-Term Care Costs

Healthcare expenses are another major consideration in retirement planning. Even financially disciplined retirees may underestimate the potential impact of extended healthcare or long-term care needs.

Certain insurance solutions may help offset some of these costs or provide additional financial flexibility should care needs arise later in life. For investors seeking to preserve assets for spouses, heirs, or charitable goals, planning proactively for healthcare-related expenses can become an important component of wealth preservation.

## Legacy Planning and Tax Efficiency

For many affluent families, retirement planning extends beyond personal lifestyle goals and includes preserving wealth across generations. Insurance strategies are sometimes used as part of estate planning and tax-efficient wealth transfer discussions because certain structures may provide liquidity, facilitate beneficiary planning, or help manage estate-related considerations.

These strategies can be particularly relevant for business owners, multi-generational families, and investors with complex estate objectives. Coordination between financial advisors, tax professionals, and estate planning attorneys is often essential.

## Balancing Growth and Stability

Growth remains important in retirement, particularly as inflation continues to impact purchasing power over time. However, some investors seek to balance growth-oriented investments with strategies designed to create greater stability and predictability.

Rather than viewing investing and insurance as competing approaches, many sophisticated financial plans incorporate both—using investment portfolios for long-term growth potential while utilizing insurance strategies to help manage specific financial risks that traditional markets alone may not fully solve.

## A Broader View of Retirement Planning

Modern retirement planning is increasingly about more than investment performance alone. It is about creating a comprehensive strategy designed to help investors navigate uncertainty, preserve wealth, and align financial decisions with long-term personal and family goals. Insurance strategies are not appropriate for every investor, but for some individuals, they may play a meaningful role within a diversified and thoughtfully constructed financial plan.

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