

LIFE INSURANCE

If others depend on you for financial support, part of your financial plan should include how you will provide for them in the event of your death. To help you decide which option is the best for you, we've covered the basics.

The Basics of Life Insurance

If you are married, it's important for both spouses to have a life insurance policy. If both people bring in an income, a death can be a difficult financial loss. Also, if a stay-at-home parent should pass away, expenses such as childcare and other domestic items can create financial hardship, too.

There are two basic types of life insurance: term life insurance and permanent life insurance. The type of life insurance policy that best suits you will depend on your unique needs.

Option #1: Term Life Insurance

Just as its name implies, term life insurance covers you for a specific period of time, or term, that you choose. Since it offers a death benefit but no cash value, term life insurance is an inexpensive way to protect your beneficiaries for a specified period of time.

Renewal term life insurance can be renewed at the end of the term, at the option of the policyholder and without evidence of insurability, for a limited number of successive terms. It can also be converted, or exchanged for a permanent insurance policy, without evidence of insurability down the road. It's important to note that rates generally increase along with the insured's age.

Option #2: Whole Life Insurance

Permanent life insurance is any form of life insurance other than term. Examples are whole life, universal life and variable life. These policies combine term life insurance with a long-term, tax-sheltered savings plan.

Whole life is the most basic type of permanent life insurance. It provides coverage that lasts a lifetime and also builds up a cash value that you can borrow against, withdraw or use to pay future premiums.

A life insurance policy with a cash value is ideal for those who have a lifetime need for insurance protection, prefer stable premiums over the life of the policy, want a policy that allows them to build tax-deferred values, and value the high degree of coverage the policy affords. While rates for a whole life insurance policy remain stable over the life of the policy, premiums are initially more costly than for term insurance.

How Much Insurance Do I Need?

To find the right amount of coverage, it's important to weigh your dependents' current lifestyle and spending needs against their future sources of income and assets. We can help you figure out how much your family will need to replace this lost income over this length of time should something happen to you. Call us today at 517-337-8415 to learn more.

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