

## *Life*

### CHOOSE THE RIGHT KIND OF LIFE INSURANCE

Life insurance plans are as varied as life insurance buyers. Some give coverage for a lifetime, others cover a specific number of years. Some build cash values, others don't. Some allow you to switch plans as you age. What's important is figuring out your needs and what you can afford.

Although sold under a variety of names, life insurance comes in two basic types:

**Term insurance** covers you for a specific number of years (often up to 30) and pays a benefit if you die within the specified term. It doesn't build cash values.

Premiums usually stay the same (or "level") throughout the policy term. After that, you may be able to renew, but the premium will increase each year (up to a guaranteed maximum stated in the policy).

Insurance companies often add features to their term policies to help distinguish them from the competition. For example, some companies may allow you to collect an "accelerated benefit" if you're diagnosed with a terminal condition. Term life is the best choice when your life insurance needs are 30 years or less and when the cost of permanent insurance is more than your budget will allow.

**Cash-value life insurance** costs more initially than term insurance, but part of the premium you pay is invested by the company and builds up a cash reserve you can use for loans or as a supplement to retirement income.

"Whole life" is the most well-known type of cash-value policy. It covers you as long as you live if your premiums are paid. Premiums stay the same throughout your life. Initially, you'll pay more for the same amount of death-benefit coverage than you would with term insurance. However, if you keep the policy into your later years, your premiums will be lower than they would have been had you continued to renew a term policy.

Some whole-life policies allow you to shorten your payment period to 20 years or until you reach age 65. Premiums are higher for those policies since they're collected during a shorter period.

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No matter which type of policy you choose, the National Association of Insurance Commissioners urges you to:

- Make sure you can handle the premium payments and, if they'll increase later, that you'll still be able to afford them.
- Review any insurance application thoroughly before signing, making sure all answers are complete.
- Stick with the plan you buy. Quitting during the early years of a policy could be very costly. The same goes for replacing an existing policy.
- Read your policy and ask your agent to explain anything that's not clear.
- Review your life-insurance plan every few years to make sure it's keeping up with your income and still meeting your needs.

