

Types of Life Insurance:

Term Life:

Least expensive – no cash value and no investment features. If the insured dies within the policy period, the death benefit is paid to the beneficiary. If the person does not die within the policy term, the policy expires and the insurance company retains the payments.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Low Initial Premiums• Lowest cost for temporary protection• Can be converted to permanent life insurance without medical underwriting	<ul style="list-style-type: none">• Premiums increase at later years.• No cash values• No tax advantages

Whole Life

Fixed premiums and a fixed death benefit which extend over the insured's lifetime. Permanent protection. As long as all premiums are paid, receiving death benefit becomes a certainty rather than a possibility. There is also a saving feature called "cash value". Cash value can be accessed tax-free while still alive via withdrawals and policy loans (with no requirement for repayment). Policy dividends available (not guaranteed, participating policies only).

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Permanent coverage• Premiums are fixed and never increase• Cash value accumulation• Tax free access to cash value*• Dividends (participating policies only)• Cash value growth and dividends are tax deferred.	<ul style="list-style-type: none">• Premiums are considerably higher than term life insurance for the same death benefit• Conservative growth premiums on the cash value.

Universal Life

Like whole life, universal life insurance offers permanent coverage as well. It is usually less expensive than whole life insurance and has a minimum and maximum premium rather than fixed payments. The cash value of the policy earns an interest rate tied to current interest premiums in the market.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Premiums may be lower than whole life• Flexible premiums (which can also be skipped if there is enough cash value)• Cash value accumulation• Tax free access to cash value*	<ul style="list-style-type: none">• Low interest crediting on cash values on a low interest rate environment• Does not receive policy dividends.

Variable Universal Life

A variation of Universal Life with the difference being that the cash value is invested in mutual funds subaccounts (stocks and bonds). The cash value of the policy fluctuates depending on the performance of its investments.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Flexible premiums (which can also be skipped if there is enough cash value)• Potential for better cash value accumulations during bull markets.• Tax free access to cash value*	<ul style="list-style-type: none">• Market Risk.• Cash value may decrease during bear markets

**Loans against your policy accrue interest and will reduce the policy's cash value and death benefit by the amount of the outstanding loan and interest. Withdrawals also reduce the policy's cash value and death benefit. If the policy is a modified endowment contract distributions may be taxable transactions, and if made prior to age 59 ½, may be subject to a 10% IRS penalty.*