

# Protection is Precious



## Life Insurance

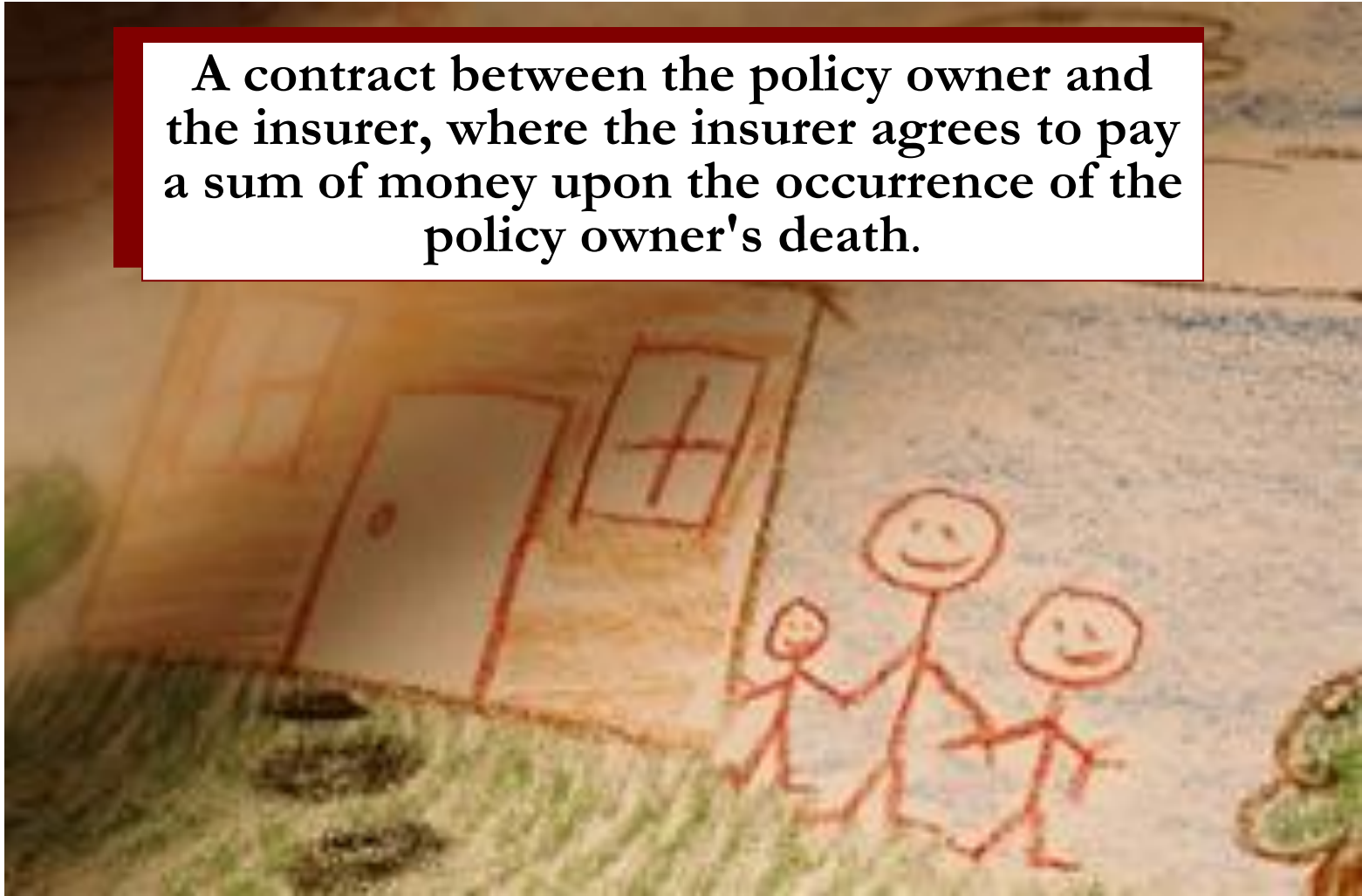


- Not FDIC/NCUA Insured
- Not Insured By Any Federal Government Entity
- Not a Deposit

- May Lose Value
- No Bank/Credit Union Guarantee
- Subject to Underwriter Approval

# What is Life Insurance?

**A contract between the policy owner and the insurer, where the insurer agrees to pay a sum of money upon the occurrence of the policy owner's death.**



# Who Needs Life Insurance?

- **Parents**
- **Married couples**
- **“Bread Winners”**
- **Those with mortgages or liabilities**
- **Business partners**
- **Anyone whom others depend on**



# Some Critical Questions

- **What would happen if your spouse died? Would you be able to cover the expense of your mortgage?**
- **If you have children, could you afford to raise them on your own and pay their college expenses?**
- **If you were removed from the picture, would the people who depend on you be fully protected?**
- **If a business is jointly owned, what would happen if one partner died? Would the other be able to take full, financial control of the company?**

# When Should I Purchase Life Insurance?

**Before you need it!**



# How Much Life Insurance Do I Need?



General Rule of Thumb:

**7x**

Your Annual Salary

“I Already Have Enough...” (Or Do I?)

Even if you

“hit it big”

in the lottery –  
would *that* be enough?

# Types of Life Insurance

Term Life Insurance

*“Short-Term Needs”*

*Examples:*

*10-Year Level Term*

*20-Year Level Term*



Permanent

Life

Insurance

*“Lifetime Protection”*

*Examples:*

*Whole Life*

*Universal Life*

*Variable Life*





# Term Life Insurance: What You Buy is What You Get

- Coverage for a specified period of time
- Temporary or short-term needs
- Death benefit is face value of the policy
- Less expensive than permanent life insurance



# Short Term Needs Served by Term Life Insurance

- **Outstanding liabilities:**
  - **Auto loan**
  - **Credit card debt**
  - **School or equity loan**
  - **Mortgage**
- **College tuition**
- **Business expenses**
- **Funeral costs**



# Benefits of Term Insurance

- **Affordable**
- **Low initial premium provides maximum coverage**
- **Covers a specified amount of time**
- **Convertible to permanent insurance at original underwriting classification; without evidence of insurability)\***



<sup>1</sup>Depending on the policy.

# Term Life Insurance Considerations

- Premiums increase with age
- No cash value
- Lasts for only a specified period of time



*Some plans (i.e., annual renewable term) allow you to “renew” each year at an increased premium.*

# Sample Term Life Insurance Policy

**Company:** ABC Insurance Company  
**Policy Type:** 15-Year Level Term  
**Amount:** \$250,000  
**Insured:** 45-Year-Old Male  
Preferred/Tobacco User

Policy Term (Years)					
1-15	16	17	18	19	20
*\$365/yr	\$6,370/yr	\$7,020/yr	\$7,760/yr	\$8,605/yr	\$9,560/yr

*Rates are for illustrative purposes only and don't reflect actual premiums.*

*\*These numbers represent annual premiums.*

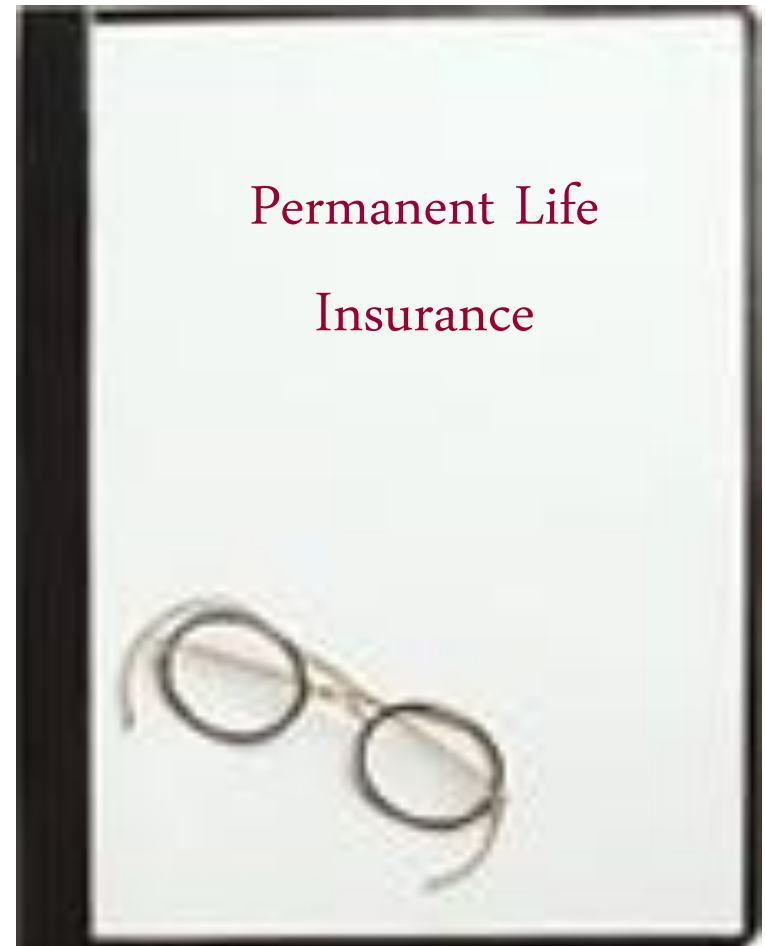
# Think of Term Life Insurance as “Renting”

- **Inexpensive**
- **Fills a temporary need**
- **Not building equity**



# Permanent Life Insurance

- Coverage can last for insured's lifetime
- Can be used to cover long-term needs
- Can build cash value



# Long-Term Needs Served by Permanent Insurance

- **Estate planning or transfer of wealth to heirs**
- **Survivor income**
- **Final expenses**





# Types of Permanent Life Insurance

Whole Life  
Insurance



Universal Life  
Insurance

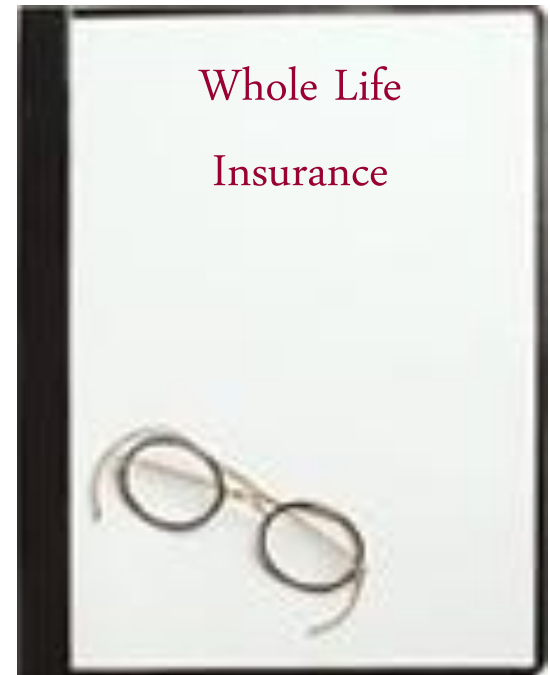


Variable Life  
Insurance



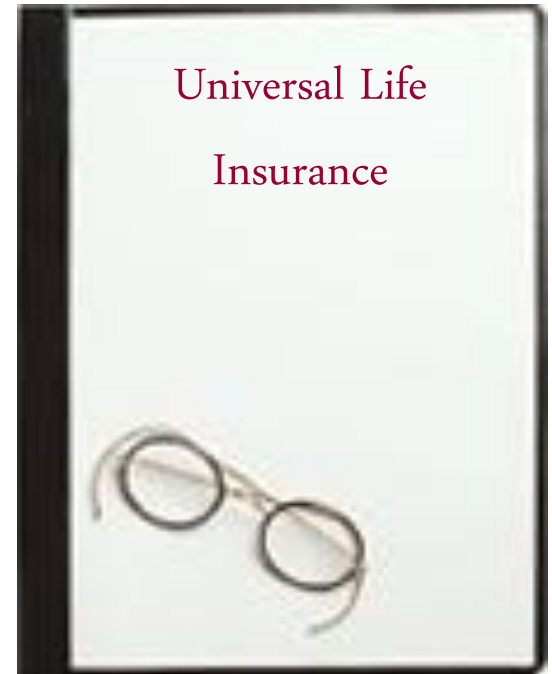
# Whole Life Insurance

- **Covers you for your whole life (as long as premiums are paid and no loans or partial surrenders have been incurred)**
- **Usually level premium amount for life**
- **Unallocated portion of premium builds up cash value**



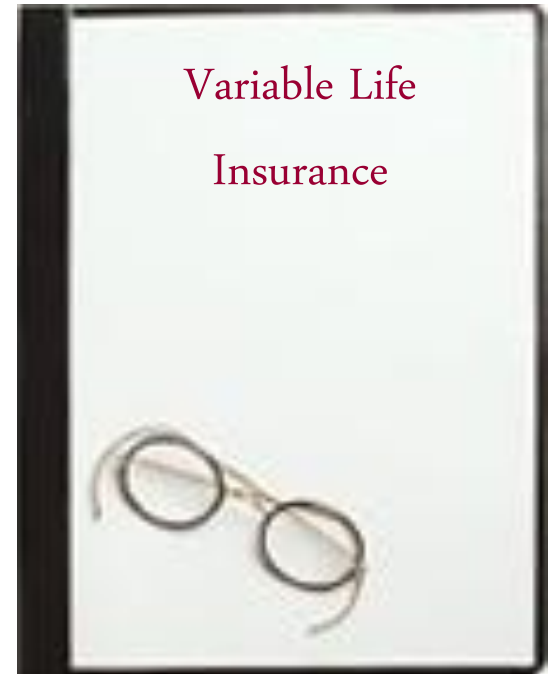
# Universal Life Insurance

- **Flexible premiums**
- **Adjustable death benefits**
- **Cash value**



# Variable Life Insurance

- **Cash values and death benefits depend on the investment performance of the separate accounts**



*Contact your representative for a prospectus, which contains more complete information, including all charges and expenses. Read the prospectus carefully before investing.*

# Related Life Insurance Products

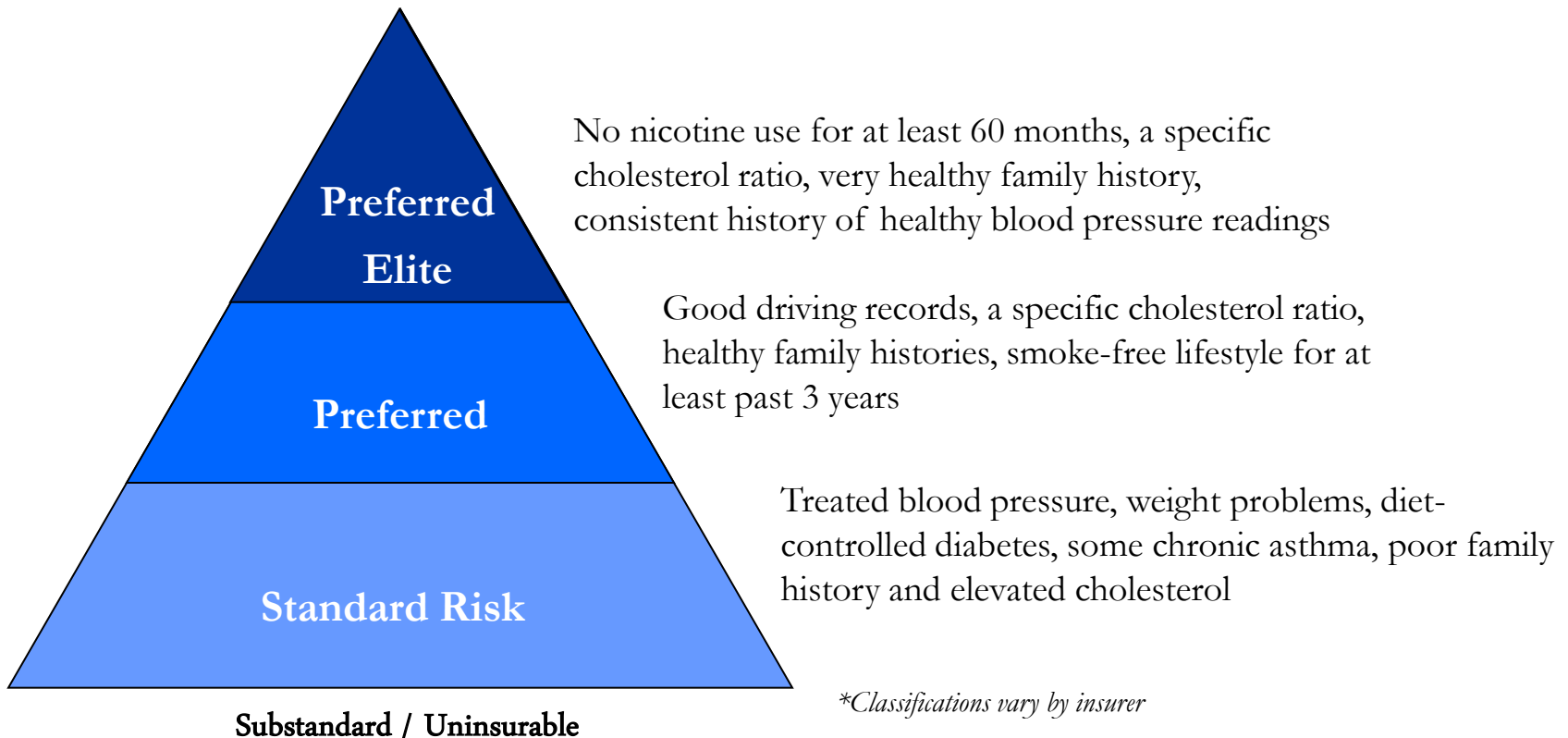
- **Riders** are modifications to the insurance policy added at the same time the policy is issued.
- **Joint life insurance** is either a term or permanent policy insuring two or more lives with the proceeds payable on the first death.
- **Survivorship life or second-to-die life** is a whole life policy insuring two lives with the proceeds payable on the second (later) death.
- **Single premium whole life** is a policy with only one premium which is payable at the time the policy is issued.
- **Modified whole life** is a whole life policy that charges smaller premiums for a specified period of time after which the premiums increase for the remainder of the policy.

# Underwriting

- Age
- Weight & Physical Condition
- Individual Medical Records
- Family Medical History
- Occupation
- Financial History
- Para-Medical Exam Results
- Blood Test Results
- Driving Records
- Hazardous Recreational Activities

# Risk Classification

**Risk Classification\*:** Where an individual falls into the system of risk tables



# What's the Best Policy?

**The one that's  
in force when you  
need it!**

