

# Your Custom Title

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Title

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## Permanent Life Insurance May Offer Lifetime Benefits

*Policy Features Include Ability to Accumulate Cash Value*

Two of the top reasons why Americans carry life insurance are to help replace the income of a primary wage earner and to cover final expenses.<sup>1</sup> Either term or permanent insurance could help meet these needs, assuming the policy is in force at the time of death. However, permanent insurance offers the option for lifetime coverage, along with other benefits that could make the policy as helpful during the life of the insured as it is at death.

### COVERAGE FOR LIFE

Permanent life insurance offers the potential for coverage throughout your lifetime, as long as the premiums are paid. Although the initial premiums are generally higher than they would be for term life insurance, the cost usually stays the same as long as you hold the policy. By contrast, premiums for term policies may become prohibitively expensive if you want to extend your policy or purchase coverage later in life.

In a recent survey, about 13% of workers indicated that they planned to postpone retirement.<sup>2</sup> As people live and work longer, the need for life insurance to replace a deceased earner's wages may extend much longer than it has in the past. Maintaining lifetime coverage could also provide your heirs with funds (up to the policy limits) to help pay burial costs, estate taxes, debts, and other end-of-life expenses.

Only permanent insurance offers coverage throughout your lifetime, as well as a savings component.

Considering these advantages, it's not surprising that about two out of three individual life insurance policy purchases are for permanent insurance.

Source: American Council of Life Insurers, 2014

## CREATING VALUE

A portion of permanent life insurance premiums goes into a cash-value account that accumulates on a tax-deferred basis throughout the life of the policy. This may increase the death benefit if left within the policy, and you could borrow the cash value for a variety of needs during your lifetime including retirement, education, emergencies, and other purposes. Permanent insurance can be a lifetime asset as well as a form of risk management.

You may generally tap into the accumulated cash value through tax-free withdrawals (up to the amount paid in premiums) or loans. Although policy loans accrue interest, they are free of income tax (as long as they are paid back) and

typically do not require a credit check or a set schedule for repayment.

Access to cash value through borrowing or partial surrenders may reduce the policy's cash value and death benefit, could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured. Additional out-of-pocket payments may be needed if actual dividends or investment returns decrease, if you withdraw policy values or take out a loan, or if current charges increase. Any guarantees are contingent on the claims-paying ability of the issuing company.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased.

Before implementing a life insurance strategy, it would be prudent to make sure that you are insurable.

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

## A PERMANENT SOLUTION

Many people have some life insurance through work, but the cost and other details may change when they leave their jobs. Individual term life coverage also has an end date. Only permanent insurance offers lifetime coverage as well as a savings component. Considering these advantages, it's not surprising that about two out of three individual life insurance policy purchases are for permanent insurance.<sup>3</sup>

Your choice of life insurance coverage may play an important role in your financial situation and could affect your family's standard of living. We can help you find life insurance coverage that may be appropriate for you and your family.

1) LIMRA, 2015

2) Employee Benefit Research Institute, 2015

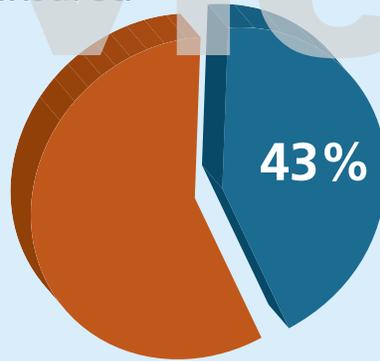
3) American Council of Life Insurers, 2014

### Many Americans Are Underinsured

**About 43% of U.S. adults** have no life insurance protection.

**30% of consumers** don't believe they have enough life insurance coverage to meet their family's needs.

Source: LIMRA, 2015



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