



Life Insurance 101

Why do people buy life insurance?

It seems simple – to help protect those you love. But life insurance can also be a versatile asset as part of your financial plan. In addition to providing funds to the beneficiary upon one’s death, many types can also provide access to an interest bearing account during one’s life.

People use life insurance for many reasons, including:



Help protect a business



Help fund future tuition payments



Help support retirement plans



Help provide for future generations through estate or legacy planning

What kind of life insurance solutions are available?

Life insurance solutions range from simple to complex. Below are two common types of life insurance term and universal life.

Feature	Term	Universal Life
Description	Temporary life insurance that typically offers lower premiums but no interest bearing account.	Permanent life insurance that typically costs more in premiums but has an interest bearing account.
Premiums	Fixed	Flexible
Death Benefit Coverage	Temporary	Permanent
Ability to Adjust Death Benefit	No	Yes
Account Value Growth	None	Yes
Features	Typically available in 10, 15 or 20 year periods. Typically allow a limited conversion option to a permanent life insurance policy such as universal life.	Interest Rate on Account Value can vary by type of Universal Life: Fixed: Declared Rate by Insurance Company Indexed: Tied to market indices such as the S&P 500 Variable: Access to mutual fund options

Where do I start?

It might be a good idea to think about four questions:

- What do you want to protect?
- How long do you need to protect it for?
- How much do you need to protect it?
- How does it fit into your overall financial plan?

Talking to a financial advisor about life insurance may help. Based on your needs and risk tolerance, your advisor should be able to help you decide what type of life insurance is right for you.

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