



LIFE INSURANCE

Life insurance is often viewed as an unpleasant topic and an expense that may appear unnecessary. However, if there are people who rely on you for financial support, life insurance becomes crucial in safeguarding their well-being in the event of your demise.

It provides a financial benefit to your chosen beneficiary upon your death.

Understanding the basics of life insurance can be confusing, so here's a breakdown:

Different Types of Life Insurance:

Term Life Insurance

This is the simplest and typically the most affordable option. You purchase coverage for a specific duration of time. It can usually be renewed, but as you age or experience changes in health, the premiums will increase. Term life insurance does not accumulate cash value. All other types of life insurance fall under the category of permanent life insurance, offering both a death benefit and a savings element with cash value. Here are some common types of permanent life insurance.

Whole Life Insurance

With this policy, you obtain coverage for your entire life as long as you continue paying premiums. Premiums remain fixed throughout the policy, and a portion of your premium is invested, accumulating as cash value. While whole life insurance may be more expensive than term policies in the early years, the premiums remain consistent.

Universal Life Insurance

This policy is similar to whole life insurance but provides the potential for higher earnings on the cash value component. It offers flexibility in terms of adjusting premiums and face value during the policy's duration. There is typically a guaranteed return on the cash value.

However, be aware of potential downsides such as higher fees and the possibility of increased premiums.

Variable Life Insurance

A variable life policy generally has fixed premiums, and you have control over investment decisions for the cash value portion. This option carries more risk because there is no guaranteed cash value.

Understanding these distinctions will help you make an informed decision when selecting the most suitable life insurance policy for your needs.