SELECTIONS FOR Life

KEY

TERM
Insurance where coverage takes place over a period of time, like 10-20 years. Once the coverage period ends, the plan is dissolved.

PERMANENT
Insurance that provides coverage your entire life as long as premiums are paid.

QUESTION #1
you recently had a child or have young children?

YES | TERM
A good rule of thumb to determine how much to purchase is to calculate your income—or the cost of what you do in the house for stay-at-home parents—and multiply it by the years you need to support your kids. [1]

NO
move to the next question

QUESTION #2
you need to protect a child with special needs for their entire life?

YES | PERMANENT
The cost of lifetime care for a child with autism is on average $1.4 million and that can rise substatially if there are other mental callenges.[2] The need to provide for the child doesn't change; neither will permanent insurance's coverage.

NO
move to the next question

QUESTION #3
you want the option to build cash value?

YES | PERMANENT
A solid choice if you want the potential to build cash value to use for an additional source of retirement income or money in the event of an illness or other unexpected need.

NO
move to the next question

QUESTION #4
you're under 50 and need to cover debts, like a mortgage or student loans?

YES | TERM
Mortgage debt passes onto your spouse. Private student loan balances transfer to your cosigner. Term is usually a good choice since you'll have coverage while you pay down the debt.

NO
move to the next question

QUESTION #5
you want investment options?

YES | PERMANENT
A variable universal life policy has the greatest potential to build cash value through underlying investments options like stocks and bonds. However, the cash value can also decline if the investment options perform poorly.

NO
move to the next question

QUESTION #6
you want to potentially borrow against it?

YES | PERMANENT
The policy's cash value can grow your death benefit, and you can also take income tax-free loans as needed. Plus, loans typically have low interest rates. [3, 4]

NO
move to the next question

QUESTION #7
you would like to leave a legacy?

YES | PERMANENT
The death benefit from life insurance can provide a lump sum of money to your beneficiaries. And it can be set up in a way so you only leave it to heirs once you and your spouse have moved on.

NO
move to the next question

QUESTION #5
you want investment options?

YES | PERMANENT OR TERM
The average cost of a funeral in the U.S. ranges from $6,000 to $10,000.[5] If you pass on property that high upkeep expenses, then your beneficiaries may be forced to sell. Both term and permanent can provide your family with the financial security to help pay those costs, once you step away.

[1] Nerdwallet: https://www.nerdwallet.com/blog/insurance/a-new-parents-guide-to-life-insurance/
[2] Autism Speaks: https://www.autismspeaks.org/press-release/new-research-finds-annual-cost-autism-has-more-than-tripled-126-billion-us-and-reached
[3] You can access your cash value through loans and withdrawals. In general, loans are charged interest; they are usually not taxable. If a policy lapses or is surrendered, the loan becomes immediately taxable to the exent of gain in your policy. Withdrawals are taxable only when you take more money out of the policy than you've paid in premiums. If your policy becomes a Modified Endowment Contact (MEC), different, less advantageous tax provisions apply. Loans and withdrawals may reduce or eliminate the death benefit payable to your beneficiaries.