

Types of Life Insurance

In choosing the type of life insurance policy you purchase, consideration must be given to the need which is being filled; e.g., funding retirement needs, creation of an estate, payment of estate settlement costs (federal and state death taxes, last illness and burial costs, probate fees, etc.), business buyout, key-man coverage, etc.

Decreasing Term:

Level Premium, Decreasing Coverage, No Cash Value: Suitable for financial obligations which reduce with time; e.g., Mortgages or other amortized loans.

Annual Renewable Term:

Increasing Premium, Level Coverage, No Cash Value: Suitable for financial obligations which remain constant for a short or intermediate period; e.g., income during a minor's dependency.

Long-term Level Premium Term:

Level Premium, Level Coverage, No Cash Value: The annual premiums are fixed for a period of time, typically 5, 10, 15 or 20 years. Suitable for financial obligations which remain constant for a short or intermediate period; e.g., income during a minor's dependency.

Whole Life:

Level Premium Level Coverage, Cash Values: Cash value typically increases based on insurance company's general asset account portfolio performance. Suitable for long-term obligations; e.g., surviving spouse lifetime income needs, estate liquidity, death taxes, funding retirement needs, etc.

Universal Life:

Level or Adjustable Premium and Coverage, Cash Values: Cash values may increase, based on the performance of certain assets held in the company's general account. Suitable for long-term obligations or sinking-fund needs: estate growth, estate liquidity, death taxes, funding retirement needs, etc.

Variable Life and Variable Universal Life:

Level / Adjustable Premium, Level Coverage, Cash Value: Suitable for long-term obligations and those who are more active investors and for estate growth and death tax liquidity.

Single Premium Whole Life

Entire Premium Is Paid At Purchase, Cash Values, Level Coverage: Provides protection as well as serving as an asset accumulation vehicle.