

# Life Insurance 101

**Whole Life** – A policy that can build significant cash value that can be used for a variety of purposes including retirement income. Whole Life will have a guaranteed death benefit as well as a premium amount that is guaranteed not to change. Because of all it offers, Whole Life will be the most expensive life insurance policy.

**Universal Life** – A policy that can build cash value similar to Whole Life and also offers flexibility. Usually the premium and face amounts can be changed. In many cases, Universal Life will have more risk for the client because when the client gets older, the rising cost of insurance allows the carrier to first access the cash value to keep the policy in force, and then actually raise premiums once the cash has been used. Universal Life is an attractive option because it is less expensive than Whole Life, builds cash, and has the flexibility, but this is not a “get it and forget it” type of life insurance. The policy has to be monitored over the years.

**Guaranteed Universal Life** – A UL policy that is not designed to build cash, but is designed to guarantee the death benefit and premium. Normally the price will partially depend on how long the guarantee is for (Example: to age 90 or 120). Face amounts generally start at \$25,000. For someone who is a little younger and on the healthy side, this is the least expensive way to get permanent coverage.

**Term Insurance** – A policy that is intended to be in force only for the length of the term. This type of life insurance is not guaranteed to be there when you pass away, unless of course, you pass during the term. Term Insurance is usually purchased by people who are on the young side for reasons such as protecting a mortgage or income replacement. Term Insurance is usually available in Med (fully underwritten), or Non-Med versions. Fully underwritten policies take longer to issue, but can result in a lower price for the client.

**Final Expense** – A small to medium sized face amount Whole Life policy that is normally purchased to cover final expenses. This policy can be offered to younger people, but Final Expense is really designed for people who are a little older and not in perfect health. A table rating is built into the policy to account for the average client who again is not in perfect health. Final Expense does build cash value, but not in the same way as traditional Whole Life. Simplified issue means no traditional underwriting and usually quick approval for the client.