



LIFE INSURANCE

AWARENESS MONTH
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The Whole Story of Whole Life Insurance

With term life insurance rates half of the cost they were 10 years ago, it's no surprise that many people in the market for life insurance consider term insurance an attractive option. However, according to LIMRA, more than half of all life insurance policies sold in the U.S. are permanent policies. So what's the whole story on whole life insurance and when does it make sense to include it in your financial plan?

The nonprofit Life and Health Insurance Foundation for Education (LIFE) presents four scenarios where permanent life insurance might be your best option:

Provides lifelong protection – Dan is a 52 year-old, married father of two who let his 20-year term life policy expire once his kids graduated from college. But last month, he was diagnosed with a serious heart condition. Even though his wife still relies on his income to pay the bills, he has realized that it may be very expensive or impossible for him to re-qualify for life insurance.

- ❑ **The Whole Story**: Because whole life insurance coverage doesn't need to be renewed (as long as you pay your premium), it guarantees financial protection as you age, even if your health changes. The premium remains level.

Provides funds for emergencies, opportunities or other needs – College is a long way off for Carla's three-year-old daughter Julie. But being a single mom, Carla wants to make sure that when the time comes, her daughter can get the education she deserves, no matter what the future brings.

- ❑ **The Whole Story**: The primary purpose of whole life insurance is to protect those you love, but it also accumulates cash value that grows tax-free or tax-deferred. You can borrow against the cash value for any purpose you wish, such as college tuition.

Covers final expenses and estate taxes – When Bill died at age 76, he left behind a restaurant and catering business valued at \$2.8 million. To cover state estate or inheritance taxes and attorney fees, his wife Susan was forced to quickly sell the business at a steep discount, rather than passing it along to their three children.

- ❑ **The Whole Story** – The death benefit from whole life insurance (or, for that matter, any life insurance policy) gives you instant liquidity at death to pay for things like attorney fees and estate taxes. It also helps your family members avoid having to sell off assets at bargain-basement prices, ensuring that your heirs can continue the legacy you worked hard to create.

Maintains retirement savings – Nancy lost her husband, Jeff, when he only 57, just eight years shy of his planned retirement. Nancy is in great health, and if her family history is any indication, she will likely live well into her 80s. Unfortunately, because Jeff didn't have any life insurance, Nancy will be forced to prematurely cash out his 401(k) and tap into their retirement savings, dashing her plans for a financially secure retirement and the chance to move to Florida and travel with her grandchildren.

- ❑ **The Whole Story** – Whole life insurance coverage provides income tax-free cash immediately, no matter when you die, allowing your surviving family members to enjoy the retirement savings you worked so hard to set aside.

These are only four of the many reasons people buy permanent life insurance. Since everyone's financial needs are different, it is important to work with a professional to ensure you're getting the right kind of life insurance for your family and your budget (see **Looking for Mr. Right: 6 Tips for Finding a Good Life Insurance Agent**). LIFE's interactive decision guide (www.life-line.org/whatkind) will also help you figure out whether term, permanent or perhaps a combination of the two is right for you. For more information about the different types of life insurance and how to evaluate your needs, visit to www.life-line.org.