

IT PAYS TO KNOW THE DIFFERENCE BETWEEN TERM AND WHOLE LIFE INSURANCE



Life insurance (or life assurance) is a contract between the policy owner and the insurer, whereby the insurer agrees to pay a designated sum of money upon the death of the individual or individuals insured in exchange for a pre-determined premium. This protection against the death of an individual is in the form of guaranteed payment at the face value of the policy to a designated beneficiary — usually a family member or business.

Two of the most popular types of life insurance are term insurance and whole life. Comprehending the differences at the time of purchase can make a big difference later and prevent future regrets.

A term life insurance policy is life coverage only. On the death of the insured, it pays the face amount of the policy to the named beneficiary. Term insurance can be purchased for periods of one year to 30 years.

Whole life provides lifetime coverage. The premiums are more expensive in the early years, but level cost, low cost loans, and lifetime coverage are among the other advantages.

One advantage touted by insurance companies for whole life policies is that, while part of the premium covers what term insurance would cost, the surplus resides in an account accumulates a cash value in a tax friendly environment. For these reasons, whole life can be an excellent long-term solution.

Typically, if the insurance is projected for more than 20 years, a whole (permanent) life insurance policy is probably the way to go. However, a term policy has many advantages as well, predicated on individual circumstances and objectives. The gray areas in making a choice between term and whole life are what can or does happen in between.

A SUMMARY OF FEATURES

TERM INSURANCE

- Less expensive
- Level death benefit
- Optional riders (example: premium waiver and children's rider*)
- Variety of term periods (5-10-15-20-30 Years)
- Smoker or non-smoker rates
- Protection for long or short term obligations

WHOLE LIFE INSURANCE

- Guaranteed death benefit
- Guaranteed cash values
- Guaranteed premiums
- Premium payment options (full pay or limited pay)
- Loan capability, which could include automatic premium loan
- Optional waiver of premium rider

*Note: Policy options may vary by carrier. *Waiver of premium and children's riders are available at an extra cost and may not be offered by all insurance carriers.*

***Here is where you need
expert advice.***

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for a consultation and personal policy review.

Ask for Pat Picciano or Pat Bruno.