

Term life insurance: Keeping costs down while needs are high.



Determining your life insurance needs can be a daunting task, and understanding the differences in policy types, as well as individual policy benefits, can be quite confusing. But of the many types of life insurance available, term life is perhaps the most straightforward purchase... and the easiest to understand.

What is term life insurance?

Term life insurance gives you protection for a specific amount of time.

Is term life insurance expensive?

Term life insurance is an attractive option for keeping costs low while providing peace of mind. When you invest in this coverage, you purchase a policy for a set period of time (often anywhere from 10 to 30 years). Your premiums remain fixed for that period, but will rise upon renewal. So, let's say you purchase a 30-year term life policy at age 30. It'll carry the same premium for the entire 30-year term. Then, should you choose to renew, the premium will be reset at a rate that's appropriate for a 60-year-old, and it will remain the same for the duration of the new term.

When should I choose term life insurance?

Most people invest in term life when their insurance needs are high, but are expected to decrease over time - likely as mortgages are paid down or paid off, or after dependent children have become self-supporting.

Why should I choose term life insurance?

Prior to purchasing a policy, you should carefully consider your family's needs. If you have a spouse

or partner, work together to determine what expenses your income currently supports and if those expenses will decrease if you are no longer able to provide. What would need to be covered for your family to maintain its lifestyle and its home? What outstanding debt, such as student loans or credit cards, would need to be paid off? Are your children in pre-school or private school? Do they have college plans? Another consideration is how you expect your life to be commemorated. And of course, don't forget to consider your budget and how much you can afford to pay in premiums.

How is term life insurance different from whole life?

An important distinction of term life vs. whole life is that term life carries no additional benefits beyond the death benefit (allowing premium rates to remain low). Policies gain no cash value over time and only pay in the event of the covered individual's death.

How is term life insurance different from employer-provided coverage?

If you're fortunate enough to carry life insurance through an employer, it's most likely a term life policy. For most individuals and families, a policy offered by an employer is not enough to cover anticipated expenses following your passing, and these policies often terminate immediately (are not portable) should your employment status change.

Is term life insurance right for you? Talk to your agent about how to secure your family's future.