Personal life insurance: the basi[illegible]

What's the purpose of life insurance?

Life insurance usually is purchased by individuals to guarantee a specific sum of money to a designated beneficiary upon the death of the insured, or to the insured if he or she lives beyond a certain age. The payment may be used by the beneficiary at his or her discretion unless provisions are specified in a will. The capital sum may assist such matters as the loss of income due to the death, and other expenses, such as medical and funeral bills, child-care costs, college expenses and the costs associated with day-to-day living, such as mortgage and rental payments. Some policies contain features providing retirement income and cash savings. Life insurance may offer both protection and savings.

What types of life insurance are available?

There are many varieties [illegible] policies, but most can be [illegible] basic types: term and perm[illegible]

Term-life insurance offers p[illegible] a set numb[illegible] at a fixed [illegible] gener[illegible] savings featu[illegible] sur[illegible] value. It us[illegible] if [illegible] family [illegible] f[illegible] one fi[illegible] years. [illegible]surance help[illegible]eeds that will [illegible]pear o[illegible] time, such as a [illegible]llege expenses. It also is reco[illegible] who need a large amou[illegible]surance protection and are on a limited bu[illegible] since term-insurance premiums [illegible] be less expensive than other types of life insurance. Some term-life insurance policies contain a "convertible" feature, whereby the term policy can be converted to a whole-life policy, usually without a medical examination. Term insurance also may be offered as part of [illegible] group or as an employee benefit.

Permanent insurance may be th[illegible] choice for you if you need l[illegible]cial protection. As long as yo[illegible] your beneficiary will [illegible] the dea[illegible] Premiums can be f[illegible]xible to your personal fina[illegible] tax-deferred life [illegible]surance [illegible] cash value, wh[illegible] an use [illegible] lifetime. You a[illegible] against [illegible] cash va[illegible]llege ex[illegible] the polic[illegible]vide p[illegible] insurance. [illegible] loa[illegible] the death [illegible] and [illegible]ve y[illegible]ciary [illegible]tectio[illegible]

[illegible] also [illegible] cash value of [illegible]ent ins[illegible] an annuity, which [illegible] you with an income for life. You can [illegible] policy and use its accumulated cash va[illegible] way you wish. You may owe [illegible] on some of the cash value if the sum [illegible] what you have paid in premiums.

There are different types of permanent life policies:

- Whole or ordinary life is the most common type of permanent insurance. The premiums and death benefit generally remain constant over the life of the policy.
- Universal or adjustable life offers you flexibility in both premium payments and the death benefit your family receives. You can adjust the death benefit and your premium payments, within certain limits, to fit your financial situation.
- Variable-life p[illegible]ed to the performa[illegible] markets. The death benefit a[illegible]alue vary with the perfor[illegible] a portfolio of investments [illegible]ou select. The cash [illegible] an[illegible]efit may grow more [illegible]able-life policy than in [illegible]f policies, but you also have [illegible]. If the market does not perform we[illegible] our cash value and death benefit may decrease. Some policies guarantee the death benefit does not fall below a minimum level.
- Variable-universal life policies combine features of variable and universal life policies. You have the investment risks and rewards characteristic of variable life insurance, coupled with the ability to adjust your premiums and death benefit, characteristic of universal life insurance.

How are life insurance premiums determined?

In addition to being based on the type of policy issued, premiums are determined by insurers through the use of mortality tables. These tables are statistical analyses of the deaths of a given group of individuals, beginning at birth and extending until all members of the group have expired. For example, a mortality table will show the likelihood of death in terms of the number of deaths per thousand persons and in terms of the expectation of death at each age. So your age is a top factor in determining your life insurance premium. Your health, occupation, hobbies and many other factors also are used.

There are many life insurance plans available. For the policy that best meets your needs, contact our agency.