

Understanding Life Insurance

Don't feel bad if you don't understand life insurance. You're in good company. In a recent survey, 33% of respondents who own life insurance don't understand how it works.* Why? Well, for one thing, life insurance is not a top-of-mind topic and isn't talked about too much until you really need it.

Sure, you might understand the death benefit. When you die, the life insurance company pays a death benefit to your beneficiary. But there's so much more to this often misunderstood product that can help you live your life to its fullest.

Basically, there are two types of life insurance—term life and permanent life.

Term vs. Permanent

Think of term as a time-based solution, similar to "renting," as it runs out on a given date. Think of permanent as a lifetime solution, similar to "owning," as it stays with you, grows in value and can be used throughout your life.

	Term	Permanent
Purpose	Short-term protection needs	Long-term protection plus cash value accumulation to meet financial needs and goals during your life
Coverage Duration	Generally 5 to 20 years Coverage from your employer; usually ends when employment ends	Lifetime, as long as your premiums are paid
Builds cash value	No	Yes, on a tax-deferred basis
Access to cash value	No	Yes**
Cost	Lower in early ages; increases with age, policy length and health changes	Initially higher than term, but becomes more cost effective than term as you grow older

Term life insurance is often used as a supplement to permanent life insurance, maximizing your protection for a specific period of time, like when your family is growing. When thinking about term, consider a policy that allows you to convert to a permanent policy.

*lendedu.com

***Accessible through loans and withdrawals, certain limitations may apply. Policy loans and withdrawals will reduce the benefit and cash value, and may be taxable under certain circumstances.

Clarifying Permanent Life

Permanent life insurance is a tax efficient way to leave money to your heirs. It also can open up opportunities throughout your life through its growing cash value:

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|-----------------|---|-----------------|---------------------------------------|
| <p>1</p> | <p>Put a down payment on a home</p> | <p>4</p> | <p>Pay for a wedding</p> |
| <p>2</p> | <p>Send your child or grandchild to college</p> | <p>5</p> | <p>Prepare for emergency expenses</p> |
| <p>3</p> | <p>Start or expand your business</p> | <p>6</p> | <p>Enjoy your retirement</p> |

There are four primary types of permanent life insurance that may help meet your needs and those of your family and business:

Whole Life			
Guaranteed death benefit and growth	Predictable payments	Low risk tolerance	
Universal Life (UL)			
Low cost and flexible, adjustable payments	Guaranteed death benefits and cash value linked to company's current interest rates*	Low to medium risk tolerance	
Indexed Universal Life (IUL)			
For people with equal need for protection and growth, and medium risk tolerance	Upside potential with cash value linked to market index	Strong downside protection	Medium risk tolerance
Variable Universal Life (VUL)			
For people with high need for growth, and higher risk tolerance	Upside potential with cash value linked to investments account performance**	Limited downside protection	

*Stated interest rates are subject to change.

**Variable investments are subject to market risk and may lose value.

Get started!

Life insurance is a valuable financial solution that gives you protection, flexibility and opportunity for growth. But figuring out just how life insurance can help you achieve your goals takes the help of a financial professional. I can make it easier for you to make the right decisions today, and create the right plan for tomorrow.

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Learn more below:

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