

# LIFE INSURANCE

101

# Personal Needs

1. Income Replacement
2. Mortgage Cancellation
3. Education Funding
4. Estate Tax Planning

# Types of policies

There are truly only two types of policies.

Term

Permanent

*Every policy available is a variation of these two types of policies.*

# Who do you insure?

- YOURSELF
- YOUR SPOUSE
- YOUR CHILDREN

# What if I am single?

Chances are you have some type of debt.

Credit Card

Vehicle loan

*Everyone Has final expenses: The average funeral today is \$8,000*

# What do I purchase

You should look at forming a pyramid for your life insurance



# What do I purchase

The base of the Pyramid should be a small permanent policy

**For Example** A \$10,000 20-pay life policy for a 24 year old male would be \$10.91 per month.

- ❖ In 20 years the policy is paid for, for life.
- ❖ You will have paid in \$2,654.00
- ❖ Your cash value would be \$2,760.00
- ❖ Your death benefit for the rest of your life will be \$10,000

# What do I purchase

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10-year level term

20-year level term

30-year level term



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**Even with those limitations it is a cost effective way to purchase a large amount of coverage for a small premium.**

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**For Example** The same 24 year old male (nonsmoker) in perfect health could purchase \$200,000 of level term for a 20-year level premium for \$16.24 per month.

# What do I purchase

What about my spouse?

You would you the same approach as you do on yourself.

- ❖ Certain permanent expenses covered with permanent insurance.
- ❖ Design a term plan to cover all of your debt.
- ❖ Purchase enough to replace at least 10-years of income
- ❖ Do you have children?
- ❖ Do you need to hire someone to help you raise them?
- ❖ Do you want to make sure their future education costs are completed?

# What do I purchase

## What about my children?

We already discussed the average cost of a funeral, as difficult as it is to discuss, it sometimes becomes a reality.

Why not purchase something that they can keep forever and you can help them with their base of their pyramid.

A 20-year whole life policy for \$20,000 on a 5 year-old girl would cost \$10.00 per month and would be paid for **forever** in 20 years.

# How do I purchase?

All life insurance is reviewed by an underwriter to see if you are suitable for coverage.

Policies that exceed \$100,000 generally require a mini-physical exam.

The policies are then issued on several different tiers and the pricing can vary by tier.

# How do I purchase?

Let's look at a 34 year-old male nonsmoker.  
He is applying for \$250,000 of 20 year level term.  
Based upon underwriting he will qualify  
for one of the tiers

<b>Ultra Select</b>	<b>\$16.24 monthly</b>
<b>Super Select</b>	<b>\$18.62 monthly</b>
<b>Select</b>	<b>\$20.49 monthly</b>

Many factors determine the final rates

# Now what?

Obviously there is always a need for some type of life insurance, how much and what type is as individual as the person purchasing it.

How do you purchase it?

- ❖ Call Your agent
- ❖ Call me (920) 465-6446
- ❖ Shop the internet

QUESTIONS?