

LIFE INSURANCE

101

Personal Needs



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1. Income Replacement

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2. Mortgage Cancellation

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3. Education Funding

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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

Who do you insure?

- YOURSELF
- YOUR SPOUSE

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

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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

The rest of your purchase should be term insurance. Term insurance covers you for a stated period of time.

10-year level term

20-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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However, it NEVER builds a cash value and it DOES run out. Even with those limitations it is a cost effective way to purchase a large amount of coverage for a small premium.

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.

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- ❖ Purchase enough to replace at least 10-years of income

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- ❖ 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

Ultra Select	\$16.24 monthly
Super Select	\$18.62 monthly
Select	\$20.49 monthly

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

Now what?

I don't recommend the internet.

Why?

- ❖ Ownership of the policy is important.
- ❖ The beneficiary arrangements are very important.
- ❖ There are numerous riders available.
- ❖ Who is going to be there at the time of greatest need?
- ❖ What type of settlement is the right one?

QUESTIONS?