THE

Complete Life Insurance Guide

A practical guide to coverage, cash value, and confident decisions





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Introduction

Life insurance is a contract between you (the policyowner) and an insurance company, designed to provide a death benefit to your named beneficiaries when you pass away.

The right approach depends on your goals, the people who rely on you, your budget, the time horizon, your health, and the terms of the policy. This guide explains your core options in clear, practical language so you can make confident, informed decisions.

HOW TO USE THIS GUIDE

1

Start with the need

Identify the people, debts, income, and obligations the policy should protect.

2

Compare the structure

Understand term, permanent, whole, universal, and indexed universal life before comparing illustrations.

3

Revisit the decision

Review coverage after major life, career, business, or financial changes.

Use this guide to prepare better questions—not to replace licensed advice.



1

START WITH THE NEED

Clarify your goals and responsibilities.

2

COMPARE THE STRUCTURE

Understand your policy options before you compare.

3

REVISIT THE DECISION

Review coverage after life and financial changes.

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Chapter 2 —
Calculating Coverage Needs

A smart way to estimate life insurance is to start with what your loved ones would need if you were no longer there—then subtract what you already have that can be used for those needs.

THE COVERAGE-NEED PYRAMID



Future goals

Education costs, dependent care, legacy intentions, and other long-term goals.

Income replacement

Replace your earnings for a period of time to help maintain your family's standard of living.

Debt & obligations

Mortgage balance, car loans, credit cards, personal loans, and other liabilities.

Immediate expenses

Final expenses, outstanding bills, and short-term transition costs.



Total needs

−

Available resources

=

Starting coverage estimate



ASK YOURSELF

Who depends on this income, and for how long?



TEST, STRESS, AND REVISIT

Your starting estimate is not set in stone. Test it under multiple scenarios (such as changes in income, timing, or job loss), and revisit it regularly as your income, dependencies, debts, assets, and goals change.

Chapter 1 — Life Insurance Fundamentals

Simple ideas. Clear roles. Financial protection that works.

The policy is a contract.

It sets out the promises, rights, and obligations of everyone involved.

Death benefit.

Paid to eligible beneficiaries when the insured dies, subject to the contract terms.

Premiums.

The payments required to keep coverage in force.

Policy owner.

Owns the policy and controls the contract.

Insured.

The person whose life is covered.

Beneficiaries.

The people or entities who receive the benefit.

CAUTION

Read the contract: definitions, exclusions, lapse rules, guarantees, and non-guaranteed values matter.

Two broad types of coverage

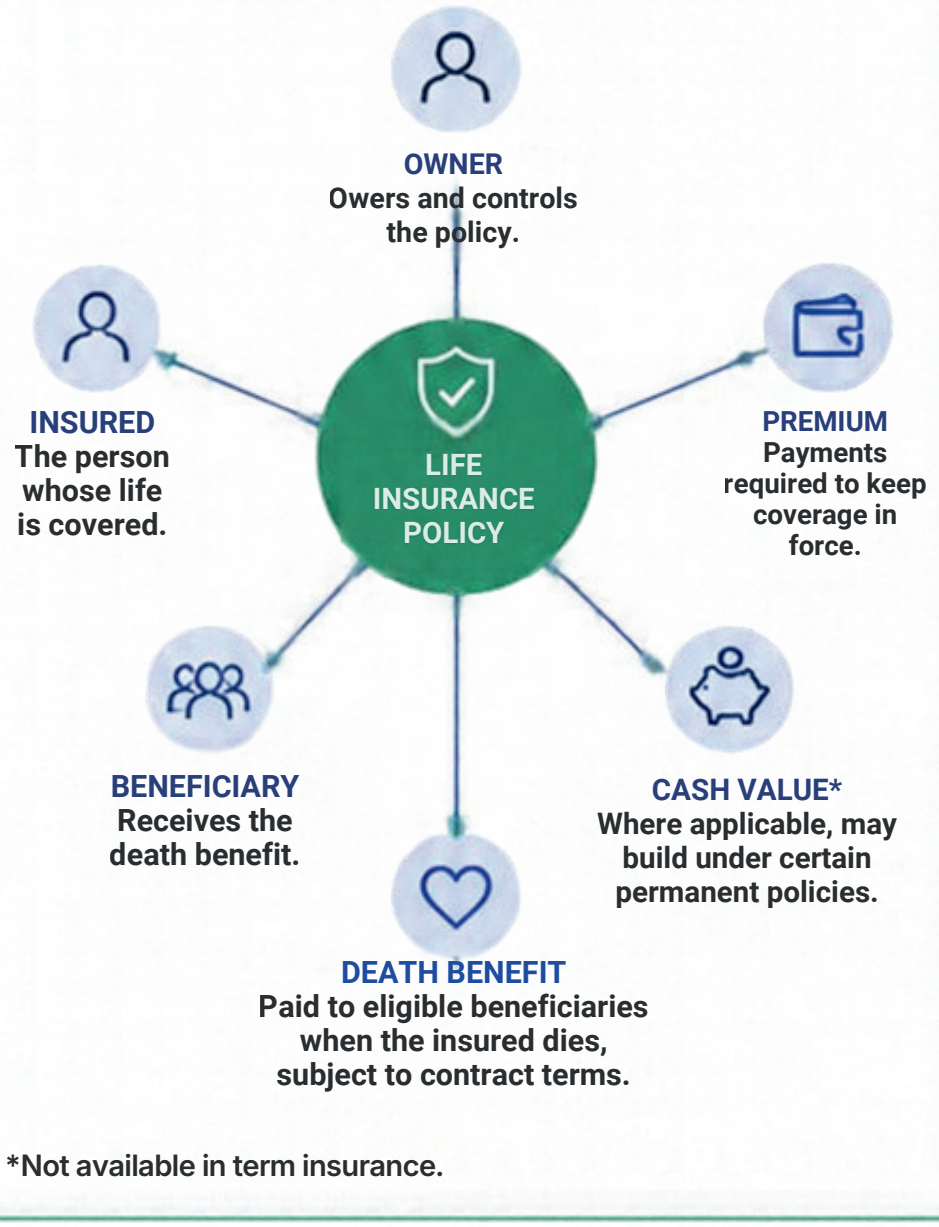
Term coverage provides protection for a set period (e.g., 10, 20, or 30 years).

Permanent coverage is designed to last a lifetime, as long as premiums are paid and the contract remains in force.

Cash value (where applicable)

A policy account that may build under certain permanent-policy designs. It grows (if at all) subject to charges, credits, interest, and contract conditions.

Policy anatomy



*Not available in term insurance.

CHAPTER 3

Term Life Insurance



Term life insurance generally provides coverage for a defined period in exchange for premiums.

If the insured dies while the policy is in force, a benefit is paid to the beneficiaries, subject to the policy's terms and conditions.

Key Design Questions for Term Insurance

- **Level vs. Decreasing Benefit –** Level provides a constant benefit; decreasing benefit reduces over time (e.g., to match a loan balance).
- **Term Length –** Choose a period that aligns with the need you are protecting, such as 10, 20, or 30 years.
- **Renewal Provisions –** Some policies allow renewal at the insurer's terms when the initial term ends; availability and terms vary.
- **Convertibility –** Certain policies may allow conversion to permanent coverage without new medical underwriting; availability and conditions vary.
- **Premium Pattern –** Level premiums are common; other patterns may exist.
- **Exclusions –** Policies contain exclusions and limitations. Read your contract.
- **At Expiration –** Coverage typically ends at the end of the term unless the policy is renewed or converted, if those options are available.

Term timeline



1. Application
Apply, provide required information, and the insurer evaluates the application.

2. Coverage Period
Coverage is in force for the selected term, subject to policy terms and payment of premiums.

3. Review / Renew / Convert Decision
As the term ends, review your needs and available options. Choices depend on the policy terms.

Often considered when:

- Income protection during working years
- Mortgage or debt periods
- Child-rearing years
- Temporary business obligations
- A budget-sensitive need for a defined period

Lower initial premium does not mean lower total cost or better fit—match the term to the need.

CHAPTER 4

Permanent Life Insurance



Permanent life insurance is designed to remain in force for life when the required premiums are paid and the policy conditions are met. Depending on the contract, it may also include a cash value component that can grow over time on a tax-advantaged basis.

Compared with term life insurance, permanent coverage offers the potential for longer duration and cash-value features. In exchange, it generally involves more complexity, higher premiums, and a greater need to monitor policy assumptions, charges, loans, withdrawals, and lapse risk.

Term

Defined period
Coverage lasts for a specific term (e.g., 10, 20, or 30 years).

Simpler structure
Straightforward coverage with fewer moving parts.

Often lower initial premium
Generally more affordable up front for the amount of coverage.

VS.

Permanent

Designed for lifetime coverage
Intended to remain in force for life as long as premiums and conditions are met.

May build cash value
Cash value may grow over time and can often be accessed during your lifetime.

Requires ongoing policy management
Monitor assumptions, charges, loans, withdrawals, and lapse risk.

Permanent does not mean automatic:
the contract still controls premiums, guarantees, values, and lapse conditions.

Chapter 5 – Whole Life Insurance



Whole life insurance is a permanent policy design that provides a **death benefit** and a **cash-value component**. It typically includes stated contractual guarantees when all policy conditions are met, along with premiums and other contract terms.

Cash value may grow over time. Access may be available through withdrawals or policy loans, subject to the contract. Unpaid loans or withdrawals can reduce benefits or contribute to lapse.

WHOLE LIFE VALUE PATH

PREMIUM ENTERS

You pay premiums as specified in the contract.

POLICY CHARGES AND COSTS

Administrative costs, insurance costs, and other charges are deducted.

GUARANTEED CASH-VALUE PATHWAY

Builds over time based on stated guarantees.

+

POSSIBLE NON-GUARANTEED DIVIDENDS / VALUES

May add to cash value or reduce premiums.

Not guaranteed.

DEATH BENEFIT

Paid to beneficiaries when the insured passes away, as provided in the contract.

QUESTIONS TO ASK

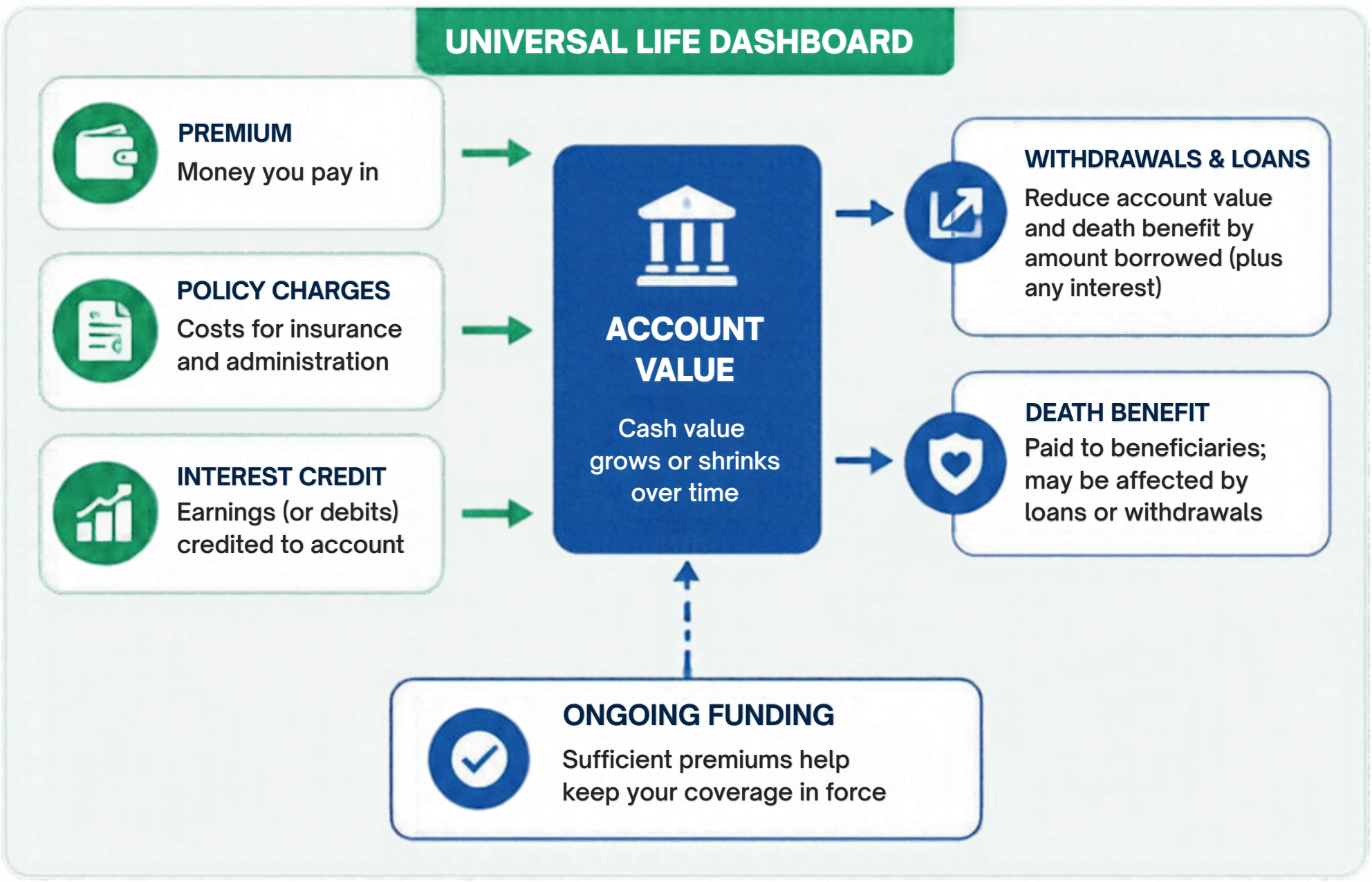
- What is guaranteed by the contract?
- What values or benefits are illustrated, and under what assumptions?
- How do dividends work, and are they guaranteed?
- What happens if premiums change or stop?
- How do loans and withdrawals affect cash value and death benefit?

Chapter 6 — Universal Life Insurance

Universal life insurance is a family of permanent policies that can offer flexible premiums or death-benefit choices within contract limits.

Your policy has a cash value account. That account is affected by premiums you pay, policy charges, interest credits (or debits), withdrawals, and policy loans.

Flexibility requires active monitoring. Insufficient funding, rising costs, adverse performance, or policy loans can increase the risk of lapse and loss of coverage.



FLEXIBLE DOES NOT MEAN RISK-FREE.

Review the policy's guaranteed and current assumptions separately.

Chapter 7 – Indexed Universal Life



Indexed Universal Life (IUL) is a type of universal life insurance whose credited interest may be linked to the performance of an external index (e.g., S&P 500*) within the policy's rules. The policy is not a direct investment in that index. Your cash value grows based on the insurer's crediting formula, while your death benefit and policy protections remain in place.

HOW IUL WORKS – KEY MECHANICS IN PLAIN LANGUAGE

Each policy uses a crediting method to determine how index performance is translated into interest.

Participation or Crediting Method:
Determines how much of the 11% interest rate that can be credited in a given period.

Caps: Limit the maximum interest rate that can be credited in a given period.

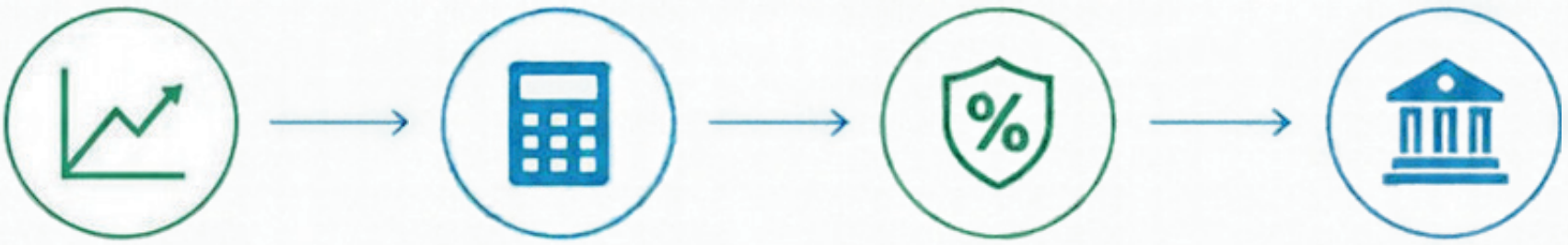
Floors: May limit how much negative index performance reduces credited interest (under certain methods), often at 0%.

Spreads or Other Adjustments: A percentage deducted from index returns before crediting.

Policy Charges: Cost of insurance, administrative fees, and other charges are deducted regardless of index performance.

Important: A floor may limit credited losses under a specific crediting method, but it does not eliminate policy charges or lapse risk.

IUL CREDITING PATHWAY



1. EXTERNAL INDEX MOVEMENT

The index goes up, down, or is flat.

2. POLICY CREDITING FORMULA

The insurer applies the policy's crediting method (participation rate, spreads, adjustments, etc.).

3. CREDITED INTEREST SUBJECT TO CAP/FLOOR/SPREAD

The available rate may be higher or lower than the index return based on the policy rules.

4. ACCOUNT VALUE AFTER CHARGES

Policy charges are deducted. The remaining amount is applied to your cash value account.



READ THE ILLUSTRATION

Use this checklist to evaluate any IUL illustration or proposal.

- ☐ **Index strategy:** Which index and period are used?
- ☐ **Cap:** What is the maximum credited rate?
- ☐ **Floor:** Is there a floor, and at what level?
- ☐ **Spread/adjustments:** What is deducted?
- ☐ **Charges:** What are the policy costs?
- ☐ **Guarantees:** What is guaranteed vs. Illustrated?
- ☐ **Loan treatment:** How do loans affect returns and guarantees?
- ☐ **Lapse sensitivity:** How do results change if performance is lower?

CHAPTER 8

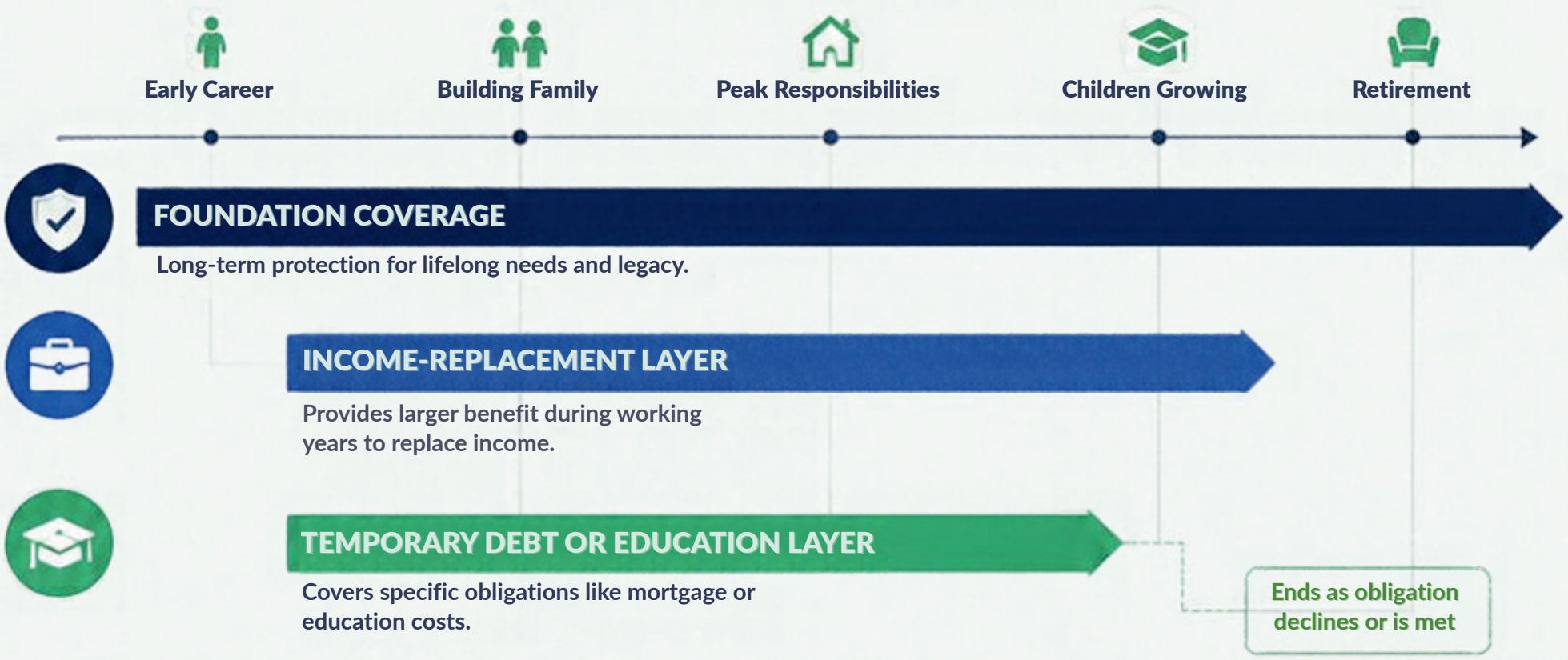
Choosing & Layering Policies



Policy selection should follow the need, time horizon, budget, risk tolerance, health, liquidity needs, and desired guarantees—not product labels alone.

Layering means combining policies with different durations or purposes—such as a long-term foundation plus a shorter, larger income-replacement layer—only when the combined design is affordable and suitable.

POLICY-LAYERING TIMELINE



Timeline is illustrative. Durations depend on your needs, obligations and goals.

THE POLICY SELECTION DECISION PATH



DEFINE NEED

Clarify purpose, amount, time horizon, budget, and priorities.

COMPARE POLICY STRUCTURE

Evaluate term, whole life, and other options against your criteria.

STRESS-TEST AFFORDABILITY

Ensure premiums fit comfortably under real-world scenarios.

REVIEW BENEFICIARY & OWNERSHIP DESIGN

Confirm beneficiaries, ownership, and any trust needs.

MONITOR OVER TIME

Review needs, policies, and beneficiaries regularly.

CAUTION

Multiple policies create multiple premiums, contracts, renewal dates, and review responsibilities. Keep it simple, suitable, and sustainable.

Chapter 9
Underwriting & No-Exam Options

Underwriting is how the insurer evaluates your application to understand risk. They look at factors such as age, health history, medications, tobacco or nicotine use, occupation, hobbies, financial purpose, and the amount of coverage requested to determine your eligibility, classification, premiums, and terms.

Traditional underwriting may include an application, medical questions, records, labs, or an exam. **No-exam or accelerated options** may use application data, electronic records, prescription history, and predictive tools. However, these options are not automatically available or cheaper, and some applications can still involve full underwriting.

UNDERWRITING DECISION FLOW

1. **Application** — You complete the application.
2. **Data Review** — Insurer reviews application data and third-party information.
3. **Possible Records, Labs, or Exam** — Additional medical records, labs, or an exam may be requested.
4. **Underwriting Decision** — The underwriter evaluates the information and determines risk.
5. **Outcome** — You receive one of the following:

- **Offer** — Coverage is approved as applied for.
- **Modification** — Coverage is offered with changes to terms, amount, or price.
- **Postponement** — More time is needed for information before a decision.
- **Decline** — Coverage is not approved. You may reapply in the future.

PRACTICAL PREPARATION TIPS

- **Answer accurately**. Provide complete, truthful answers. Inaccurate information can lead to delays, higher premiums, or a declined claim.
- **List medications and providers.** Have names, dosages, and treating providers ready.
- **Explain health history consistently.** Share dates, treatments, and outcomes clearly.
- **Ask what information is required.** Know what to expect before you apply.
- **Compare the final offer, not just the initial quote.** The underwritten offer reflects your actual rate and terms.

Chapter 10 — People Over 50 & Seniors



Later-life coverage decisions should begin with the purpose. Life insurance can help with final expenses, income replacement for a spouse, leaving a legacy or supporting a charity, paying off debt, coordinating with long-term care plans, addressing business or estate needs, or replacing a policy that is expiring.

Age and health affect underwriting and pricing. Smaller permanent policies or simplified issue options may be a good fit for some final-expense needs. Review existing policies before considering a replacement, and make sure coverage remains affordable for as long as you need it.

Senior coverage considerations

PURPOSE

Start with why you need the coverage: final expenses, income for a spouse, legacy or charity goals, debt, long-term-care coordination, business or estate needs, or replacing an expiring policy.

AFFORDABILITY

Choose coverage that fits your budget today and stays manageable tomorrow. Consider the premium amount, how long payments last, and how the policy fits with your retirement income and other priorities.

HEALTH / UNDERWRITING

Age and health affect underwriting and cost. Simplified-issue or guaranteed issue options may be appropriate for some needs: permanent policies can offer lasting protection.

POLICY REVIEW

Review existing policies before replacing. Check benefits, costs, riders, and how the policy fits your current goals. Replace only when it clearly improves your situation.

CAUTION: Do not cancel an existing policy until new coverage is approved, issued, and understood.

Chapter 11 —
Business Owners & High-Net-Worth Households

Life insurance can play a versatile role in business and wealth planning. The following are common planning purposes. Your strategy should be tailored to your facts, goals and structure. Outcomes depend on many factors.

- **Key-person protection:** Helps address financial impact if a critical leader or revenue driver dies unexpectedly.
- **Buy-sell funding:** Provides liquidity to facilitate a purchase of an ownership interest per your agreement.
- **Debt or lender requirements:** Supports obligations to lenders or covenants that require life insurance.
- **Business continuity:** Supplies funds to cover operating shortfalls and keep the business running through a transition.
- **Executive benefits:** Can be used in competitive benefit programs for retention and recruitment.
- **Estate liquidity:** Helps meet estate settlement costs and other liquidity needs.
- **Equalization among heirs:** Helps balance heritances across family members.
- **Charitable giving:** Supports philanthropic goals during life or at death.
- **Concentrated wealth planning:** Can complement strategies to manage single-asset or concentrated positions.

COORDINATION MATTERS

Strong plans are built through clear conversations with your professional team.

Insurance
Coverage design, ownership, beneficiaries and policy features.

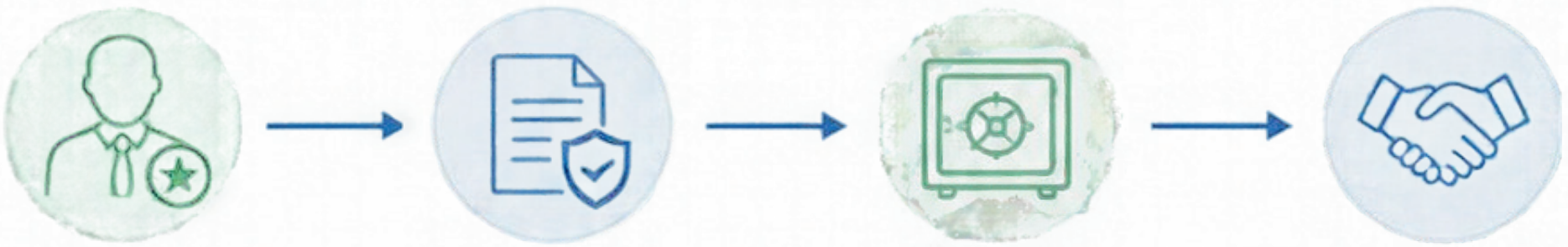
Legal
Entity structure, agreements, ownership documents and succession plans.

Tax
Tax-efficient structure and coordination with overall plan (no tax advice).

Valuation
Business valuation and ongoing review of assumptions.

Succession
Leadership transition, governance and family communication.

BUSINESS CONTINUITY DIAGRAM



OWNER / KEY PERSON

Critical to the business and its success.

POLICY OWNERSHIP & BENEFICIARY STRUCTURE

Designed to align with business and succession goals.

LIQUIDITY AT DEATH

Life insurance proceeds become available to the plan.

BUY-SELL, DEBT, TRANSITION, OR FAMILY CONTINUITY

Funds are used to support agreements, obligations and a smooth transition.

FOUNDATIONAL ELEMENTS: Ownership, beneficiary design, valuation, entity structure, funding, documentation and coordination with legal and tax professionals are critical. Review and update as your business and personal circumstances evolve.

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Chapter 12 – Tax Considerations



Tax treatment depends on facts, policy design, ownership, beneficiary, jurisdiction, transactions, and current law.

Life insurance can offer important financial advantages, but results are not guaranteed. Tax rules are complex and can change. The points below describe general educational concepts—not specific outcomes.

- **Death benefits:** Proceeds are often received income-tax-free by beneficiaries, but exceptions and special situations exist.
- **Cash value access:** Loans or withdrawals may be tax-free while the policy stays in force, but may have tax consequences if the policy lapses or is surrendered.
- **Transfers and ownership:** Transfers, gifts, ownership changes, business arrangements, and estate inclusion may create additional tax issues.
- **Modified endowment contracts (MECs):** If a policy is a MEC, distributions may be taxable and may be subject to additional tax.

TAX-TREATMENT CAUTION GRAPHIC

OFTEN FAVORABLE

Many life insurance benefits are designed to be tax-efficient. Death benefits are often received income-tax-free by beneficiaries.

DEPENDS ON THE FACTS

Tax treatment varies with policy design, ownership, beneficiary, transactions, jurisdiction, and current law. Exceptions and special situations can apply.

GET PROFESSIONAL GUIDANCE

Tax rules are complex and change over time. Consult a qualified tax professional before making decisions.

This page is educational only—not tax advice.
Consult a qualified tax professional before acting.

CHAPTER 13

Life Insurance vs. Annuities, Retirement Accounts & Savings



These tools solve different problems and may complement one another.

Life insurance provides a death benefit to protect loved ones. Annuities can create income you can't outlive. Retirement accounts build tax-advaged savings for later. Savings deliver liquidity for near-term needs and emergencies.

	LIFE INSURANCE	ANNUITIES	RETIREMENT ACCOUNTS (401(K), IRA, ETC.)	SAVINGS (BANK, MONEY MARKET)
PRIMARY PURPOSE	Financial protection for loved ones at death.	Provide income, often for life.	Build tax-advantaged savings for retirement.	Preserve capital and cover short-term needs.
ACCESS / LIQUIDITY	Limited access. Early surrenders may incur charges or taxes.	Limited access. Withdrawals may incur surrender charges or taxes.	Access typically restricted to retirement age; early withdrawals may incur taxes and penalties.	Highly liquid. Access funds at any time.
GROWTH OR INTEREST FEATURES	Cash value grows tax-deferred; growth potential varies by policy type.	Interest credited tax-deferred, options or probate fixed, surrender or variable strategies.	Investments grow tax-deferred or tax-free (Roth); subject to market performance.	Interest earned is typically taxable annually.
BENEFICIARY TREATMENT	Death benefit paid is named beneficiaries, generally income tax-free.	Remaining value (charp) passes for contract terms, payouts are taxable.	Passes to beneficiaries; distributions are taxable as income (Roth accounts may offer tax advantages).	Passes to beneficiaries via account titling or probate; interest is taxable.
GUARANTEES	Death benefit is guaranteed. Cash value guarantees vary by policy.	May include guaranteed income and/or minimum interest provisions.	No guarantees. Values fluctuate with investments.	Account balance is guaranteed by the institution. Interest rates vary.
LIMITS	Coverage amount based on underwriting and policy terms.	Contribution limits vary by product and contract.	Annual contribution limits apply; subject to IRS rules.	No contribution limits. Subject to account minimums.
FEES / CHARGES	May include policy charge, cost of insurance, and surrender charges.	May include sales charge, and fees.	May include plan administration fees, investment fees, and expenses.	May include monthly fees in minimum balance requirements.
RISK OF OUTLIVING OR LOSING RESOURCE	Policy remains in force as long as premiums are paid.	Income options can protect against, outlining your money.	You can outlive your account balance.	Funds can be depleted if spending exceeds savings.

MATCH THE TOOL TO THE JOB



PROTECTION AT DEATH
Life Insurance

INCOME STREAM
Annuity

TAX-ADVANTAGED RETIREMENT ACCUMULATION
Retirement Account

NEAR-TERM LIQUIDITY
Savings

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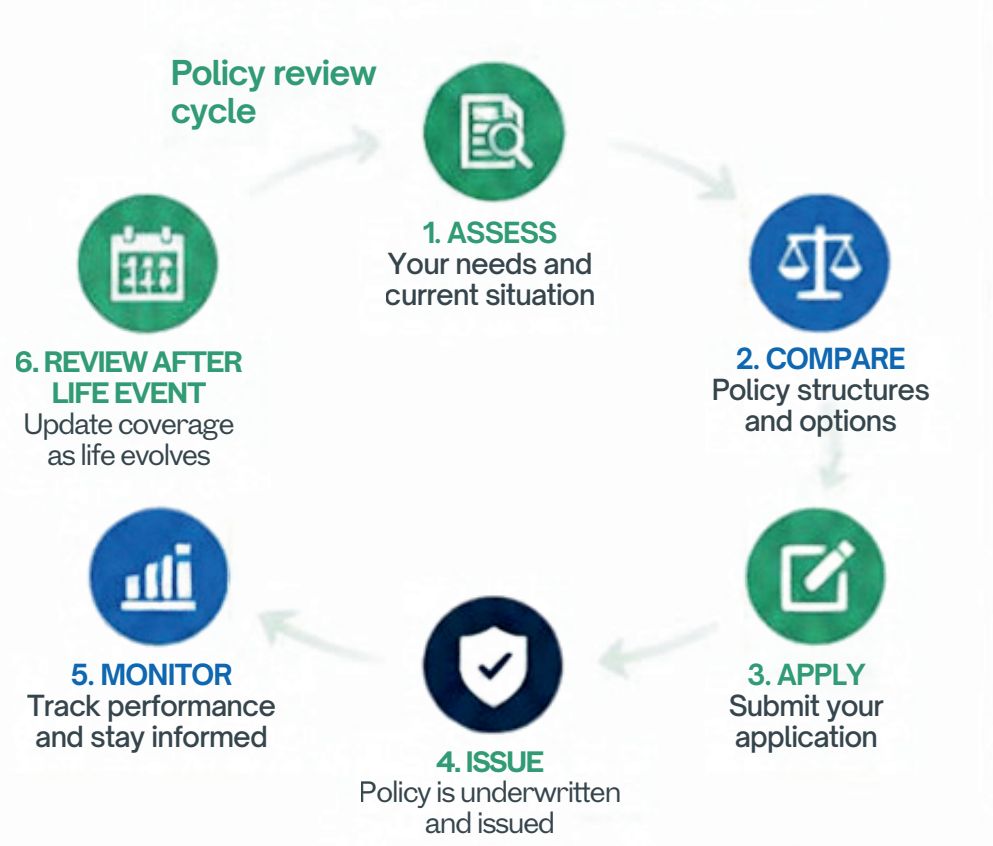
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Chapter 14 — Buying Process & Policy Reviews

A smart process today. Peace of mind for tomorrow.

The buying process: a practical sequence

1. **Define the need.** Clarify your goals, priorities and the level of protection or wealth funding you require.
2. **Gather personal and financial information.** Provide accurate details about your health, lifestyle, income, assets and liabilities.
3. **Compare suitable policy structures.** Review term, whole life and universal life options that fit your objectives and budget.
4. **Review illustrations and guarantees.** Understand projected values, guaranteed benefits and any assumptions used.
5. **Submit the application.** Answer all questions truthfully and provide any required documents.
6. **Complete underwriting.** The insurer assesses your application and may request more information or exams.
7. **Read the issued policy.** Confirm the coverage, benefits, exclusions and terms match what you applied for.
8. **Confirm beneficiaries and ownership.** Ensure your designs and and ownership structure are correct and up to date.
9. **Set a review cadence.** Schedule regular policy reviews and update after major life events.



Why policy reviews matter

Life changes. Your policy should keep pace. Review your coverage after these common life events:

- Marriage
- Divorce
- Birth or Adoption
- Home Purchase
- Career Change
- Business Change
- Inheritance
- Health Change
- Retirement
- Major Tax or Legal Changes

These events can affect your needs, affordability, beneficiaries, ownership, and tax or estate plans—making regular reviews essential.

Before you sign: a quick checklist

- [ ] Premium and payment duration
- [ ] Exclusions and limitations
- [ ] Riders and optional benefits
- [ ] Conversion or renewal options
- [ ] Cash-value assumptions (if applicable)
- [ ] Loan and lapse provisions
- [ ] Beneficiary and ownership details
- [ ] Free-look rights where applicable

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FAQ

Q How much coverage do I need?

A: Start with income, debts, final expenses, future goals, available assets, and existing coverage; then test the estimate.

Q Is term or permanent insurance better?

A: Neither is universally better; match the structure to the purpose, time horizon, budget, and desired features.

Q Does life insurance have cash value?

A: Some permanent policies do; term policies generally do not.

Q Can I buy coverage without an exam?

A: Some applicants may qualify for no-exam or accelerated underwriting, but availability, pricing, and requirements vary.

Q Can I change my beneficiaries?

A: Often, but the policy's ownership and beneficiary provisions control.

Q What happens if I stop paying?

A: Grace periods, nonforfeiture options, lapse, reduced benefits, or other outcomes depend on the contract.

