



If you're like most people, you know that you need life insurance. Yet you're not exactly sure how much you need, what type is right for you, or what else it can do other than help you leave a legacy at death. This life insurance primer will help guide you through some of the life insurance basics. By answering the questions below, you'll be able to refine your goals and navigate life (insurance) with ease.

Should I get life insurance through my employer or as an individual?

Many employers offer **group insurance**, which typically comes in the form of a basic term life policy providing coverage based on your salary. However, a big limitation with most life insurance offered through an employer is that it's not portable — in other words, when you leave your job, the insurance goes away. If you leave a job later in life and then seek individual insurance to replace the coverage, the cost would likely be higher based on your age.

Individual insurance is purchased through a licensed agent outside of your workplace. The coverage will not be interrupted if you lose or change jobs, and you'll have many more options to tailor the coverage to your situation.

Which option sounds like a fit for you?

☐ Group insurance ☐ Individual insurance

Should I get term or permanent life insurance?

Term life insurance offers insurance for a set amount of time, usually 10, 20 or 30 years. You can choose an amount large or small for your death benefit. If you pass away during the term, your beneficiaries will receive the death benefit. This is generally the most affordable option for life insurance with the fewest bells and whistles.

Permanent life insurance provides lifelong protection. These policies also include cash value accounts that accumulate throughout your ownership and can be used to pay the premiums, or you can take a loan from the cash value, which is similar to taking a loan from a retirement account — it must be paid back with interest to avoid it reducing the payout at death

Which option sounds like a fit for you?

☐ Term life insurance ☐ Permanent life insurance



How much life insurance do I need?

The amount of life insurance you need depends on your situation. Consider what your goals are for the policy: Is it simply to help pay for your final expenses, or do you want to provide for your family for years to come? Are you comfortable with a set death benefit, or do you want an option to increase the legacy you leave behind?

When buying coverage for income replacement, most advisors recommend a policy worth **10 times to 15 times your annual income**. This type of insurance would allow your family to pay off debt or bills that your income would have covered, as well as additional expenses they might incur in your absence. Completing a simple [online calculation](#) can help.

What are your goals for your life insurance policy?

Does life insurance only benefit my family when I die?

The most commonly known benefit of life insurance is the death benefit, which is cash paid to your loved ones upon your passing. However, some policies have additional benefits that you can take advantage of during your lifetime:

- **Cash value:** Some types of policies include cash value, which allow you to accrue assets on a tax-deferred basis while you hold the policy. Some of these work like a savings account, and others are more akin to investment accounts. Either way, they offer an additional pot of money that can be used for large expenses or in retirement.
- **Long-term care or hybrid insurance:** These policies can be bundled with life insurance and provide coverage for long-term care of a chronic illness or disability. If it becomes necessary, this policy can pay for care in a nursing home, memory care unit or adult day care.

What kind of coverage do you want from your life insurance?

- ☐ A death benefit is enough for my family
- ☐ I'd like to explore options with additional benefits

Do I have to get a medical exam to get life insurance?

You do not always have to get a medical exam to obtain life insurance. During the coronavirus pandemic of 2020, some insurers waived medical exam requirements to increase safety and efficiency while offering rates comparable to policies that do require an exam. However, many policies still do require an exam, which helps the insurer determine your rate and potentially keep costs down.

Would you prefer a policy that doesn't require a medical exam?

- ☐ An exam is OK with me
- ☐ I'd rather not undergo an exam



How well did you do?

If you easily answered the questions, you're ready to select your policy! Let's move forward addressing the coverage you're looking for.

If you still aren't sure about your answers, don't worry! Together, we can evaluate the options most suited to address your coverage needs.