



“Insurance can be difficult to understand,
but here are a few facts to make it easier.”

WHICH TYPE OF LIFE INSURANCE IS RIGHT FOR YOU?

Insurance can be difficult to understand, but here are a few facts to make it easier. Basically, life insurance products fall into one of two categories: term or permanent. Both can play an essential role in planning a secure future for your family.

Term Life Insurance

A term life policy covers you only for a specific period of time and generally doesn't build cash value. If you decide to end your coverage before the term is up, you can simply stop making payments and that's it – there's nothing more to pay or any other obligations. If you die during the term period, your named beneficiary is paid the coverage amount. If you don't die during the specified term period, your coverage simply ends.

Why Term Life Insurance May Be Right for You

When considering life insurance, term life insurance is an easy way to provide financial peace of mind for you and your family, especially if you are just starting out. Term life can also cover specific financial obligations that will disappear over time, such as a mortgage, college tuition or loans. In short, term life insurance answers the question: How will your family manage financially if you die prematurely?

Permanent Life Insurance

Permanent life insurance comes in two basic forms—whole life and universal life. Both forms are intended to provide coverage for as long as you live, provided you make your payments as described in your policy.

Why Permanent Life Insurance May Be Right for You

Whole life and universal life insurance plans are intended to provide coverage for as long as you live. Permanent life insurance doesn't limit your death benefit to a specific span of time. There's always a payout, regardless of when you die. What's more, permanent life insurance can build cash value that grows with each payment you make. Because of these valuable benefits, premiums for permanent life are usually higher than those for term life. Keep in mind: permanent life insurance requires a long-term commitment on your part, as it takes time for your insurance company to invest and grow its cash value. Cancelling your policy after only a few years can be expensive.



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Cash Value and the Differences Between Whole Life and Universal Life

With whole life insurance, you can usually make premium payments in the same amount over the length of your policy. Each payment goes toward covering the cost of your insurance and growing the cash value needed to fund the final payout to your beneficiary. However, your cash value will eventually reach a point where you can borrow money from it. It will be considered a loan, so you will be charged interest. If you don't repay the loan (and you don't have to), the insurance company will deduct the outstanding amount from the final payout to your beneficiary.

Universal life is all about premium payment flexibility. After your cash value grows to reach a certain level, then you have some options. You can keep paying at the same rate and use your cash value to increase your death benefit. You can keep your death benefit the same but use your cash value to lower

your ongoing premium payments. You can even reduce your death benefit and use your cash value to skip some payments. If you're looking for some flexibility in choosing the amount, method and timing of your payments, universal life may be the way to go.

Explore Your Insurance Options with No Obligation

At Hammond Iles Wealth Advisors, we can help you find a plan that fits your needs and budget so you can protect those you love. We'll ask you a few simple questions, and help you understand which products might be right for you, how much coverage you need, and get a quote for you with no obligation. Sign up to explore your options TODAY at (800) 416-1655 or hello@hiwealth.com.

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