

Layering Term Life Insurance

Life Insurance can offer security for your family's future. Life Insurance comes in basically two different types: term insurance and permanent insurance.



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Term Life Insurance is a very reasonably priced product and is often used as pure insurance protection. This type of life insurance is taken for a set period of time - the "term" - and at the end of that time the coverage disappears. The premium for Term Insurance remains fixed for the length of term chosen; you will not have premium fluctuations from year to year. There is no accrued cash value with this product. A variety of terms are available - generally 10-, 15-, 20-, or 30-years - and, with the help of your life agent, you determine the face amount that offers you the protection you need. In the unfortunate event of the untimely demise of the policy holder, Term Life Insurance can be used to cover a mortgage debt, to secure educational tuition, to replace a lost income or to provide living expenses for those left behind.

"Layering" term life policies is an idea that many of our clients find appealing. To layer, a client would take out two (or more) policies for two different terms. The policies could have the same or different face values. As an example: the client takes out a 20-year Term policy for \$500,000 and a 30-year Term policy for \$300,000, so for the first 20 years, he/she will have a total of \$800,000 of coverage. For year 21 - 30 (the final 10 years of the original 30-year Term policy), he/she will only have \$300,000 of coverage in-force. This "layering" plan is especially useful for clients with young children who may want more protection in place while the children are growing and need less protection in place after the children have "flown the coop".

Term Life Insurance is also useful for business owners to put in place as Key Man and Buy/Sell Agreement policies. A Key Man policy insures a vital individual at the company; generally, the company is the owner and beneficiary of the policy and pays all premiums. A Buy/Sell Agreement policy is usually a provision in the legal document drawn up between business partners and is useful in protecting the continuity of a business in the event one partner passes.

Most Term Life products offer a period of time when the policy holder can convert the coverage to permanent insurance. This conversion option is important should the policy holder develop a life-threatening condition while the Term policy is in-force.

We have the ability to search the life insurance market for the most competitive rates for your situation, and can recommend the the most tax-favorable way to purchase it. Call or email me for a quote request.

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