



SKM FINANCIAL

LICENSED FINANCIAL PROFESSIONALS

LIFE INSURANCE

EXPLAINED



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Introduction

We buy car insurance on the possibility of getting into an accident. We buy homeowner's insurance on the possibility of fire or flood. But these are not certainties. You might never be in an accident or see your house catch fire.

But the one area where most of us fall short is life insurance. Yet death is the one thing that is inevitable, albeit hopefully many years in the future. Now is the time to plan for it.

While most Americans agree that life insurance is a good idea, the majority of them never get around to buying it. Why? In short, because they're intimidated, if not confused outright by the entire process. There are several options available, and while this may seem daunting at first glance, the options are available to provide you with the correct insurance for your needs.

In this book, we'll take a look at the various options, discuss your needs, and go over some general tips and tricks for making your life insurance purchase. Choosing a policy is an opportunity to try your hand at predicting the future. You're not only going to need to keep in mind your current state - which includes your physical health, your financial health, and your family's requirements. But you're also going to have to make a guess at what these factors might look like in 5 years or 10 or even further into the future from there. And while life insurance can be a great idea for some, it might not suit everyone. Types of policies vary as much as the people that need them.

Thankfully you don't have to go it alone. When in doubt you can always ask your agent. They know their way around policies and riders and will help you choose the course best suited to you and your needs. But be sure to do your research first. Having as much information as possible will help

you to know the right questions to ask, thereby giving you that extra advantage as you set off to discover what insurance is right for you.

Types of Life Insurance

When you first set out to explore the idea of buying life insurance, it's very easy to become confused. There seems to be unlimited options and finding the policy that's best for you feels something like a scavenger hunt, especially where there are so many options that can be tacked on for added benefit to the survivors.

Your best defence is to understand what you're getting into. That starts with understanding the terminology of the various types of policies.

Taken to the bare minimum, there really are only three kinds of life insurance. These are term, whole, and variable. Out of these come others, with a few variations tacked on for special needs.

Let's take a look at ten of these. See what works for you and discover how you can leverage these policies to suit your needs.

Term life

Term life insurance is exactly as it sounds. It's purchased for a specified length of time or term. Term life is the most basic of life insurance policies that pays out upon death. There is no cash value build up as with some other policy types. This isn't a savings or investment account. It pays a benefit upon death, and little more.

Because it has no cash accumulation, term life is almost always a much less expensive choice compared to other life insurance policies. Monthly premiums are low, and typically, the amount of coverage doesn't change.

Term life insurance is typically sold in five-year increments. It's tailored to a younger group who are seen to be generally in good health. The thing to keep in mind is that once you reach the end of the term, you will need

to re-qualify for a new policy, and the rates will reflect your current age and health at that time.

Assuming you are a healthy, young purchaser, term life insurance is meant to cover basic needs at the time of payout, largely covering final expenses and filling in gaps while survivors have a chance to adapt to a new way of life and a change in income.

However, term life has other, hidden benefits. Sometimes a no examination policy is available, and term life insurance can be purchased for “high risk” cases and for people in poor health. Life insurance for smokers, for example, is usually at a higher premium and often harder to find.

Also, if you have a 30-year mortgage on the house, perhaps a 30-year term policy is the best way for you to consider. The benefit would expire at the same time as the loan. In the meantime, your family is covered for the balance of the mortgage payment should you pass away.

There are other types of term life insurance as well.

- **Increasing and Decreasing Term Life Insurance**

In the example above, a term life insurance policy is purchased to provide coverage for a mortgage in the event of someone’s death. Paying a mortgage means paying on the principal, which lowers the amount borrowed. In essence, what you owe for a home at the time of purchase will not be what you owe in five years or ten. If the reason you’re wanting term life insurance is to cover the mortgage payments for your heirs so that they don’t have to worry about moving should something happen to you, then your payout amount can be reduced as the amount needed to pay the loan decreases. Although the monthly premiums will not change, the decreasing benefit might involve a smaller outlay of cash at the beginning of

the policy. A decreasing term life insurance will provide the coverage you need when you need it.

Increasing term life insurance, as the name suggests, will increase the payout amount over time. For example, if a young parent has a child, the financial needs of that child will increase over time. A policy for that will support that child in the case of a parent's death will need to increase over time to cover the child's needs. In this case, perhaps a 20-year term life insurance policy might be the way to proceed.

- **Renewable Term**

Term life insurance is set for a certain amount of time, thus the name "term." When that time runs out, the insured must create a new policy, then qualify for the new policy, and pay whatever initial costs are necessary to create a brand-new policy.

With a renewable term life insurance, the insured is able to get a new policy at the end of the term life. Typically, this is done without re-qualifying and does not require the initial life insurance start-up fees.

Monthly premiums will increase due to the insured's advancing age and possible health complications, but a guaranteed renewal means that you cannot be refused a policy.

- **Convertible Term Life Insurance**

A convertible term life insurance will allow you to change from a term life insurance to a permanent, or whole, life insurance policy at a later date. This brings the benefit of lower payments up front for term life but allows you to change over when your needs change. As long as payments have been kept current, there's no further need for physical examinations or new quotes. It's much like a renewable term life insurance policy, allowing the insured to move to a permanent insurance type.

- **Modified Term Life Insurance**

Much like it sounds, a modified term life insurance policy allows for flexibility. Decreasing death benefits, increasing premium amounts over time, this type of term insurance can be altered to suit your needs currently and in the future.

- **Re-entry term life insurance**

When purchasing term life, insurance carriers charge less because they have screened the applicant and found him/her to be in good health. What began to happen is that over the length of the term, say five years, people who remained in good health dropped their policies and those who had failing health held on to theirs.

In the 1970s insurance companies offset the trend by offering Re-entry term life insurance. If the insured continues to demonstrate insurability and general good health, renewal premiums based on lower mortality charges are comparable to newly issued term policies.

Reentry term life, however, can be much more expensive if over the length of time of the original term the insured has encountered health issues.

- **Final Expenses / Burial Plans**

These plans are not intended to pay your benefactors, but to cover associated burial and funeral costs. These policies vary from \$5,000.00 to \$50,000.00, though it is very rare to find a policy over \$20,000.00.

Final expenses can be a part of either a term life or a permanent life insurance policy. In the case of term life, the benefits are in force if the insured passes during the time when the policy is in

force. If the term is ten years and the insured outlives that period, the coverage is lost, and the insured must reapply.

Premiums are much less for someone at the age of 45 than for someone at the age of 75. Permanent final expenses policies do not have an expiration, as long as the premiums are paid on time and can, in some situations, even provide a tax deferred cash value component over time.

When considering this type of coverage, consider the needs you have and will have, term or permanent, and consider the history and financial stability of the insurance carrier.

This type of policy has two parts, the guaranteed and the simple issues.

- **Guaranteed issue**

Guaranteed issue does not require a medical exam or questions. The premiums are higher than a simple issue, but no one can be refused a guaranteed issue. This is especially convenient for people with poor health or health issues.

- **Simple issue**

This plan does require answering medical and health questions but does not require a medical exam. Premiums are lower in the simple issue.

In either case, if you are in poor health or have been denied coverage, this is still a viable option for you to cover your final expenses.

Whole Life Insurance

Whole life insurance is the simplest form of life insurance. Whole life coverage means that the premiums are locked in for the length of the coverage. This is particularly handy for people on a budget.

The biggest advantage of whole life is being able to purchase a policy when the insured is younger and in good health and, providing the premiums are kept up on time, the monthly payments will not increase with age or declining health.

The whole life policy has a cash value component which is tax-deferred, meaning that those taxes are only paid on the cash value when the cash is accessed, so there is more there to collect interest.

The cash value will grow in this type of policy, but in the beginning, it will be a slow growth. The majority of premiums in the early part of the policy goes to paying the agent's commission and insurance costs. However, the cash value will steadily grow, usually with a guaranteed minimum rate.

Some whole life will pay dividends, and, because these dividends are considered the return of the premiums, they are also not taxed.

There are several options with whole life.

- **Joint and Survivor**

Joint and survivor insurance is a type of whole life that covers more than one person. This usually extends to couples, but not necessarily. The difference is one pays in the event of the death of the first one to die. The other only pays when both parties are dead. Joint and survivor policies usually have a lower premium due to the longer period of time before the payout is called for.

This type of whole life is meant largely for estate taxes, as they can be delayed until both husband and wife have died.

- **Family income policies**

These combine decreasing term and whole life and provide monthly payments from the time of the insured's death to some point in the future.

- **Modified Whole Life**

For the first part of the policy, usually five years, it costs slightly more than term life but then becomes slightly higher than a standard whole life policy would have been at the start.

- **Graded Premium Whole Life**

This policy starts with low premium which gradually increases annually until they level out.

- **Vanishing Whole life**

This policy uses the dividends accumulated over time to pay the premiums.

- **Single Premium Life**

This is paid in a single premium to pay for a benefit in case of death. This is a policy that must be entered into carefully, as it must meet the 7 - pay requirements of the IRS or be subject to penalties for early withdrawal penalties which are considered taxable.

- **Credit Life**

This policy is designed to pay off a loan debt upon death thus ensuring your family is not burdened with loan debt.

Universal Life Insurance

Universal Life Insurance, like whole life, provides death benefits and has an accumulated cash value. Universal life is more flexible than whole life, as the insured is allowed to decide how much of the premiums go to death benefits and how much to cash value.

- Variable Life Insurance.

This is another form of permanent life insurance, much like universal, but the policyholder can take advantage of different options for investments. Being able to take advantage of these opportunities means a greater return, but it also entails a greater risk. The returns are based on the performance of the equities market. With variable life insurance, the death benefit can increase or decrease, but will not go below a minimum asset at the time of purchase.

While the types and subtypes of insurance can be daunting, there are as many policies as there are needs. Check with your agent and be sure to do your own research. Only you can determine your needs now and in the near future.

Who Needs Life Insurance?

You've just graduated from school, you've got a job. In the eyes of the world, you're an adult now, and that means dealing with adult things. One of those things is a life insurance policy.

Chances are you've already been asked about buying one. Welcome to adulthood! From here on out, life insurance is going to be a constant question. So what are you going to do about it?

The first thing you need to ask yourself is whether or not you even need life insurance. What's interesting to note is that your answer to this question is going to change as you grow older, depending entirely on your income, lifestyle, family life, and even what your short-term and long-term goals are in regard to insuring yourself.

Let's look at this from year to year.

Birth - 18 years

If you have an insurance policy already, you were probably gifted it by a great-aunt or some other well-meaning relative when you were very young. This actually used to be considered a trendy sort of gift, and it did make a sort of sense. But did it? After all, most children tend to be pretty healthy and will live to adulthood. Buying something to cover their potential funeral expenses probably isn't the best investment at this point in time. If there is a policy, it's not going to hold a lot of value.

Yes, often the policies did have a cash value, and these were purchased in the hopes that the value returned will pay or help pay for a college education. While this is valid in its own way, it's a better bet to insure a breadwinner with the same payout in twenty years and have the insurance against their death as well.

For an investment in a college fund, there are investment programs and markets with a higher rate of return than a policy. You may consider one of these instead.

Do I need it?

Don't bother. Life insurance is supposed to replace the financial value of an individual should something happen to them. A child, while valuable in so many other ways, does not contribute to the financial well-being of the household except in the case of any kid on the Disney channel or other child stars from Hollywood.

Losing a child, while tragic, isn't likely to happen, and if it does final expenses can be weathered. From a purely financial point of view, insuring a child isn't a good investment.

The short answer?

Probably not.

18 - 55 years

You're out on your own, and maybe even in a relationship with someone special. You've got a decent job, but it could be better. Life is changing and so are you. But do you need life insurance? You're going to have to ask yourself a lot of questions to find out.

Are you married? Do you own your own home? Do you have kids? The more significant milestones you've reached, the more likely you'll need insurance.

But maybe you haven't crossed those milestones yet. For example: what if you rent, and your partner also works? Then the answer is no. Life insurance is meant to keep the survivor in a relationship from financial

hardship. Unless you're the provider or the sole income in the household, chances are you don't really need insurance. But that all changes when you have kids or buy your own home. The more loans you have, the more you will need to protect your family against critical loss of income.

Keep in mind too, that children become more expensive as they grow older. The loss of income when a child is a toddler is not so severe as when he/she is a tween or teen. What will the policy cover and for how long? If you're buying a five-year term, then the child's support will not change as drastically as a ten-year term or a whole life policy would cover. Be prepared for the future as much as you can.

Once you're gone, will your spouse be able to support the family? Will your children be grown and gone by the time the policy has expired? How much longer do you have on your mortgage?

Do I need it?

Start with asking the hard questions:

1. Are you the sole support for your family?
2. Are you a stay-at-home parent?
3. Are you a homeowner with a mortgage?
4. Have you cosigned for a loan, or do you have significant debt?
5. Are you a divorced parent?
6. Are you a business partner?

The answer of 'yes' to any of these questions means that you'll benefit from term life insurance. Term has the benefit of covering your needs for a set amount of time - in this case, the years that your children are at home, or until that mortgage is paid off.

But there are other considerations as well:

1. Are you the parent of a special needs child?

2. Do you have a high net worth?

If you answered yes to either of these questions, you need to consider while life insurance. A whole life insurance policy will take care of the important people in your life that need your care regardless of when you die. In the case of high net worth, a whole policy will help your heirs avoid expensive estate tax and having to go through probate.

But if you answered no to all of these questions then forget it. But keep in mind that you'll want to reassess this decision the moment any of these situations change.

Look to where your family will be in five years, ten years or more. What will change? Will the answers to these questions change? If the answer is no to these questions, maybe the answer is "not right now."

The short answer?

It depends. Only you can determine the state your family will be in in the near future. Even if you don't think that its right for you at the moment, it might be a good fit later on. Keep asking these questions, keep reviewing your needs and expectations as you age and your family dynamic changes.

55 - Retirement

By now the kids have left the nest or are in the process of doing so. You're looking at retirement, if you haven't already, and have reached the point in your life where you seriously are considering your own mortality. The questions that you're asking at this point in your life are the harder ones. So what will you do about your insurance now? Is it too late to get insurance? Will I be refused? How much do I really need to have in benefits?

Do I need it?

Do you want to make sure our loved ones are provided with an inheritance? Or have you maxed out your other insurance plans? Are you concerned with how your family is going to pay for your funeral? These are all reasons to have a Whole Life Insurance policy. Preparing now for the future makes a lot of sense.

Remember too, the Final Expense coverage policy and the Guaranteed Whole life. There is no bad time to get life insurance, and with the competition as it is between companies, they are fighting for your business. You probably will pay a higher premium, but that can be offset by looking at a lower coverage or payout at time of death.

The short answer?

Yes. Now might be a good time to change your policy from term over to whole life insurance. Remember to refuse to accept “no” for an answer. This means that you can still find coverage, but you’re going to have to look harder to find coverage, and possibly pay a higher premium.

How much insurance do I need?

Life insurance is meant to keep your family from financial hardship should something happen to you. But how much do you need to make that happen?

The most common method for figuring this out is to use the DIME Formula. The DIME formula stands for:

Debt

Income

Mortgage

Education

Debt: Simply put, how much do you owe? Don't add your mortgage here that comes later. But all your other obligations should come under this head including things like car payments, student loans, credit card debt, and anything else that you owe. Don't forget to add in projected funeral expenses.

These are the costs you want to prevent your family from assuming. These are the costs you don't want them to have to pay when you're gone.

Be sure to include all the debts other than a mortgage, run through your bank statement to be sure you've captured them all.

Income: How many years will your family need your income after you're gone? This is a hard question to answer. Would your spouse's income be sufficient without you, or will your family need your continued income until at least your youngest child is out of school? That million-dollar policy we used to joke about suddenly doesn't seem like enough, does it? Multiply the number of years your family will need support for your income to find a number that your family can quite literally live with. Factor in your spouse's income, if any, and other costs and expenses. Don't include these numbers directly, just factor how much of your income would/will be going to pay for those expenses and what that loss of income would mean for your family.

Mortgage: This one is pretty straightforward. Write down how much you would need to pay off your mortgage. Don't include interest here, as this is how much do you owe on the principal. When the payout comes, your family can use the money to pay off the mortgage in a lump sum and not have to worry about house payments.

Many mortgages have a death benefit already factored into the loan as an optional cost. Find out if your mortgage has that benefit before factoring this expense.

Education: Your kids will likely go to college. How much is that going to cost? While that number is hard to estimate if your oldest is still in diapers, give this your best guess. Researching online to see how much tuition has changed in the last ten years might give you a decent estimate of how much more it will be by the time Junior is ready for college.

How much of this expense would your income have covered by the time tuition is due? How much could your spouse reasonably handle?

Once you have these numbers, the rest is just simple math. Add up all those numbers that you just discovered using the DIME Formula and subtract from there the stuff you already have - an estimate of what your assets are worth, your savings, and whatever money you've already put away for your children's college.

The resulting number should give you a reasonable estimate of your needs. But it's always best to err on the side of caution. So be sure to be generous in your estimate. It's always better to estimate too much over too little.

Some other things to consider

When figuring insurance needs, there are some things to keep in mind that will make the process simpler.

1. First, talk to your spouse. This isn't a process you should go through alone. They might have a better idea of what they will need if you were gone than you will. Life insurance is a large purchase and a long commitment; this should be a joint decision, not a unilateral one.
2. Give the children enough time to grow up. For example, if your children are very young, you might want to consider a 30-year term life insurance policy over a 20 -year policy. If they're already teens, maybe a shorter policy is a better answer.

3. You might be better off buying more than one policy. For example, what about a 30-year term policy for your spouse, and a 10-year term policy for your children if they're already older and closer to college age?

What type of insurance is best for me?

With so many factors to consider, it's no wonder that this is a confusing process. Spend time asking questions. Check your answers against someone who knows you and your needs very well (like a spouse or close friend). Are you being realistic about your needs? Have you considered all the factors?

Then, using the questions above, determine if you need something that's a Term Life Insurance Policy vs. a Whole Life Insurance Policy.

Keep in mind that Term life is better for when you're younger, and your needs are more immediate. Whole life will be more beneficial if you're older, have more worries about your own final expenses, and what inheritance you're leaving behind when you're gone.

Once again, the reason for having insurance is a way to protect your family from financial burden and giving them time to get on their feet. Your family's needs will change over time, keep up with the policies and the needs of your family and review your current policy often.

Insurance tips

Buying insurance is an important decision, but it needn't be a difficult one. Before you sit down to sign the papers, talk to your agent. They have been specially trained in the ins and outs of insurance and are able to help you get the policy that's right for you. But it can save a great deal of time and effort on both your parts if you do some research before asking them, however.

Here are some tips and ideas for you to consider when shopping around for the best deal suited to your needs.

Figure out how much coverage you need

Are you looking to replace your income for your family? If so, for how long? Do you want to pay final expenses only? Do you want to pay off a debt, such as a mortgage, so your family doesn't have that expense once you're gone? How big is your family and what are the ages of the children, if any? Younger children require less money to support than older children, but will your children be grown and gone by the time you're gone?

Having too much life insurance is a waste of money in premiums. Having too little could leave your family devastated at the same time as losing you, which will also be devastating. Finding out the correct amount of coverage you require needn't be tricky; it's a matter of analyzing the needs of your family now and in the immediate future and bringing this information to your agent.

Do you want more than death benefits? Some permanent insurances offer cash value. Taking out a policy on yourself for 20 years on the birth of a child might be a way to pay for that child's college fund. It might be a

good supplement for retirement. Assess your desires as well as your needs, what do you hope to gain from the policy?

Compare companies

The advent of the internet means that you have instant access to all sorts of insurance companies. You can make comparisons and check the reputation and financial stability of every company you're considering. Check the Better Business Bureau. Examine how the company you're considering has performed in the past. What is their longevity? Find out what their track record has been.

Consider payments and your budget

If the premium is too high to comfortably work with your budget, then you may need to consider less coverage or a different type of policy. Life insurance shouldn't be a burden on your finances. It's meant to be a supplement benefit and not a trial. Make sure that you're able to continue with the premiums and that your policy will be kept up to date without being a drain on your finances.

Ask for help

Your insurance agent can help you figure out the future of your policy. He or she can determine if the policy you're buying today will still be relevant to your life in five years. Will your family size change? Will your job change, or your spouses? These are questions that need to be asked not only for what you buy now but for the policy's effectiveness in the future. Your agent is trained in the policies he/she represents and will have in-depth knowledge of their effectiveness and uses.

Keep your current policy

It's important to keep with the current policy and not change unless you have a very careful examination of the new policy. Changing policies can be expensive and have unforeseen pitfalls. It may be possible that you let your current policy lapse and are refused another or that your new policy will be cost-prohibitive or the benefits will be severely less.

Keeping the policy you have is almost always the best idea. It's already a part of your budget, and you know what to expect from it, and when.

Review your policy

Even if you've been keeping up with the premiums, even though nothing in the policy has changed, review the current policy with the point of view of your current situation. Where you are now is not where you were when you purchased the policy. It might not be enough coverage for your current needs, or it may be too much coverage for your current needs.

Keeping abreast of your policy, refreshing the terms and conditions in your own mind will help you determine your next course of action and how much more or less you're going to need from a policy.

If you're turned down, don't give up

Life insurance is a very competitive business. Companies are fighting for your business. If you get turned down from one place, try another and another. Look at different options and different types of policies. Talk to an agent. They are committed to ensuring that you are able to get life insurance.

Even if you're not turned down, shop around. Like comparing companies already mentioned, compare agents, compare policies and if you get a "no," then try again elsewhere. If you get a "yes," try somewhere else to see if you can get a better rate or better benefits.

Your beneficiary

Often misunderstood, your beneficiary doesn't have to be a relative. There are people who take out life insurance and name charitable organizations as beneficiary. That's perfectly fine and perfectly legal.

Expenses and loss of income

For example, final expenses such as coffin and grave site, estate taxes, mortgages, tuitions, daycare, hospital bills and so on. These will add up, and you're going to want to protect your family from these expenses. Perhaps your spouse has the larger income and can manage the largest part of the expenses; then you won't need as much coverage. If you have large debts (mortgage, auto loan, second mortgage as examples), add in the principals for those as well. If there is a penalty for paying early, then factor that into your totals as well.

Try not to think of your policy as an "investment"

While permanent life insurance policies do have accumulated cash value, it's not like a money market account or a mutual fund. Pure investment opportunities have greater risks and do not have a payout upon death.

If you are told that a policy has a guaranteed rate of return, get that in writing on the policy, especially if the rate of return is high. If you're looking for a high return rate on investment, there are other, better ways to invest your money. A policy is an in-case-of-death benefit with the occasional cash payout bonus.

Check the riders

A rider is an optional clause in a policy that will cost extra and provide extra benefits for you. For example, some riders allow you to use the cash value of the policy to pay for long-term care expenses. Some will

pay the policy in full in case of becoming disabled or make premiums for you if you become temporarily disabled. Check what those riders are, what they will benefit you and how much they will cost.

Talk to people you know and trust

When looking for a good mechanic or a dentist, we look for recommendations from friends and family and people we trust. Life insurance companies are no different. Find out what your loved one bought, how they liked it, and how their agent treated them.

Be prepared to answer questions about your health

Companies will ask you questions about your health so that they can provide you with the best coverage. Answer them fully and honestly. Lying about your health can result in your policy being canceled, or your beneficiaries not getting the payout upon your death, especially if you're in failing health and /or your demise is a result of a preexisting condition that was not reported to the carrier.

Really think twice before canceling

Starting a new policy can be very cost prohibitive, especially in comparison to maintaining the current policy. The worst-case scenario is getting turned down for further coverage after allowing the current coverage to lapse or canceling it.

Look closely into any new policy before canceling the current one. Check the fine print. Check the veracity of the carrier. This is your money and your purchase. Make sure you are spending wisely.

Really go through the print, fine and otherwise

Read the policy, then read it again. Ask questions, find out anything you don't already know.

Conclusion

There are a great many options to consider when purchasing a life insurance policy. There are basic policies and premiums; there are phrases like 'cash-value' and 'term' and 'whole life' ... well, it can get confusing. The best place to start is with you. You need to ask yourself what *you* want from a policy? To protect your family from what? Final expenses? Loss of income? Freedom from debt? What are *you* looking to invest in?

From there it's a matter of knowing if this need is a short one or one that will pay off in several years. Is cash value important to you? Is it better to pay less now and get less coverage or not have cash value? What do you want?

Here are ten things to think about. Consider these when buying, maintaining and renewing a policy:

1. Know your budget. If paying the premium is too dear, then there is a good chance that the policy will lapse, and you will lose everything you've put into it. Don't take on too much.
2. Know how much insurance you really need. Being under-insured is a burden on your family, but being over-insured is a burden on your budget, spending money you don't need to spend.
3. Read the fine print. Read the big bold print too. Go over the policy carefully and fully before signing it. Be sure of what you're buying. This is a big purchase, and it will be something you're paying for over many years. Don't rush into this.
4. It's far better to stay with the policy you already have than to lapse or cancel. Starting over is expensive and much more difficult. Make the premiums, on time, each month and once that term life is over or when the whole life may not fit the

- needs of your family, revisit the *current* policy and see what your agent can help you accomplish.
5. Be your own advocate. Shop around, don't accept "no" for an answer. There is too much intense competition between insurance companies, and they all want the same thing: You. If someone turns you down due to age or ill health, find someone else. Even if you're not turned down, find other offers. You might save a great deal of money, or you might get a much higher return.
 6. Know what you're covered for. Make sure that you're covered for all unforeseeable complications, that your policy covers your beneficiaries and their needs.
 7. Ask yourself if you really need insurance at this time in your life? If you're single and renting and still starting out, there's really no reason to get it, as you have no one to protect against sudden wage loss.
 8. Understand the difference between Term and Whole and Universal. Don't worry about the subtypes right now; your agent can help you navigate through those.
 9. Get horror stories and success stories from family and friends. Let them tell you about the agents they've worked with. They might have already done the legwork for you.
 10. Don't rest. Review your policy every year and compare the policy you bought years ago to the needs your family has now. Ask your agent about riders or changes to suit your current needs.

Life insurance doesn't need to be terrifying. Doing some work now to prepare yourself before you begin will make the decision-making process that much easier. In the end, what you want is your family's peace of mind should something happen to you. Preparing for that now will give you and the ones you love the assurance that no matter what, their needs will be met.