



Life Insurance 101

Which type of life insurance is right for me?

Choosing a life insurance policy is like buying a car—there isn't one model that is right for everyone. For example, a young family is probably concerned about the difficult financial situation that could result from the loss of one or both parents. However, the couple entering retirement may be starting to think about their legacy or funeral planning. The type of life insurance that works best for each of these families is most likely different. It's essential to understand the basics of life insurance so you can find the best fit for *your* personal situation.



Term Life Insurance

One of our experienced district managers recently said, "Term life insurance is like renting a house while whole life insurance is like owning a home." This is a simple way of thinking about the two most common types of life insurance. If you choose term life insurance, your policy will provide coverage for a set number of years (usually 15, 20 or 30). Your premiums are established at the time you buy insurance, and will not increase during the initial policy term. However, if you stop paying your premiums, your policy ends and your coverage goes away.

Since term insurance doesn't last forever and

doesn't build cash value, it is the most affordable life insurance option. For many, term insurance is less expensive than the monthly coffee budget. Depending on your age, health and the size of your policy, you may be able to pay less than \$1 a day for term life insurance.

Term To 26 Life Insurance

Many forget to consider the advantages of insuring children, which go beyond the protection of a death benefit. Our Term To 26 life insurance

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provides affordable term life insurance until age 26, which is when it automatically converts to whole life insurance. At age 26, the policyholder can choose to double his or her coverage amount. Health issues can arise over time and in some cases, prevent a young adult from being able to get life insurance. By purchasing a life insurance policy for your child or grandchild now, you are ensuring he or she will always be able to have life insurance.

Whole Life

We compare whole life insurance to owning a home because it can last an entire lifetime and it builds value over time. Your whole life insurance policy will not come to an end unless you decide to cancel it. So, one of the biggest benefits of whole life insurance is that it guarantees* a death benefit *will* be paid when the policyholder dies (as long as premiums are paid).

Also, whole life insurance policies have a guaranteed cash value that grows over time, *and* they are eligible to earn dividends.** You can take a loan against your cash value at any time, as long as your policy has a loan value. Any *outstanding* loans and interest will reduce the death benefit.

Recently, we introduced new whole life insurance solutions, which are more competitively priced. We also added a new pricing category called "preferred", which offers lower rates to people in excellent health.

There are several different options for whole life insurance. Based on the policy you choose, you can pay your premium(s) in one of these ways: in a single payment, in level payments for the rest of your life, or in level payments over the course of a 10- or 20-year period. These options allow you to control when you pay for your insurance as well as the size of your pay-



ments, which can help you achieve your financial goals. For example, our Limited Pay Whole Life insurance, which allows you to pay premiums for only 10 or 20 years, can be a great solution for those who don't want to make life insurance payments during retirement.

Universal Life Insurance

Perhaps you're someone who anticipates changing needs over time and you don't want to feel like you're "locked in". Universal life insurance could be the right solution for you. Flexibility is one of its biggest advantages—it allows you the option to change the frequency and amount of your premium payments over time. Like whole life insurance, it has a death benefit and a cash value, which grows over time if enough premiums are paid. It also offers the option of purchasing a dual policy, which covers two people and pays a death benefit when the first of the two policyholders passes away.

Bi-Weekly Benefit Plan

One of our most popular universal life insurance options is the Bi-Weekly Benefit Plan. Our members like this plan because it combines

life insurance and mortgage expenses into one easy payment. With the Bi-Weekly Benefit Plan, you make a half mortgage payment every two weeks. NMB drafts the payments from your bank account and pays your monthly mortgage for you. By paying this way, you'll make two extra half payments per year, which fund your life insurance policy.

Some homeowners choose to pay off their mortgage early by using the cash value of their universal life insurance policy.[†] In some cases, homeowners with this policy are able to pay off their mortgage several years early, which saves them thousands of dollars in interest payments. Of course, there is also the added benefit of not having a mortgage payment anymore!

This policy is beneficial whether life goes as planned or not. If everything goes well, you can

pay off your mortgage early. Or, if you run into some difficulty along the way, your policy's cash value can provide much-needed help. If you or your partner passes away, a death benefit will help to pay off your mortgage balance and/or provide financial assistance to the beneficiaries.

Where do I start?

It's normal to feel a little overwhelmed when first learning about life insurance. But the good news is that we have people who can help guide you through the entire process, from beginning to end.

If you would like to speak to a life insurance expert who can teach you about your options while taking into account your unique needs and goals, get in touch with us today!

*Guarantees are backed by the financial strength and claims paying ability of National Mutual Benefit.

**Although dividends are not guaranteed, they are generally declared annually and credited to the policy on its anniversary date.

†Cash values can be accessed through loans and/or withdrawals, but these will reduce the death benefit. In addition, withdrawals from some policies may be subject to surrender charges and could have a permanent effect on the cash value and death benefit.

We're here to help!

 800-779-1936

 www.nmblife.org/contact

Life Insurance FAQ's

What if my employer already provides me with life insurance?

It's great if your employer offers life insurance, but there are a few important things to consider. If you leave or lose your job, in most cases, you will also lose your life insurance policy. If this happens a little ways down the road, your age or health may make it difficult or impossible for you to get a life insurance policy. Also, the amount of life insurance you have through your employer may not be enough to properly provide for those left in your absence.

I'm young and healthy. Why should I spend money on life insurance?

Life insurance rates are based on your age and health when you purchase a policy. So, it's actually really smart to lock in your life insurance policy at a young age. Also, if you have debt, such as a mortgage, or other expenses that someone you love could be responsible for if you unexpectedly pass away, then you should definitely consider purchasing life insurance.

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

In many cases, you will need to have a medical exam before your policy can be issued. However, we offer a few options which do not require a medical exam. Please contact us for more information.

If I become ill, can I access the death benefit of my policy early?

Some of our life insurance policies offer an optional Accelerated Death Benefit rider at no cost to you. This rider allows you to access a large portion of your death benefit early if you are diagnosed with a terminal illness.