



What Is Term Life Insurance?

Term life insurance is “pure” insurance. It offers protection only for a specific period of time. If you die within the time period defined in the policy, the insurance company will pay your beneficiaries the face value of your policy.

Term insurance differs from the permanent forms of life insurance, such as whole life, universal life, and variable universal life, which generally offer lifetime protection as long as premiums are kept current. Also, unlike other types of life insurance, term insurance does not accumulate cash value. All the premiums paid are used to cover the cost of insurance protection, and you don't receive a refund at the end of the policy period. The policy simply expires.

Term life insurance is often less expensive than permanent insurance, especially when you are younger. It may be appropriate if you want insurance only for a certain length of time, such as until your youngest child finishes college or you are able to afford a more permanent type of life insurance.

The main drawback associated with all types of term insurance is that premiums increase every time coverage is renewed. The reason is simple: As you grow older, your chances of dying increase. And as the likelihood of your death increases, the risk that the insurance company will have to pay a death benefit goes up. Unfortunately, term insurance can become too expensive right when you need it most — in your later years.

Several variations of term insurance do allow for level premiums throughout the duration of the contract. You may be able to obtain 5-, 10-, 20-, or even 30-year level term, or level term payable to age 65. An advantage of renewable term life insurance is that it is usually available without proof of insurability.

Life insurance can be used to achieve a variety of objectives. The cost and availability of the type of life insurance that is appropriate for you depend on factors such as age, health, and the type and amount of insurance you need. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have contract limitations, fees, and charges, which can include mortality and expense charges.

The information in this article is not intended to be tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Emerald. © 2015 Emerald Connect, LLC

Wealth Planning Advisors

6725 Highlands Court•Tyler, TX•75703

Phone: 903-581-6377 * 800-683-5463•Fax: 903-561-6787

www.wealthplanningadvisors.com • kdiduch@lincolninvestment.com gbradley@lincolninvestment.com
amendoza@lincolninvestment.com snoseley@lincolninvestment.com
lshipman@lincolninvestment.com

Advisory services & securities offered through Lincoln Investment.

Registered Investment Advisor • Broker Dealer • Member [FINRA/SIPC](http://FINRA.org) • www.lincolninvestment.com

East Texas Wealth Planning Advisors, Inc. and Lincoln Investment are independent, non-affiliated entities.

This site has been prepared solely for information purposes is not intended to be a solicitation, offer or sale of securities products or investment advisory services to anyone who resides outside of the United States. Lincoln Investment is registered as an investment advisor with the U.S. Securities and Exchange Commission and Lincoln Investment is registered as a broker/dealer in all 50 states. Lincoln Investment and its Financial Representatives may only transact business in a particular state if first registered and only after complying with registration requirements.