



Your Guide to Life Insurance



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You know what it takes to provide and care for your family. But what would happen if you or your spouse were no longer here?

Nobody likes to think about mortality, and that's why life insurance can be a tough discussion. But by planning ahead now and creating a safer, more secure future, you can help put your mind at ease.

Waiting Can Cost You

Life insurance is an easy decision to put off. It's something you'll do later. But the longer you wait, the more you risk paying significantly higher rates. If an accident or illness hits before you purchase a policy, what was an affordable plan can become financially out of reach. Lock in your rates now to ensure the lowest premiums. Now is a great time to get a price on a life insurance policy that could save your family more than money.

But what is life insurance anyway, and how do you know if it's right for you?

Discover how simple it can be to purchase life insurance coverage so that, should the unexpected happen, the financial resources your family needs will be there for them.



Life Insurance Basics

You might think that life insurance is complicated. But in simple terms, it's just a contract held between you and an insurance company. In exchange for premium payments, the insurance company promises to provide a cash payment or payments upon your death. These payments can be paid as a lump sum or as installments to a selected beneficiary.

Life insurance policies are generally chosen based on the needs of you and your family. There are different policy types to consider. The most common are term life insurance and permanent life insurance.

Term Life Insurance

Term life insurance is called a "pure" life insurance policy because its only function is to pay out a benefit upon the policyholder's death. This death benefit helps provide income replacement to cover short-term needs, such as paying off a mortgage or paying for a child's college education.

Term policies provide temporary insurance protection for a specific length of time. Most policies are sold starting at a 5-year term and then increase in 5-year increments, typically up to a 30-year term.



How Term Life Insurance Works

1. Choose the policy term. The term you choose depends on how long your family would need income replacement after you're gone as well as what you can afford.
2. Choose the death benefit amount. The amount you select is based on how much money it would take for your family to meet expenses for a certain number of years and what you can afford to pay in premiums.
3. Take a medical exam or answer health questions. A medical exam and lab work are required for fully underwritten policies—premiums are usually lower if you're in good health. For simplified-issue policies, answering a few health questions on the application is the only requirement.
4. Pay the premiums. Premium rates are based on many factors, but you usually pay much less when you're young and healthy.
5. Your beneficiary gets a death benefit when you die. As long as your policy is active when you die, your beneficiary will receive a death benefit payout.

Permanent Life Insurance

Permanent insurance provides lifelong protection and the ability to accumulate cash value on a tax-deferred basis. Unlike term insurance, a permanent insurance policy will remain in force for as long as you continue to pay your premiums.

Three of the most common types of permanent life insurance are:

- Whole life insurance
- Universal life insurance
- Final expense insurance

Term Life Insurance Overview

- Offers affordable life insurance coverage for when you need it
- Coverage option without medical exam available
- Choose a 5-, 10-, 15-, 25-, or 30-year plan
- Typically suitable for younger people and families to help protect against lost income if the primary wage earner dies
- Plans don't have a cash value investment, which usually makes the cost lower than permanent life insurance.



Whole Life Insurance

Whole life insurance is a form of permanent life insurance that offers the greatest amount of safety and security in exchange for higher premiums. The premium amounts are fixed and will remain unchanged over the life of the policy.

In addition, there's also a financial component of guaranteed cash value and the ability to earn dividends. Dividends are a portion of the insurance company's profits that are paid to policyholders as if you were an investor or stockholder. Because dividends are related to a company's performance, they are not guaranteed.

How Whole Life Insurance Works

There are several facts you should be aware of before enrolling in a whole life policy.

- **Premium payment period.** You typically pay premiums for the life of the policy or until a maturity age. Some policies let you pay premiums for a shorter time or up to a younger age. Premiums can be paid annually, quarterly, or monthly.
- **Premium rate.** Policies typically have a fixed premium rate. There are many factors, such as your age, that determine initial whole life rates.
- **Cash value build-up.** Because you usually put more money toward premiums in the early years of the policy, the excess you pay in premiums stays in the insurance company's accounts to accumulate interest. This feature enables your policy to build cash value as the interest grows. It can take about 8 to 10 years for the policy to build up cash value that's greater than the amount you've paid in premiums. After that, the cash value continues to grow until it reaches the face amount of the policy.



Comparing Whole Life Insurance Types

Besides ordinary life, there are 5 other basic types of whole life policies: nonparticipating, participating, limited payment, single premium, and intermediate premium. There are pros and cons for each, and not all insurance companies offer each type of policy.

Let's go over what each type of whole life insurance has to offer:

Whole Life Insurance Types	Advantages	Disadvantages
Ordinary	Level premiums for the life of the policy; the insurance company puts the excess premiums paid in the early years in investment accounts to build the policy's cash value	Higher premiums than term life plans
Nonparticipating	The premium and the face amount (the value of the policy) are level for life; offers a lower out-of-pocket cost	Doesn't pay dividends
Participating	Pays dividends based on the insurance company's excess earnings in investments; can use dividends to buy more coverage, reduce premium payments, or withdraw as cash	Dividends are not guaranteed
Limited Payment	Allows you to pay premiums for a limited time, such as for 10 or 20 years	Premiums are higher since it's spread over a shorter period of time.
Single Premium	Policy is fully paid at the time of purchase; provides immediate cash and loan value; taxed similar to an annuity	The entire premium is paid at once, which can be a large amount of money.
Intermediate Premium	Policy is issued at a current premium rate that could stay the same; premiums guaranteed not to exceed a maximum rate	Premiums can change based on the insurance company's estimates on expense costs, mortality, and investment earnings.

Universal Life Insurance

Universal life insurance is a permanent policy that allows you the flexibility to customize the coverage and premiums. You have the ability to take policy loans or make partial surrenders from the account value to help with your personal needs. Loans accrue interest. Unpaid loans plus interest



and withdrawals will reduce the death benefit and cash value. The policy continues as long as the cash value is sufficient to cover the monthly deductions.

Benefits of universal life insurance:

- Helps provide for loss of income, mortgage costs, and educational needs
- Gives you access to cash value for life's opportunities and challenges
- Is part of your estate, special needs, and business planning
- Can be used to enhance gifting or planning for future generations

Final Expense Insurance

This type of permanent insurance is an affordable way to provide the financial resources necessary to cover your funeral costs and other final expenses or outstanding debts.

- Dedicated funds for burial and related expenses
- Easy to qualify for
- Low cost
- May accumulate cash value

Life insurance financially protects your loved ones at a time when it's needed most. HealthMarkets offers multiple life insurance policies, including term life insurance, whole life insurance, universal life insurance, and final expense whole life insurance. Contact an agent who can guide you—free of charge.



Do I Need Life Insurance?

Have you asked yourself, “Do I need life insurance?” The short answer is, “Yes, you do.” But some have asked, “Why do I need life insurance?”

More than 40 percent of American households would feel a financial impact within six months of the primary wage earner’s death.

So money from an insurance policy that could help your family cover expenses like a mortgage or car loan would be an invaluable gift to help them cope.

Life insurance needs change just as life changes, and significant events—like getting married, buying a house, or having a baby—make the need for life insurance even more important.

Below, you’ll find some life events that should trigger buying or reevaluating the coverage you have to make sure it’s the right amount for your changing needs.

Are You Married?

Married people often mistakenly believe they won’t need life insurance until they start a family. But even in a marriage without children, spouses generally depend on one another for financial support, and many couples contribute equally toward household expenses.

Consider this: Without your income, would your spouse be able to sustain the life you’ve built as a couple? If you die, life insurance can be used to replace lost income, enabling your spouse to maintain his or her standard of living.

Are You Buying a House?

A house is usually the largest purchase we’ll ever make, and a mortgage can be the single largest debt we’ll ever have. Once you become a homeowner, life insurance ensures that if you die, there will be enough money for your survivors to continue making the mortgage payment.

If your spouse and children live in the house, life insurance will give them the financial resources to stay in the home and maintain their standard of living.

Are You Starting or Growing a Family?

Life insurance is a must-have for couples starting a family. As that family grows, the need for insurance grows with it.

Families where only one parent works outside the home are completely dependent on that person to provide all of the family's financial support. Without life insurance, that parent's unexpected death could have disastrous consequences for the family. If the stay-at-home parent dies without

life insurance, that parent's death would also create a large financial burden for survivors, who could have to pay childcare and housekeeping expenses. That's why both parents should carry enough life insurance to cover lost income as well as the dollar value of lost services.

Even when both parents work, it's unlikely that the surviving parent would be able to keep up with household expenses—including additional childcare—on a single income.



Are You Supporting Aging Parents?

Nearly 10 million adult children over the age of 50 care for aging parents, and many aging parents depend on their adult children's income for some—or all—of their support. Having adequate life insurance coverage ensures that, should you die, your aging parents will continue to be cared for and supported.

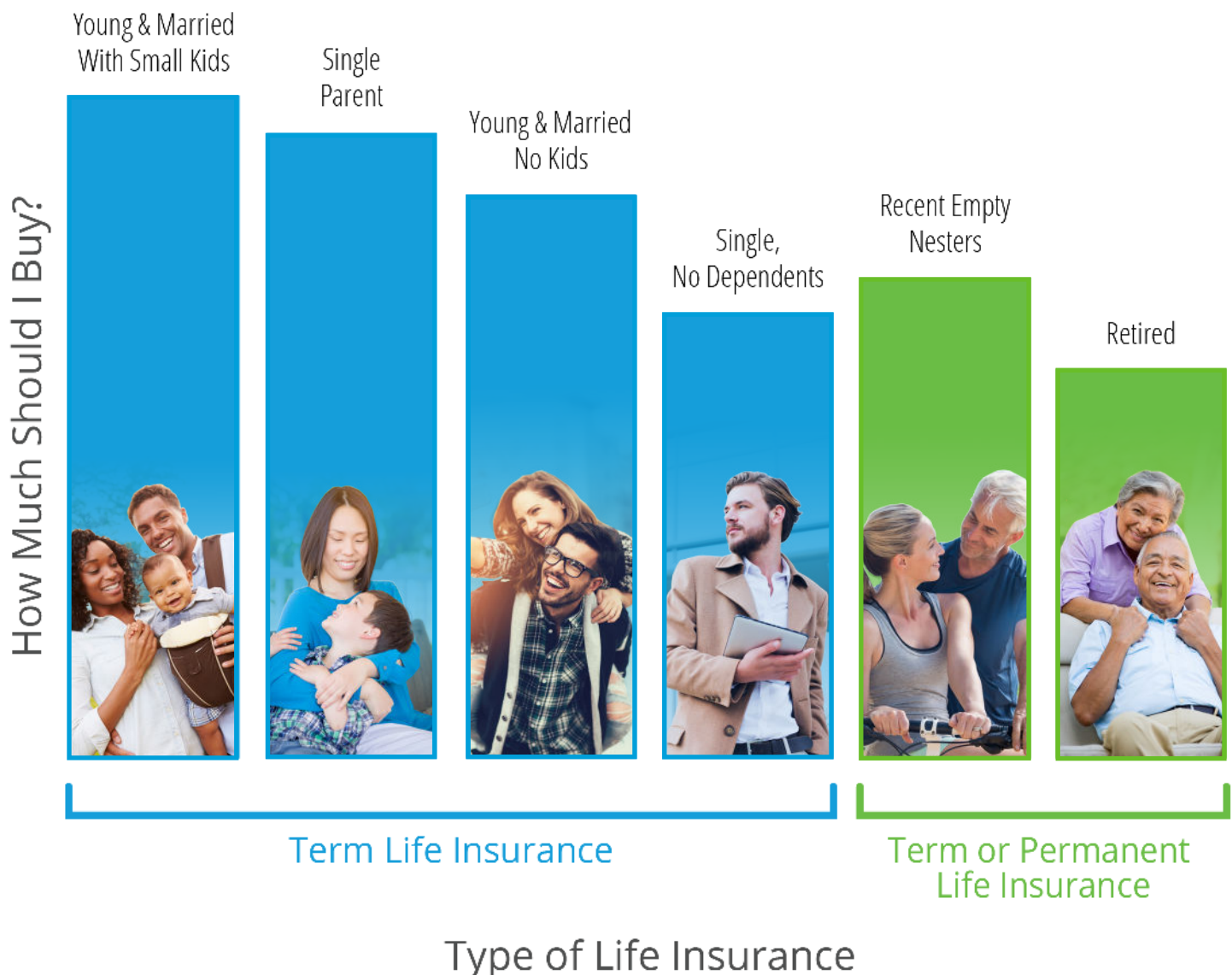
The amount of life insurance coverage you need depends on factors such as your age, marital status, number of dependents, and living expenses.

In light of these possible life events, the question really isn't, "Do I need life insurance?" It's, **"How much life insurance do I need?"** No matter how many twists and turns your life takes, **HealthMarkets insurance agents** are here to help you find the right coverage and best plan for you and your family.



How Much Life Insurance Do I Need?

Some financial sources such as *CNNMoney* suggest that your death benefit should be 7 to 10 times greater than your annual salary, which is a good estimate for families with grown children. For young families with parents who are in their 20s, insurance companies usually allow a death benefit that's up to 30 times greater than their annual salary, while a young family with parents who are in their 30s could get a death benefit up to 20 times above their yearly wages.



Some things you want to keep in mind when estimating how much life coverage you should get:

- The amount of income or type of lifestyle you want to provide for your spouse and/or dependents
- How long you expect your children to be at home. Do they have several years of schooling left, or are they about to graduate and move out on their own?
- Amount of debt you have: mortgage, car loans, student loans, etc.
- Other income you receive from things such as rental properties
- Money you have in assets: savings, mutual funds, stocks, or retirement accounts

Once you come to an approximate number of how much money you would need to meet your family's future expenses on a monthly or yearly basis, subtract any money you have in assets and additional income you get from other sources. The resulting number is the gap that you would want to fill with life insurance.

Finding the Gap

Annual/Monthly Income

Assets & Other Income

The Gap

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If this number is \$30,000, for instance, then you may need 7 to 10 times that amount in insurance coverage, which would be \$210,000 to \$300,000. If you need up to 30 times your annual wage, that would be \$900,000.





What Kind of Life Insurance Do I Need?



Life insurance coverage isn't one size fits all. It really comes down to your needs and budget.

Take these 10 tips into consideration when you plan on buying a life insurance policy:

1. Know your insurance needs.
2. Determine how much coverage you'll need.
3. Assess your current life insurance policy, if you have one.
4. Compare the different types of insurance policies.
5. Be sure you can afford the premium.
6. Determine whether your current life insurance policy is good, if you have one.
7. Familiarize yourself with renewal policies.
8. Read the fine print on your policy carefully.
9. Reevaluate your life insurance program every few years.
10. Have an insurance representative help you choose the right policy.



Retirement & Long-Term Planning

The road to retirement is a long stretch. People spend decades working hard so they can rest easy during their golden years. But you might be surprised by how many people underestimate the amount they will need in savings for retirement and how soon to start planning.

You may not realize it, but life insurance is a crucial part of saving for retirement. Having a life insurance policy helps protect your loved ones from a financial burden when you die. Here are a few ways in which a policy can be used.

- Cover funeral expenses
- Pay any debt you may have accumulated over the years
- Cover costs of a mortgage or second home
- Estate planning
- Ensure a special-needs child will continue to receive financial support after a parent dies
- Fund a child's or grandchild's education
- Continue to fund a family business
- Protect a spouse during his or her retirement years
- Cash value can supplement other sources of income





Long-Term Care

The last thing anyone wants to do is use their retirement savings on unexpected health conditions. Although older Americans are living longer, it doesn't necessarily mean they are staying healthy. Whether it's receiving care at a nursing home, at home, or at an assisted-living facility, **about 70 percent of Americans will need long-term care at some point in their lives.**

Medicare doesn't cover long-term care, so including long-term care insurance in your retirement planning can help keep your assets separate from your health costs.

Long-term care insurance provides coverage for people who are not able to do everyday tasks on their own or who need care for

recovery. This includes skilled, intermediate, and custodial care either at home or at a facility, depending on what's necessary.

HealthMarkets can help you find life insurance and long-term care insurance policies so you can go into retirement well prepared. Find a licensed agent near you to find a policy that's unique to your needs at [HealthMarkets.com](https://www.healthmarkets.com).

The longer you wait to purchase a life insurance policy, the more it will cost you. An affordable plan can become financially out of reach if an accident or illness occurs before you purchase a policy. Don't wait. Talk to one of HealthMarkets' knowledgeable, licensed insurance agents today about a life insurance plan that fits your needs.



To get more information about life insurance, speak to one of our knowledgeable **HealthMarkets agents**. Our licensed agents are here—free of charge—to help guide you toward the life insurance policy that's right for you.

Don't delay in getting the coverage that could help provide your loved ones with financial security. Contact a **HealthMarkets agent** near you today.

About HealthMarkets

HealthMarkets Insurance Agency can help you understand the many insurance options available, so you can make the best choice. Let us help you get the right life insurance coverage for you and your family. Best of all, our service is free!

HealthMarkets is one of the largest insurance agencies in America, with more than 3,000 licensed agents and nearly 250 offices located across the country. We also offer unmatched levels of service to our customers. We're proud of our 95 percent customer satisfaction rating and an A+ rating from the Better Business Bureau (BBB), the highest rating assigned by the not-for-profit agency that works to advance marketplace trust.

HealthMarkets Insurance Agency

Health | Medicare | Small Group | Life | Supplemental

Call us now at **(800) 827-9990** or visit **HealthMarkets.com** to find a licensed agent near you.

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