

Take a closer look at life insurance

WHY INSURANCE

The concept of life insurance is pretty simple: You choose a policy and pay the premiums. If you pass away while your insurance is in force, your insurance company pays a benefit to your chosen beneficiary. Several different types of life insurance are available—so which type should you choose? Before you decide, take a moment to understand how each type of life insurance works, what it includes and how much it costs. We'll get you started with a quick overview.

TERM LIFE INSURANCE

Term life insurance provides coverage for a specific period. If the insured person dies during this period, the insurance company pays the death benefit to the beneficiary. Typical term periods are 15, 20 or 30 years, or to-age-65.

The premium amount is level—it remains the same for the entire term period you choose. At the end of the term period, the coverage ends. You can choose to renew it, usually at higher premiums that increase annually to age 95 or 98.

You may have the opportunity to add one or more riders to your term policy for extra protection. A critical illness rider, for example, pays you a lump-sum amount if you're diagnosed with a disease like cancer, heart attack or stroke. This benefit ensures you have extra funds—to use however you need—when you're dealing with unexpected medical costs.

Term life insurance is a good option if you need coverage for a certain time, you want to provide for your loved ones if you pass away prematurely, or you want to be sure to take care of your own funeral, burial and other final expenses.

PERMANENT LIFE INSURANCE

Unlike term life insurance, which ends at a certain time, all types of **permanent life insurance** stays in force for a lifetime (when premiums are paid). Permanent policies are known for building cash value—an amount you can withdraw or borrow from to fund college, pay off debt or supplement your retirement income.

The various types of permanent coverage include whole life, universal life, indexed universal life and variable universal life.

- **Whole life insurance** offers you guaranteed premiums and a guaranteed tax-free death benefit for life. The premium amount never increases, and the cash value grows tax-deferred over time.
- **Final expense insurance** is a type of whole life policy. Just like the name implies, it is intended to cover your final expenses—burial, plot, headstone, flowers and more. People buy final expense insurance so their loved ones don't have to worry about these costs at an already stressful time.
- **Universal life insurance** gives you the opportunity for greater tax-deferred cash value growth. Like whole life, a universal life policy pays a tax-free death benefit. But it differs from whole life in what it offers flexible premium options. You can choose to increase your premium payments to grow your cash value faster. Another unique feature is the flexible death benefit. If you need less life insurance in the future, you can have your insurance company reduce your coverage amount. And if you need more, you can just request a coverage increase (with evidence that your health hasn't changed).
- **Indexed universal life insurance** has a cash value that's linked to the S&P 500®.* The cash value grows when the S&P 500 performs well, and yet the policy also has safeguards to protect against downward market trends. When you choose indexed universal life insurance, you can benefit from market growth without worrying about market losses.
- **Variable universal life insurance** can provide a higher yield when the markets rise. It offers a higher limit on interest credits than indexed universal life insurance. But when the markets are down, variable policies don't offer a minimum guaranteed rate. You can choose to invest your premium in several separate accounts, much like mutual funds. This design offers you more potential for your cash

value to grow if you're willing to risk negative credit rates in down markets.

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Life insurance is an important part of your total financial plan. If you need help choosing the right coverage type and amount—and most people do!—contact a Washington National agent for input.

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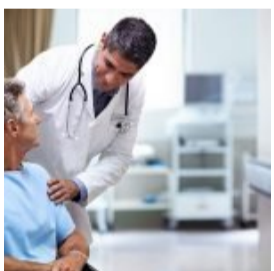
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