Insurance who needs it?

Whole (Permanent) Life vs. Term Insurance
There are different types of life and illness insurance. The two most common are called Whole (Permanent) Life and Term Life Insurance. Either of these types may include a long-term disability component (benefits are paid if you are too ill or disabled to work for a substantial period of time) or you may need to purchase it separately.

There is a saying in the financial planning industry: “Buy term and invest the rest!”
Life insurance is generally a poor method of creating an investment. Do a thorough review of investment opportunities before buying a Whole Life policy as a means of saving money. The truth is, life insurance companies make enormous profits from doing what you should do for yourself, investing your money!

Term Life Insurance is the type of insurance that most people are familiar with.

- You agree to pay premiums for a certain period of time (perhaps 5, 10, or 15 years) and, if you die or are disabled (if you have purchased a disability component) during that term, the benefits are paid out to your beneficiaries.
- Term Life Insurance gets more expensive as you get older and are more at risk of fatal illness, but the premiums are **much** cheaper than Whole Life Insurance costs—especially if you are younger.
- One disadvantage of Term Life Insurance is that, should you contract a life-threatening condition such as cancer, diabetes, heart disease, etc. you may not be able to renew your insurance when your term expires (even if you can, expect to pay much more for your insurance).

Whole Life Insurance is more popularly used as a tax break or by people who are can’t qualify for Term Life insurance.

- Whole Life Insurance is most often used by people who already have a good income and are using it as a way to defer taxes (the premiums are tax deductible).
- It provides lifetime protection, as long as the premiums are paid on time.
- You will not be denied insurance as you get older or contract a life-threatening condition.
- It is also used as a form of savings, as the money you pay into premiums can eventually be cashed out, once you have built up enough wealth that you no longer need insurance to provide security to the people you care about.
- Depending on your age, the premiums can be 10 times more expensive than Term Life Insurance premiums.

Life Insurance

Life insurance is used for looking after the people you love, especially those that are financially dependent on you, in the event of your premature death. The burden of their grief will not contain worries about losing their home, dealing with creditors, or wondering how to pay the funeral bills. Your spouse will not have to return to work prematurely because of money worries. Your life insurance should be reviewed yearly to ensure that it covers the following current costs:

- Funeral (burial plot, casket, head stone, cremation, urn, reception, flowers, etc.)
- Bills (personal and household)
- Overdue taxes
- Loan repayment
- Property tax
- Lawyer fees, notary fees and executor fees
- Inheritance tax and other
- Education fund for children (inflation adjusted)
- Business settlements
- Income for designated persons
- Insurance must be taken out on both partners to cover any debts (credit cards, financed purchases, line of credit, etc.).
- Disability Insurance
- Mortgage insurance