208.765.8917

Individual Life Insurance

Evans Insurance

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What is Life Insurance?

Life insurance is a contract between an insurer and a policyholder. A life insurance policy guarantees the insurer pays a sum of money to named beneficiaries when the insured policyholder dies, in exchange for the premiums paid by the policyholder during their lifetime.

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> Life Insurance is like a parachute; if you don’t have it the first time you need it, there is no second chance.
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> -Luis Ortiz haddock
>
> ”

Why should I get life insurance?

- To protect your family in case you die prematurely
- To create an estate
- To protect an estate
- To guarantee insurability
- To repay a loan
- To create a cash value savings account
- Peace of mind

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What are the different types of life insurance?

Term Life Insurance

A life insurance policy mainly functions as an income replacement for your family in the event of your death. Term life insurance works by guaranteeing this financial protection for your family over a specific period — the term — before expiring. If you die before the term ends, your beneficiary receives a death benefit, a tax-free lump sum of money that can be used for funeral costs, to pay bills, or for any other purpose.

Terms usually last from 10 to 30 years and you pay a monthly or annual premium, which is determined using your policy details and your health and demographic information, to keep the policy active. Once the term is up, the policy expires. Term Insurance also has living benefits!

What Are The Best Times To Get Term Life Insurance?

- Marriage
- Pregnancy
- Taking on a big loan

How much Term Insurance Do I Need?

When deciding how much term life insurance you need, you should take into account:

- Outstanding debt, like a mortgage
- Future education costs, for you or your children
- Dependents, including children and aging parents
- End-of-life expenses for yourself
- Any financial cushion your family might need

The Benefits of Term Insurance

In addition to its affordability, term life insurance offers flexibility that you can't find in permanent life insurance. Eventually, you'll ideally save enough money to be able to support your loved ones and cover end-of-life expenses without the help of an insurance policy, or your dependents will no longer rely on you financially.

With term life insurance, the ability to choose your term length and coverage amount means you pay only for the insurance you need and only for as long as you need it.

It's also possible to purchase multiple term life policies, so you can even keep separate insurance policies if, for example, you need a 30-year policy to protect your family and a 10-year policy to protect against a business loan.

And, because term life insurance doesn't come with an additional investment-like component like permanent life insurance does, term life provides the most important function of life insurance — financial protection — without additional, complex features to manage.

What Happens If I Outlive My Term Insurance?

If you outlive your term policy, you can either let it expire, buy a new policy, renew at a higher premium, or convert it to a whole life policy with NO underwriting! You will not receive a refund of premiums paid.

Whole Life Insurance

Whole life insurance is a type of permanent life insurance (also called cash value life insurance). The policy lasts for your entire life and has a savings component called the cash value that grows at an interest rate set by your insurer.

Life insurance providers usually offer a guaranteed minimum rate of growth for the cash value of whole life policies. However, returns on your investment may be smaller than in traditional investment options. That's because insurance companies will take out administrative fees related to managing your policy that a typical investment company doesn't.

What Are The Best Times To Get Whole Life Insurance?

- Marriage
- Long Life Dependent

Using life insurance as an investment vehicle isn't a great idea if you have other options available to you, like a 401(k) or IRA. Traditional investment accounts usually grow at a faster rate than the cash value of a life insurance policy.

How much Whole Life Insurance Do I Need?

When deciding how much term life insurance you need, you should take into account:

- Current Financial Situation
- Age

The Benefits Of Whole Life Insurance

Whole life insurance NEVER expires. When you pay premiums to a term life policy, the payment has two basic parts — the first covers the cost of insurance, and the second pays administrative costs. Once those chunks have been paid, there's nothing left over.

In a whole life insurance policy, you'll pay more than the costs of insurance and administration, and that excess will accumulate in a cash-value account. The account grows at a fixed rate, sort of like a savings account. The benefit of whole life insurance and the reason you might prefer it to a savings account lies in the cash account's tax treatment and flexibility.

Whole life cash accounts grow tax-deferred. That means that the interest you're paid isn't taxed, as long as the money stays in the account. You'd have to pay tax only if you withdraw more cash than you paid in. Because of this, money can grow more quickly than it might outside of your account. All of your interest stays in the account, earning even more interest in future years.

You can then use that cash value in retirement to supplement your income. Permanent life insurance policies let you borrow against the value in your cash account without withdrawing it or needing to pay taxes.

What Happens When I Die?

When the policyholder dies, his or her beneficiaries receive the promised death benefit, and any remaining cash value goes back to the insurance company.

Universal Life Insurance

Universal life insurance, also referred to as UL insurance, is a type of permanent life insurance that lasts your entire life, as long as you keep paying premiums while the policy is in force. When you die, it pays out a tax-free cash sum, called the death benefit, to your beneficiaries.

What makes universal life insurance different from other types of life insurance, is that it allows policyholders to use the policy's cash value to pay for premiums. With universal life, the interest rate earned on the cash value is subject to change, while it is fixed with other policies, like whole life insurance. Even though the policy is permanent, its offerings may be good for someone who isn't ready to commit to a specific rate for the rest of their life.

How Does Universal Life Insurance Work?

With universal life insurance, a portion of your monthly premiums goes toward a component called the cash value, which can earn a small amount of variable interest, and you can use the built-up cash value to pay for part of your monthly premiums. Once you die, the remaining cash value will go toward the death benefit.

However, just because there is a cash benefit to a universal life insurance policy doesn't mean that it's the best option to save money for the future. The variable interest rate often realizes a much smaller gain than you could get by investing the same amount in an IRA or 401(k). For example, the rate of return on universal life insurance is near 2%, while the rate of return on an IRA or 401k that matches historical stock market averages is 8%. Some of the best savings accounts can get over 2% interest, and the money would be available to you at any time.

Who Should Buy Universal Life Insurance?

Similar to other permanent life insurance policies, a universal life insurance policy is generally for people who have very specific needs. An individual with a high net worth may want to take advantage of the tax-deferred savings component, while parents of a child with special needs may need a universal policy due to the high costs associated with taking care of their child.

A universal life insurance policy is also a good fit for someone who is looking for some flexibility in their life insurance. Because it allows for adjustments in premium payments and the death benefit, you won't have to sacrifice protection for your family if your financial health changes.

Universal Life vs. Term Life

Term life insurance is a simpler form of life insurance: you pay your premiums for a set term and your family will receive a death benefit if you die during that time. If you outlive the term and the policy expires, you'll need to buy a new life insurance policy or your family won't collect a death benefit when you die. The simplicity of term life insurance makes it cheaper than permanent life insurance policies and a better option for people that don't require a life insurance policy with versatility.

Universal life insurance, like other types of permanent life insurance, differs from term life insurance in key ways:

- Universal life insurance is permanent; term life insurance lasts for a set period of time.
- Universal life insurance has a cash-value component; term life insurance cannot be considered a savings vehicle.

Final Expense Life Insurance

Final expense insurance is a type of permanent life insurance originally intended to cover funeral expenses. The death benefit is usually used to pay for final medical bills and other end-of-life expenses, like burial or cremation, items like caskets and urns, and more.

Like other permanent life insurance, burial insurance never expires and remains active as long as you pay your premiums. But, unlike most traditional permanent life insurance policies, which require a medical exam to determine the cost of your policy, you'll only need to answer a few questions to qualify for final expense insurance.

Types of Final Expense Insurance

Guaranteed Issue Life Insurance

Guaranteed issue policies offer near-certain application approval. In rare cases, insurance companies may ask "knockout questions" about terminal illnesses that disqualify you for coverage, but many providers offer coverage regardless of your health status. Because of this, guaranteed issue is more expensive than simplified issue and offers lower maximum coverage amounts, typically $5,000-25,000.

Simplified Issue Life Insurance

Simplified issue life insurance is good for people who may not qualify for a traditional life insurance policy but are only considered moderate risk. You'll have to answer a detailed medical questionnaire, but there's no medical exam involved. You'll still pay more than you would for term life coverage, and you can get a simplified issue insurance policy with coverage up to $50,000.

Who Needs Final Expense Life Insurance?

Because of its high cost, final expense insurance is best for candidates who are typically ineligible for traditional life insurance coverage. This includes:

- Individuals who are above a certain age
- Individuals who have a serious health condition
- Individuals who earn a low (or no) income and have no assets

Health conditions that make final expense insurance a more suitable coverage option include illnesses such as cancer, HIV, or Parkinson's disease.

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