

LIFE INSURANCE:
PART OF A SOUND FINANCIAL PLAN

OUR LIVES ARE MADE UP OF MILLIONS OF MOMENTS...

There are times in life that make you realize you have a lot to protect. With term life insurance, you can help safeguard the dreams you have for your family or your business. If you want to be adequately covered, you might want to understand how term insurance works—and how it can help you.

NO FINANCIAL PLAN IS COMPLETE WITHOUT LIFE INSURANCE

Having some type of life insurance is an important part of any long-term financial plan. With adequate coverage in place, you may protect your family by helping to make sure they'll have the financial resources they need to maintain their standard of living. Term life insurance can help replace lost income, pay off debts—such as a mortgage—pay for college, and even complete your retirement savings.

TERM INSURANCE. A SIMPLE, ECONOMICAL CHOICE.

Term life insurance is one of the most affordable types of life insurance, because you select the amount of time that makes sense for you—typically 10 to 30 years—rather than having to pay for protection for your entire lifetime.

YOU MAY WANT TO CONSIDER TERM LIFE INSURANCE IF YOU WANT:

- Your family to have the financial resources they need to maintain their lifestyle.
- Your family to be able to settle large debts, pay off a mortgage, or pay for college.
- A family business to continue to operate.

UNDERSTANDING TERM INSURANCE

Term insurance is designed to do one thing: provide immediate financial resources for your family in the event that you cannot be there for them. You choose the amount of coverage you need and the length of time (the term) you need it for. Start realizing the benefits of term life insurance:

FLEXIBLE TERM COVERAGE.

You simply choose the term that fits your needs (typically 10 to 30 years). For example, young parents in their prime earning years might choose a 20-year term, so they can protect their family until their children are through college.

PROTECTION THAT'S AFFORDABLE.

Unlike some life insurance policies, term insurance is not an investment. Like car insurance, it provides protection against loss but doesn't accumulate cash value. And because you're simply insuring for a specific time period, not making a lifetime investment, term insurance is one of the most affordable kinds of life insurance.

PREDICTABLE COSTS.

With term insurance, there are no rising costs—you lock in a fixed premium for the entire policy period. If you buy a 20-year policy, your premium will be the same every year of your policy.

SIMPLE POLICY RENEWAL

Should you decide you want to continue your insurance beyond the term, you can just renew your policy. After the original policy period is over, however, your premiums may be subject to annual adjustments.

AVOIDS LEGAL DELAYS AND EXPENSES.¹

Unlike settling your estate, term insurance proceeds are paid directly to your heirs—avoiding the expenses and delays of probate.

FEDERALLY TAX-FREE INCOME

Term insurance proceeds are paid in a lump sum and are considered federally tax-free income, which means your heirs will have more money when they need it most.

WHAT'S THE DIFFERENCE BETWEEN TERM AND PERMANENT INSURANCE?

Term Insurance is like leasing your protection. Just like leasing a car, you don't build equity—you simply use it for a specific period of time. And like leasing a car, term insurance allows you to lease a lot more protection for a lot less money.

Permanent Insurance is more like owning your protection. Because it provides coverage for as long as you live, it usually costs considerably more. Permanent insurance, however, does build some equity over time.

**FOR MORE INFORMATION ABOUT LIFE INSURANCE,
CALL YOUR BROKER OR ADVISOR.**

¹Proceeds from a term life insurance policy are generally not subject to income tax; the full face amount of a policy is paid directly to the beneficiaries. Consult a financial or tax advisor for your specific financial situation.

DETERMINING HOW MUCH INSURANCE YOU NEED

Buying too little insurance could jeopardize your family's financial security. But if you buy too much, you may be spending money that could be better used for important financial goals such as your children's college tuition or your own retirement savings. To help determine how much you may need, start by asking yourself some simple questions:

HOW MUCH DO YOU EARN NOW, BEFORE TAXES?

As you're trying to decide how much term life insurance you may need, remember that it's generally your yearly income that enables your family to enjoy their standard of living. So it's important to make sure you have enough insurance to replace your income over the years. To find out how much money you may need in order to replace your income today, start by estimating your income from the job(s) you hold. Exclude income from other sources, like dividends, interest from CDs, bonds, rental income, or other assets.

HOW MANY YEARS UNTIL YOU CAN AFFORD TO RETIRE?

Next, determine the number of years it will take until you can save enough to afford to retire. For an estimate, use at least the number of years until you plan to retire.

HOW MUCH LIFE INSURANCE DO YOU HAVE NOW?

It is also important to take into consideration the amount of life insurance you currently have, on your own or through work. Remember, you want to be sure you aren't over- or under-insured.

AFFORDABLE PROTECTION.

Although your age and your overall health are factors, you may be surprised at how little term insurance can cost. For example, a 45-year-old, nonsmoking male in good health, with average cholesterol and a low-risk lifestyle, generally could protect his family with a million-dollar term life insurance policy for 15 years for about \$5 a day.²

YOUR LIFE CHANGES — CONSIDER REVIEWING YOUR POLICY AND COVERAGE ELECTIONS EVERY YEAR

Once you have your policy, you'll want to review it periodically to make sure you're adequately covered. You'll especially want to take a look at your policy after significant events like the ones below:*

LIFE EVENT	ACTION STEP
Home purchase or improvement	Buy insurance to cover mortgage.
Birth of child	Review income-replacement needs. Look at college-planning coverage.
New job	Increase coverage and fill gaps.
Marriage or divorce	Review income replacement needs.
Starting a family business	Increase insurance to keep business operational.

*Please note: This is not a comprehensive list.

²Source: Fidelity.com