



LALA THE FINANCE JUNKIE

TYPES OF INSURANCE I CAN HELP YOU WITH

Descriptive Edition



Temporary Insurance

Term Life

Provides coverage for a specific period, typically 10 to 30 years. If the policyholder dies within that term, the beneficiaries receive a death benefit. Term life insurance is generally more affordable but does not accumulate cash value.

Permanent Insurance

Whole Life

A type of permanent life insurance that offers coverage for the insured's entire life, as long as premiums are paid. It includes a cash value component that grows at a guaranteed rate. Premiums are typically higher than term life but remain fixed for the life of the policy.

Universal Life

Another type of permanent life insurance that provides lifelong coverage and accumulates cash value, but offers more flexibility than whole life. Policyholders can adjust premium payments and, in some cases, the death benefit amount. The cash value growth rate may vary based on market conditions.

Variable Life

A permanent policy where the cash value can be invested in sub-accounts (like mutual funds), offering potential for higher returns but also higher risk. It may have flexible premiums, but poor investment performance can decrease the cash value and potentially the death benefit.

Final Expense

A type of whole life insurance with a smaller, more affordable death benefit designed to cover end-of-life expenses like funeral costs. These policies are often easier to qualify for, particularly for older individuals or those with health issues, and may not require a medical exam.

Indexed Universal Life (IUL)

A type of universal life insurance where the cash value growth is tied to a market index (e.g., S&P 500). It offers a guaranteed minimum interest rate and a cap on potential gains.

Group Life

Coverage offered to a group of people, typically through an employer or organization. It's often term life and may be a cost-effective way to get basic coverage, but supplemental insurance may be needed for comprehensive protection.

Living Benefits/Riders

Cash Value

This benefit is built into permanent policies like whole life insurance and universal life insurance. A portion of your premium payments is diverted into an interest-bearing savings component that grows tax-deferred over time. You can access the cash value for any reason through withdrawals or policy loans.

Terminal Illness Rider

Allows access to a portion of the death benefit if you are diagnosed with a terminal illness with a limited life expectancy, such as 6 to 24 months.

Chronic Illness Rider

Activated if you are diagnosed with a chronic condition and cannot perform at least two of the six "activities of daily

	living," which include bathing, dressing, and eating. The payout can be used for long-term care expenses
<i>Critical Illness Rider</i>	Provides a lump-sum payout if you are diagnosed with a qualifying critical illness, such as a heart attack, stroke, or cancer. The specific list of covered illnesses varies by insurer.
<i>Long Term Care (LTC) Rider</i>	Allows you to use a portion of the death benefit to cover the high costs of long-term care, such as a nursing home or assisted living facility. It is similar to a chronic illness rider but often has different qualifying triggers.
<i>Waiver of Premium Rider</i>	This rider ensures that if you become disabled and cannot work, your premium payments will be waived while the policy remains in force
	Annuities
<i>Immediate</i>	Payments begin soon after a lump-sum investment, typically within one year. They are best for individuals needing immediate income, like those already in retirement.
<i>Deferred</i>	Payments are delayed until a future date, often retirement age, allowing the invested money to grow tax-deferred during the accumulation phase. They are suitable for those planning for future retirement income.
<i>Fixed</i>	Offer a guaranteed interest rate and predictable, regular payments. They are the most conservative option, ideal for low-risk tolerance. Multi-Year Guaranteed Annuities (MYGAs) are a common type of fixed annuity.

Variable

The value and payments fluctuate based on the performance of underlying investments chosen by the owner, such as sub-accounts resembling mutual funds. They carry more risk but offer higher growth potential.

Indexed

Offer a guaranteed minimum interest rate but also tie returns to a market index (like the S&P 500). They provide a balance between potential market gains and principal protection. Equity-Indexed Annuities (EIAs) and Registered Index-Linked Annuities (RILAs) are types of indexed annuities.

INSURANCE

WE ALL NEED