

# Life Insurance:

Securing Your Future and  
Protecting Your Loved Ones



# Securing Your Future

---

Life insurance is a powerful, understated financial tool that provides stability to loved ones upon the policyholder's passing. Beyond covering end-of-life expenses, life insurance offers an array of benefits, including income replacement, debt repayment, and estate planning.

However, despite these benefits, life insurance remains overlooked by many. As of 2024, 102 million Americans<sup>1</sup> say they need (or need more) life insurance. A contributing factor could be that 72% of Americans<sup>2</sup> overestimate the true cost of a basic term life insurance policy.

The last thing you want is to leave your family with crushing debt and stress, all because you're unsure of your options. So, let's shed light on the importance of life insurance, its various forms, and its relevance at different life stages.

## Types of Life Insurance

Life insurance is a critical financial tool that offers protection, security, and peace of mind to individuals and their loved ones. However, the world of life insurance can be complex, with numerous policy options available in the market. Each type of life insurance has their own unique features, benefits, and considerations that are designed for different needs:

### Term Life Insurance

Term life insurance provides coverage for a specified term, typically ranging from 10 to 30 years. It offers a straightforward death benefit to the beneficiaries if the policyholder passes away during the policy term.

***Key features:***

- **Affordability:** Term life insurance generally has lower premiums compared to other types of policies.
- **Temporary Coverage:** Once the term ends, the policy does not offer any benefits or cash value.
- **Convertibility:** Some term policies allow conversion to permanent life insurance without a medical exam.

<sup>1</sup> <https://www.limra.com/siteassets/newsroom/liam/2024/2024-life-insurance-fact-sheet.pdf>

<sup>2</sup> Ibid.



## **Whole Life Insurance**

Whole life insurance is a permanent policy that provides coverage for the entire lifetime of the insured. It offers both a death benefit and a cash value component that grows over time.

### ***Key features:***

- **Guaranteed Premiums:** Premiums remain fixed throughout the policy's duration.
- **Cash Value Growth:** The cash value accumulates on a tax-deferred basis and can be accessed through loans or withdrawals.
- **Lifetime Coverage:** As long as premiums are paid, the policy remains in force until the policyholder's death.

## **Universal Life Insurance**

Universal life insurance is a flexible permanent policy that allows the policyholder to adjust the death benefit and premium payments within certain limits.

### ***Key features:***

- **Adjustable Premiums:** Policyholders can choose to pay higher premiums to build cash value or lower premiums for basic coverage.
- **Cash Value Accumulation:** The policy's cash value grows at an interest set by the Insurance company.
- **Policy Loans and Withdrawals:** The cash value can be accessed during the policy's lifetime for various financial needs.

## Variable Life Insurance

Variable life insurance combines death benefit protection with investment opportunities. Policyholders can allocate a portion of their premiums into various investment options. These investment options are separate accounts and mimic mutual funds.

### *Key features:*

- **Investment Component:** The policyholder assumes the investment risk, as the cash value fluctuates based on the performance of the chosen investments.
- **Potential for Growth:** Variable life insurance offers the potential for higher returns compared to traditional policies.
- **Death Benefit and Tax Benefits:** The death benefit is tax-free, and the cash value grows on a tax-deferred basis.



## Indexed Universal Life Insurance

Indexed universal life insurance provides flexible coverage with cash value growth tied to a market index, such as the S&P 500.

### *Key features:*

- **Not subject to losses due to a market decline** because the policy buys options and is not invested in the market directly.
- **Market-Linked Growth:** The cash value's growth is linked to the performance of the chosen market index, offering the potential for higher returns.
- **Guaranteed Minimum Interest Rate:** Even if the market index performs poorly, some policies guarantee a minimum interest rate on the cash value.

## Benefits of Life Insurance

Life is uncertain, and while we cannot predict what lies ahead, we can take proactive steps to protect ourselves and our loved ones financially. Fortunately, life insurance offers a myriad of benefits, providing a safety net and peace of mind. While many Americans understand the financial protection<sup>3</sup> that life insurance offers to their remaining family, 52% of Americans<sup>4</sup> say they don't have life insurance because it is too expensive. To bridge this coverage gap, let's cover the many benefits of owning life insurance:

**Financial Security:** A recent study found that more than 4 in 10 families<sup>5</sup> face financial hardship within six months of the primary income earner's passing. However, this is something that can be avoided. Life insurance is the foundation of financial security for you and your family. In the event of your passing, the policy's death benefit ensures that your loved ones receive a lump sum payment, providing much-needed financial stability during an emotionally challenging time. This financial cushion can help your family cover immediate expenses, funeral costs, and outstanding debts, potentially preventing financial hardships and allowing them to maintain their quality of life.

**“What you leave behind  
is not what is engraved  
in stone monuments, but  
what is woven into the  
lives of others”**

Pericles



<sup>3</sup> <https://www.forbes.com/advisor/life-insurance/life-insurance-statistics/#facts-about-life>

<sup>4</sup> <https://www.limra.com/en/newsroom/news-releases/2023/new-study-shows-interest-in-life-insurance-at-all-time-high-in-2023/>

<sup>5</sup> <https://www.forbes.com/advisor/life-insurance/life-insurance-statistics/#facts-about-life>

**Debt Settlement:** No one wants to burden their family with unpaid debts after their demise. Life insurance can help settle outstanding debts, such as mortgages, loans, credit card balances, and medical bills. By having an appropriate life insurance policy in place, your beneficiaries can use the death benefit to clear these financial obligations, help prevent debt-related stress and potentially provide them with a fresh start.

**Income Replacement:** For families that rely on your income, life insurance serves as a crucial income replacement tool. If you are the primary breadwinner, your untimely passing could leave your family struggling to meet day-to-day expenses. Life insurance helps to ensure that your loved ones continue to receive a steady income, allowing them to maintain their standard of living and pursue their financial goals, such as education and retirement planning.

**Estate Planning:** Life insurance plays an integral role in comprehensive estate planning. If you have substantial assets, such as real estate, investments, or a business, the death benefit from your life insurance policy can help cover estate taxes and other settlement costs. By doing so, you can help preserve your hard-earned wealth and promote a smooth transfer of assets to your beneficiaries without placing a financial burden on them.

**Business Continuation:** For business owners, life insurance can be a lifeline for the continuity of their ventures. In the event of the owner's passing, a life insurance policy can provide funds to buy out the deceased owner's shares from their estate. This helps to prevent ownership disputes, promotes a smooth transition of leadership, and helps the business remain financially stable during the transition period.

**Supplementing Retirement Income:** Certain types of life insurance, such as whole life, universal, variable, or indexed universal life policies, build cash value over time. This cash value grows on a tax-deferred basis and can be accessed during your lifetime through loans or withdrawals. In retirement, the cash value can be used to supplement your income, fund medical expenses, or serve as an emergency fund.

**Tax Benefits:** In most cases, the death benefit from a life insurance policy is tax-free for the beneficiaries. Additionally, certain types of life insurance policies offer tax advantages on the cash value component. As it grows on a tax-deferred basis, distributions can be tax-free via withdrawals up to basis and/or loans. Consult with a tax advisor to understand how life insurance can benefit your specific tax situation.

## What impacts life insurance coverage?

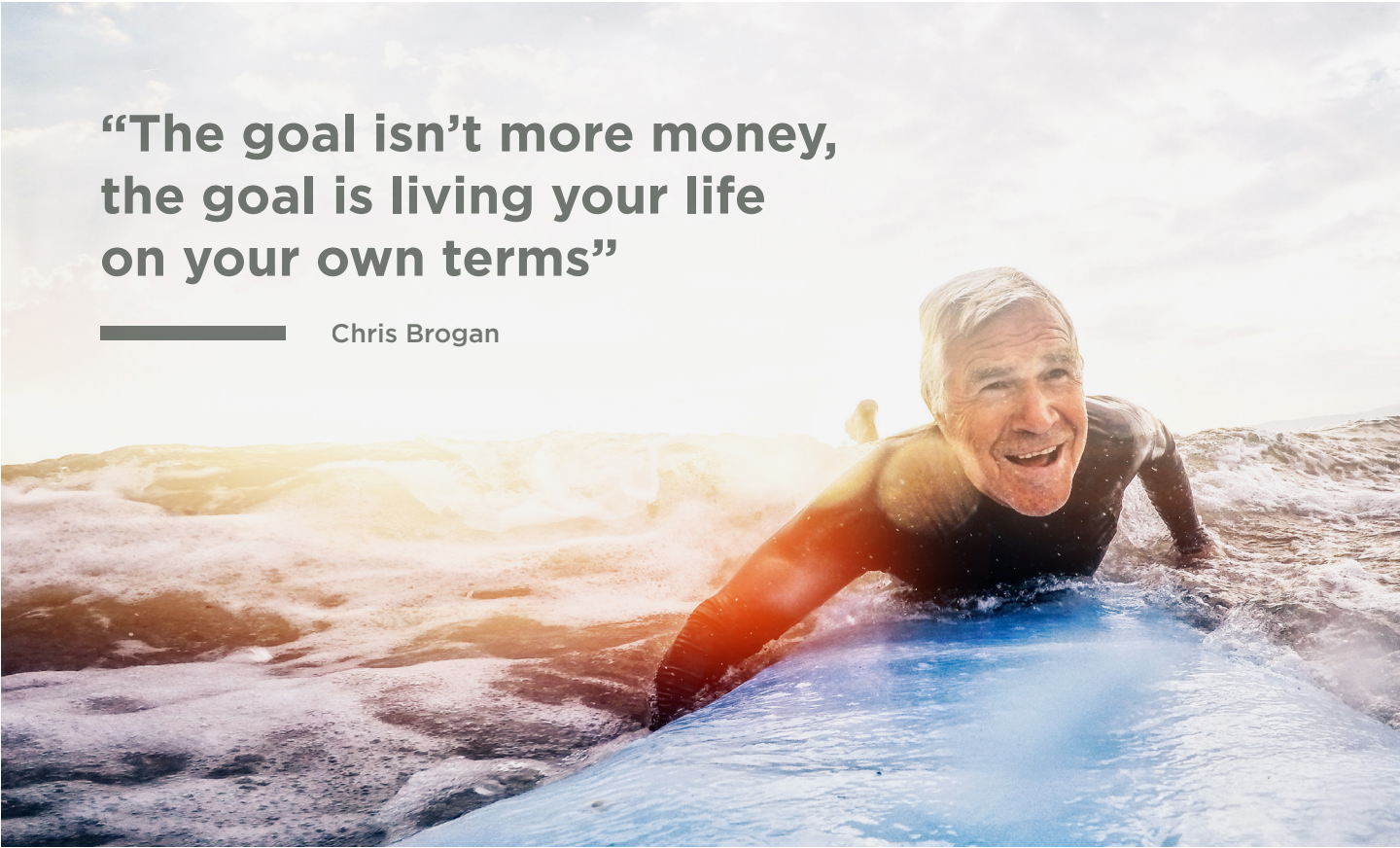
When considering life insurance coverage, it is essential to understand the various factors that can influence the type of policy you are eligible for and the premiums you may have to pay:

**Age and Health:** Age and health are among the most significant factors affecting life insurance coverage. Typically, the younger and healthier you are when you apply for a policy, the more favorable the insurance rates will be. This is because younger individuals are considered lower-risk clients with longer life expectancies, leading to lower premiums. On the other hand, older applicants or those with pre-existing health conditions may face higher premiums due to the increased likelihood of filing a claim in the near future.

**Income and Financial Obligations:** Your income and financial obligations play a critical role in determining the amount of life insurance coverage you may need. If you are the primary earner for your family, your life insurance policy should provide enough coverage to replace your income and support your loved ones' financial needs in your absence. Additionally, consider any outstanding debts, such as mortgages, student loans, or credit card balances, and factor them into the coverage amount to ensure your beneficiaries are not burdened by these liabilities.

**Dependents:** The number and age of your dependents are significant factors in choosing the right life insurance coverage. If you have young children or financially dependent family members, you will likely need a more substantial policy to ensure their well-being and future financial stability. On the other hand, if your children are grown and financially independent, you may require less coverage.



A photograph of an older man with white hair, smiling broadly while surfing on a blue surfboard. The background shows a bright, hazy sky and ocean waves. The quote is overlaid on the top left of the image.

**“The goal isn’t more money,  
the goal is living your life  
on your own terms”**

Chris Brogan

**Policy Duration:** The duration of your life insurance policy, commonly referred to as the “term,” is another crucial factor. Term life insurance policies offer coverage for a specific period, such as 10, 20, or 30 years. The term you choose should align with your financial goals and the time frame during which your dependents will require financial support. Shorter terms may have lower premiums, while longer terms offer extended coverage but may come with higher costs.

**Lifestyle and Habits:** Insurance underwriters also consider your lifestyle and habits when assessing your eligibility and premium rates. Risky behaviors such as smoking, excessive alcohol consumption, or engaging in dangerous activities may lead to higher premiums. Leading a healthy lifestyle and maintaining good health habits can help improve your chances of securing more affordable coverage.

**Occupation and Hobbies:** Your occupation and hobbies can also influence life insurance coverage. Some professions and hobbies carry higher risks, leading to increased premiums. For example, individuals working in hazardous industries or participating in extreme sports may be deemed higher-risk clients.

**Medical History:** Your medical history, including any past illnesses or medical conditions, will be evaluated during the underwriting process. Certain medical conditions may result in higher premiums or even the denial of coverage. It's essential to be upfront and honest about your medical history during the application process to ensure accurate coverage and prevent complications.

**Coverage Type and Riders:** The type of life insurance policy you choose, such as term, whole life, universal, variable, or indexed life, will also impact your coverage and premiums. Additionally, you can enhance your policy with riders, which are optional add-ons that provide extra benefits, such as critical illness coverage or disability income.

## The Importance of Life Insurance in Different Life Stages

There is a common misconception that life insurance is only for well-established, wealthy individuals. However, this couldn't be further from the truth.

Life is a continuous journey with ever-changing milestones, responsibilities, and financial needs. As you progress through different life stages, securing your family's financial future becomes increasingly important. Within each of these life stages, life insurance may play a different role and encompass different considerations, including:

### Young Adults and Families

Young adulthood is an ideal time to secure life insurance coverage. While young adults may feel invincible, unforeseen events can disrupt their financial stability. Financial pressure then increases as young adults begin establishing families. A Forbes survey found that 66% of parents<sup>6</sup> are concerned about their family's ability to pay regular expenses if they were to pass away. Life insurance provides a financial safety net for young families, offering funds to cover funeral expenses, outstanding debts, and future financial needs should the unexpected occur. Moreover, purchasing life insurance at a young age allows you to lock in lower premiums due to your relatively good health.

### *Life Insurance Considerations:*

- **Term Life Insurance:** Affordable and straightforward, term life insurance can cover young families during the critical years when financial responsibilities are high.
- **Income Replacement:** Calculate the coverage needed to replace your income and support your family's lifestyle if you were to pass away prematurely.
- **Children's Education:** Consider life insurance policies that include riders for funding your children's education in case you are not around to provide for them.

<sup>6</sup> <https://www.forbes.com/advisor/life-insurance/life-insurance-statistics/#facts-about-life>



### **Mid-Life and Retirement Planning**

As individuals reach their mid-life years, retirement planning takes center stage. A properly designed life policy can play a pivotal role in securing income for retirement. In addition, life insurance provides tax-efficient ways to transfer wealth to beneficiaries and cover estate taxes.

#### ***Life Insurance Considerations:***

- Many policies provide for the accumulation of cash value but indexed universal life was designed specifically to generate income.
- Estate Planning: Evaluate the potential estate taxes and ensure that life insurance can help mitigate the financial burden on your beneficiaries.
- Long-Term Care Coverage: Consider policies with long-term care riders to protect your retirement savings from the costs of medical care and nursing facilities

## **Empty Nesters and Seniors**

For empty nesters and seniors, life insurance focuses on legacy planning, ensuring that beneficiaries are protected and financially secure even after the policyholder's passing. It also serves as a means to cover end-of-life expenses and protect the surviving spouse. Additionally, life insurance can help retirees leave a legacy for their loved ones.

### ***Life Insurance Considerations:***

- Final Expense Coverage: Policies designed to cover funeral expenses and other end-of-life costs can alleviate financial burdens for your loved ones.
- Wealth Transfer: Life insurance can be a tax-efficient way to transfer wealth to heirs or charitable organizations.
- Charitable Giving: Consider using life insurance as a tool for supporting charitable causes that are close to your heart.

## **Business Owners and Entrepreneurs**

For business owners and entrepreneurs, life insurance is essential in ensuring business continuity, protecting partnerships, and facilitating smooth business succession.

### ***Life Insurance Considerations:***

- Key Person Insurance: Protect the business from financial losses due to the death of a key employee or owner.
- Buy-Sell Agreements: Fund buy-sell agreements with life insurance, allowing surviving business partners to buy out the deceased owner's share and maintain business continuity.
- Business Succession Planning: Utilize life insurance as a tool to fund business succession plans and ensure a seamless transition of leadership.

Life insurance is a fundamental tool for securing the financial future of individuals and their families. By understanding the various types of life insurance, benefits, and policy considerations, individuals can make informed decisions that align with their unique needs and goals. Whether as a means of protection, investment, or estate planning, life insurance provides a valuable safety net in an unpredictable world. It is essential to consult with a qualified financial advisor to tailor policies to individual circumstances and ensure a stable financial legacy for generations to come.

Are you ready to discuss the life insurance policies that best suit your financial needs?  
Contact me today to schedule a meeting.



**GenFi 360**  
Genesis Financial

Phil Mylet  
(503) 502-9007  
St. Augustine, FL  
pmylet@gmail.com  
www.genfi360.com

Life insurance agents do not give legal or tax advice. This brochure is designed to provide general information on the subject covered. It is not, however, intended to provide specific legal or tax advice and cannot be used to avoid tax penalties or to promote, market or recommend any tax plan or arrangement. You are encouraged to consult your personal tax advisor or attorney. This brochure is not intended to serve as the basis for any financial or purchasing decisions.

Life insurance guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

Content prepared by Asset Marketing Systems.