

Term Insurance vs. Whole Life Insurance

The difference between fixed-term protection and permanent coverage.

Feature	Term Life Insurance	Whole Life Insurance
Coverage Duration	Provides coverage for a fixed period, such as 10, 20, or 30 years.	Provides lifetime coverage as long as premiums are paid.
Cost	Usually more affordable at the beginning.	Usually more expensive than term insurance.
Premium Stability	Premiums are usually fixed during the term, but may increase significantly if renewed after the term ends.	Premiums are generally fixed for life.
Cash Value	Does not build cash value.	Builds cash value over time.
Investment Component	No investment or savings component. It is pure insurance protection.	Includes a cash value component that grows over time.
Flexibility	Less flexible once the term is selected. Coverage ends unless renewed or converted.	More long-term flexibility because of cash value, possible policy loans, and lifetime coverage.
Purpose	Best for fixed-term protection needs, such as debt coverage or income protection while your family or dependents still rely on your earnings.	Best for permanent protection needs, estate planning, final expenses, and long-term wealth transfer.
Death Benefit	Pays a tax-free death benefit if the insured dies during the term. No payout if the policy expires before death.	Pays a tax-free death benefit whenever the insured passes away, as long as the policy remains active.
Financial Planning	Useful for covering high-risk financial years when debts, dependents, or income replacement needs are highest.	Can be used as part of long-term financial planning, estate preservation, tax-efficient wealth transfer, and legacy planning.
Policy Conversion	Many term policies allow conversion to permanent insurance without new medical underwriting, within certain limits.	Already a permanent policy, so conversion is generally not needed.

Simple Summary

Term insurance is usually best when someone needs affordable coverage for a fixed period of time.

Whole life insurance is usually best when someone wants lifetime coverage, stable premiums, and a policy that builds cash value over time.