

Making Decisions About Life Insurance

Life insurance choices can be confusing.

Man is Mortal.

That makes life insurance a little unique and interesting, doesn't it? We purchase things like health insurance, car insurance, and home insurance, then hope we never have a need to use them. Life insurance is different because it's a widely accepted fact that, sooner or later, each one of us will die.

So many choices.

When it comes to life insurance, there are many options. You may have heard terms like **whole life insurance**, **term insurance**, or **variable insurance**, but what do they all mean? And what are the differences? Well, first let me point out what they have in common: All life insurance policies provide payment to a beneficiary in the event of your death. Except for that basic tenet, the differences between policies can be major.

Whole life insurance.

This type of insurance covers your entire life (not just a portion or a **term** of it). Insurance companies tend to be cautious when selecting their investments, so the benefits could be, potentially, lower than if you invested on your own. Whole life policies also tend to cost more than **term** policies. This is both because they grow what is known as **cash value**; and after a certain period of time, you will be able to borrow against or withdraw from your whole life benefits.

Term insurance.

Rather than covering your whole life, **term** insurance covers a pre-determined portion of your life. If you die within that term, your beneficiaries receive a death benefit. If not, generally, you get nothing. To put it simply, term insurance allows you to purchase more coverage for less money. Basically, you are betting on the probability of your death occurring within that specified **term**.

Variable life insurance.

Variable life insurance is a permanent insurance. Unlike whole life insurance, however, variable insurance allows you to invest the cash value of your policy into **subaccounts** (which can include money market funds, bonds or stocks). Variable insurance offers a bit of control, as the value and benefit depend upon the performance of the subaccounts you select. That means there could be significant risk involved, though, since the performance of your subaccounts cannot be guaranteed.

Universal life insurance.

With universal insurance, it all comes down to flexibility. It is permanent life insurance that provides access to cash values, which, over time, build up tax-deferred. You can choose the amount of coverage you feel is appropriate, and you retain the ability to increase or decrease that amount as your needs change (subject to minimums and requirements). You also have some flexibility in determining how much of your premium goes toward insurance, and how much is used within the policy's investment element.

Which is right for you?

Many factors come into play when deciding what type of life insurance will best suit your needs. The best thing to do is speak with a trusted and qualified financial professional who can assist you in looking at all the factors and help you to choose the policy that will work best for you.

[Contact us](#) for help in insurance planning.

Insurance products available through CEFCU Financial Services®, Inc., are:

- NOT a deposit;
- NOT insured by the National Credit Union Share Insurance Fund, the NCUA, or any other governmental agency or deposit insurance program;
- NOT obligations of, or guaranteed by, CEFCU, CEFCU Financial Services, Inc., or any affiliated entity.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.