

# Term Life or Whole Life Insurance?

There are two main types of life insurance: term and whole life. It is common to question which type of insurance is right for you. In the end, the question that should be answered is: Which one best meets your needs?

**Term Insurance:** Provides coverage for a particular length of time and pays a benefit if you die during the term period.

## Why Consider Term?

- Cost-effective coverage compared to whole life insurance
- Ideal for those who need coverage for a specific period of time
- Supplement whole life insurance
- Can be renewed at annually increasing rates without proving insurability
- Option to convert to whole life insurance later
- Income tax-free death benefit<sup>1</sup>

VS

**Whole Life Insurance:** Provides lifetime coverage and can provide cash value accumulation within the policy.

## Why Consider Whole Life?

- Lifetime<sup>2</sup> coverage as long as premiums are paid
- Tax-deferred growth of policy cash values
- Liquidity through policy loans<sup>3</sup>
- Can help supplement retirement income<sup>4</sup>
- A stable financial asset on your balance sheet
- Income tax-free death benefit<sup>1</sup>

## Long-Term Considerations

Are you looking for coverage for a specific period of time or do you want lifetime<sup>2</sup> coverage?

Studies show that many people are living longer.<sup>5</sup> This is important to consider when selecting life insurance. If you select term insurance, you may be at a higher risk for outliving your policy.

Are you more interested in a short-term, cost-effective option, or would you like the opportunity to build up cash value over time?

If you select whole life insurance, cash value grows tax deferred over the life of the policy and can be accessed through a loan to help provide an emergency fund or to supplement educational expenses or retirement income.<sup>3</sup>

Term insurance can be cost-effective, but there is no cash buildup.

Would a blend of the two make sense for you?

A blended policy can offer some of the advantages of both types of insurance. By combining a smaller face amount whole life policy and a term life policy that is convertible to whole life, you can have an affordable plan that meets your protection needs while also establishing a lifetime asset.

Your life agent  
**Carlos Lithgow 917-364-9086**  
**carlos@cal-benefits.com** can help you determine  
which type of  
life insurance  
is right for you.

<sup>1</sup>Life insurance benefits are generally includible in one's estate. While beneficiaries generally receive death benefits free of income taxes, your estate may be taxed. A tax advisor should be consulted if your estate is sufficiently large to be subject to estate taxes.

<sup>2</sup>Whole life policies have a maturity date at which time cash value is distributed.

<sup>3</sup>Sufficient loan value generally not available in early policy years. Outstanding loans reduce the death benefit.

<sup>4</sup>Withdrawals to supplement retirement income are treated as a policy loan.

<sup>5</sup>U.S. National Center for Health Statistics; Centers for Disease Control and Prevention; Health, United States, 2016 Report; Published 2017