

# The AMERICAN RETIREMENT ADVISOR

*A guidepost to your successful retirement.*



## *Understanding* **Life Insurance**

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# Understanding Life Insurance

## WHAT IS LIFE INSURANCE?

**A contract between yourself, the insured and an insurance company. In exchange for a premium (*One time or reoccurring*) your named beneficiary will receive a tax free lump sum payment upon providing proof of your death.**

## TYPES OF LIFE INSURANCE?

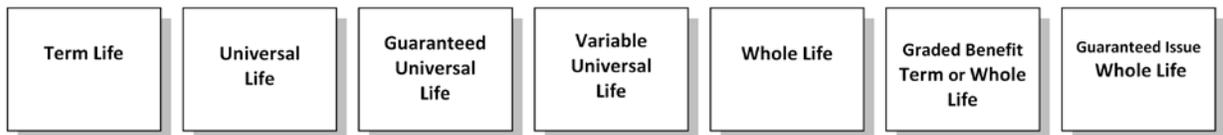
**There are two major types of life Insurance**

**Terminating is similar to renting insurance for a period of time. For the time needed the insurance usually has a short term lower premium.**

**Permanent is similar to owning insurance for a period of time. This is usually much less expensive than term if you have a long term need for the insurance. Equity in the policy can eliminate premiums and pay a dividend as well as tax free monthly income.**

## VARIANTS OF TERM AND PERMANENT LIFE INSURANCE?

**There are at least 7 variants to choose from when looking to select a Life Insurance policy.**



Type of Life Insurance	Term	Universal	Guaranteed Universal	Variable Universal	Whole	Graded Benefit Term or Whole Life	Guaranteed Issue Whole Life
Also Known As	Temporary Life Mortgage Life	Flexible Premium Adjustable Life	Guaranteed Premium Adjustable Life	Flexible Premium Adjustable Life	Permanent Life	Permanent Life	Permanent Life
Underwriting	Full Medical Underwriting	Full Medical Underwriting	Full Medical Underwriting	Full Medical Underwriting	Full Medical Underwriting	Very Lenient Underwriting	Everyone is Approved
Most Popular Benefits	Low Cost	Lower Cost than Whole Life	Cannot lapse as long as the guaranteed premium is paid.	Cash value may grow as the securities market grows	Cannot lapse as long as the guaranteed premium is paid .	For those who have been declined coverage in the past.	For those who have been declined coverage in the past.
	Buy what you need for a period of time.	Opportunity for Cash Value Accumulation	Opportunity for Cash Value Accumulation	Opportunity for Cash Value Accumulation	Opportunity for Cash Value Accumulation	Cannot Lapse as long as the premium is paid	Cannot Lapse as long as the premium is paid
	Match the Term to an Event Time Frame. (Pay for College, Cover a Mortgage, a Business or an Income.)	Tax Free Withdraws at Retirement  Opportunity for greater appreciation ( <i>than whole life</i> ) of cash value and lower premiums.	Tax Free Withdraws at Retirement  Considered an Investment Asset Class, Very Conservative Returns. Tax Free Accumulation and Withdrawals.	Tax Free Withdraws at Retirement  Considered an Investment Asset Class, Very Conservative Returns. Tax Free Accumulation and Withdrawals.	Loans Available from Cash Value.  Considered an Investment Asset Class, Very Conservative Returns. Tax Free Accumulation and Withdrawals.	Loans Available from Cash Value	Loans Available from Cash Value
Potential Challenges	You may live longer than the contract.	May loose cash value in the Securities Market. Must be reviewed annually.	None	May loose cash value in the Securities Market. Must be reviewed annually.	None	None	None
Issue Age	0-80	0-80	0-80	0-80	0-80	50-85	50-85
Rate Guarantee	Level Premium	None	Level Premium	None	Level Premium	Level Premium	Level Premium
Submit w/Application	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	First Months Premium	First Months Premium

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**For information about planning for your financial life in retirement...**

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David P. Schaeffer is a Certified Senior Advisor.  
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