

Back to Basics: Understand Term and Whole Life Insurance

Studies have shown that life insurance is often a misunderstood product. Worse still, people are unsure where to find information on these products or are afraid to ask. As a member of this Order, you have access to me, a full-time professional life insurance agent. A large part of my role as field agent is to answer your questions and help make sure you and your family are protected.

To start, I want to give some basic information on life insurance. For some of you, this may be a refresher course, but for many a little knowledge might open your eyes.

There are two basic types of life insurance coverage: term and whole life. Term, as the name implies, covers an insured for a specific period of time. Some liken this to “renting” life insurance. In the term or “rental” period, the policy holder remains covered as long as premiums are paid. When that term expires, so does the coverage. A new policy can be purchased, but it’s mostly likely the rates will increase (the policy holder isn’t as young as when the first policy was obtained) and it is possible the applicant cannot be insured anymore due to health issues. If you find that term covers your immediate needs, my advice would be to establish a plan to convert that term to whole life over time.

While term insurance certainly has a place in a balanced portfolio, whole life has many advantages not offered by term. First, the coverage in place continues after the payment of premiums has stopped. Some payment periods last 10 or 20 years. A Single Premium Whole Life policy asks that you make only one payment to attain lifelong coverage. The plan you choose is based on your goals and budget, of course, but there is one that will fit these needs.

A second major advantage of whole life is the accumulation of cash values in the policy and potential for dividends. To discuss these more, and all the plans and options available to you, please contact me today.

Terry Kennedy, General Agent
985-649-2703
Terry.kennedy@kofc.org