

## Choosing the Right Life Insurance Policy for Your Needs



Most people can benefit from the peace of mind that life insurance provides. It is a promise that you make now to protect your loved ones in the future. While it can be tough to think about life's inevitable end, doing so now will save heartache and ensure your family is supported financially after your passing. Determining the appropriate type of insurance for your family involves several factors:

- The need(s) you are protecting
- The amount of time you will need the coverage
- The premiums you can afford

There are two broad types of life insurance for you to choose from: permanent insurance and term insurance. *Permanent policies* are used to cover expenses that will remain throughout the insured's lifetime or for an indefinite duration, while also providing cash value that the policy holder can borrow against. *Term policies* are used to cover specific periods of time (e.g., the insured's working years) or expenses that have a time component (e.g., a mortgage). Term policies do not build cash value.

There is one important difference between term and permanent insurance that you should keep in mind as you are determining your life insurance needs. Term insurance will only pay out a death benefit *if* the insured dies during the policy term. Permanent insurance will pay out a death benefit no matter when the insured passes away as long as the policy is in good standing. For this reason, permanent insurance is typically more expensive than term insurance.

### Considering Term Insurance?



Generally speaking, there are two situations when term insurance coverage may be more appropriate.

1. You have a temporary insurance need for a specific period of time (e.g., during a deployment or for the length of a mortgage).
2. You need permanent protection but cannot yet afford the premiums required for permanent insurance coverage.

In the first case, you would simply need to purchase a term policy for the duration of time you wish to provide protection for your family. In the second case, you would purchase and maintain a term policy that fits your budget until your financial situation allowed you to purchase a permanent insurance policy.

### Features of Term Insurance

Two important features of term insurance that need to be understood and looked for when shopping around are **renewability** and **convertibility**. To cover the cost of these features, some companies may charge an extra premium.

- **Renewable Term:** A renewable policy is one that can be renewed (extended) without proof of insurability, meaning that you do not have to undergo a medical exam in order to extend the policy. The renewable premium will be higher than the initial premium and based on renewal age. This is important if the period for your temporary need gets extended.
- **Convertible Term:** A convertible policy is one that can be converted to permanent insurance without proof of insurability. This is important for those who want permanent insurance but cannot yet afford it.

### Deciding on Coverage

Various needs for coverage will arise during a person's lifetime and range from long-term needs to comparatively short-term needs. Based on the duration of the need for coverage, a term or permanent life insurance policy may be more appropriate. For example, term insurance may be best if you are trying to protect your family from having to pay for a child's college education or paying off the mortgage on your home. Permanent insurance is more appropriate if you want to replace your income for your spouse in the event of your passing or hope to provide funding for estate expenses or a spouse's retirement.

If you have multiple liabilities, it may be best to have a combination of insurance plans rather than just one. Multiple term insurance policies could protect different future liabilities: the mortgage, private-school education, etc., and the term lengths may differ (e.g., a 30-year term for a 30-year mortgage or a 15-year term if the children are all finishing college within 12 years). Keep in mind, though, that these term policies will only pay out if the insured were to pass during the term. If you want to guarantee a payout for your loved ones, a permanent policy is your only option.

Navy Mutual offers three different life insurance products:



- [Flex Term](#): A term insurance product that allows you to protect your loved ones with coverage of \$50,000 up to \$1,000,000. Flex Term is ideal for those ages 18 to 45 and can supplement Servicemembers' Group Life Insurance (SGLI) coverage.
- [Level II Plus](#): A term insurance product that picks up where Servicemembers' Group Life Insurance (SGLI) leaves off – providing flexible protection with a level premium. Level II Plus supplies between \$50,000 and \$1,500,000 in coverage for terms of at least five years.
- [Flagship Whole Life](#): A permanent insurance product that combines the protection of a guaranteed death benefit and cash value accumulation over time. Fixed premiums are based on the age of the insured and provide coverage of up to \$1,500,000.

This month is [Insure Your Love](#) month. If you are interested in learning more about life insurance and want to know what product(s) best fits your needs, call **800-628-6011** or [schedule an appointment](#) with a representative.