



Imeriti, Inc.

# Life Insurance Overview

## Session 1: Forms of Life Policies

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# Disclosures

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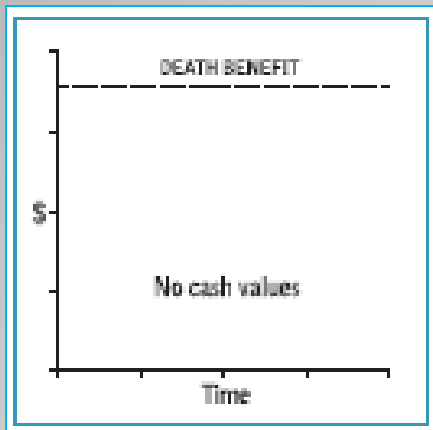
**As with all matters of a tax or legal nature, your clients should consult their own tax or legal counsel.**

Variable ULs are regulated by the Securities & Exchange Commission (SEC) and sold by registered representatives. Please consult a licensed Representative for further information.

# Life Insurance: Which is the Right Choice?

Product	Description	Highlights
<b>Level Term/ Term with ROP</b>	Term insurance is best suited for a temporary need that will expire at some time in the future. Term insurance may also be appropriate for young people who cannot afford permanent insurance. Term with return of premium is attractive because at the end of the term, all premiums are returned if no death benefit has been paid out.	<ul style="list-style-type: none"> <li>•Temporary Insurance Protection</li> <li>•Lowest initial cost</li> <li>•More coverage per premium dollar</li> </ul>
<b>Fixed Universal Life</b>	Fixed UL is attractive to customers accustomed to receiving periodic interest on their financial investments. Some want the luxury of an increasing death benefit. Others want to focus on the cash value build-up for future needs. All want guaranteed coverage for life at a fixed price with premium and death benefit flexibility.	<ul style="list-style-type: none"> <li>•Flexibility of premiums</li> <li>•Flexibility of death benefit</li> <li>May Provide:               <ul style="list-style-type: none"> <li>•Fixed premiums for life</li> <li>•Cash value accumulation</li> <li>•Coverage for life as long as premiums are paid</li> </ul> </li> </ul>
<b>Whole Life</b>	With whole life, the customer can permanently transfer the risk of premature death to the insurance company. Whole life is generally bought by conservative clients interested in long-term security and premium that's fixed for life.	<ul style="list-style-type: none"> <li>•Fixed premiums for life</li> <li>•Cash value accumulation</li> <li>•Guaranteed cash value</li> <li>•Coverage for life as long as premiums are paid</li> </ul>
<b>Indexed Universal Life</b>	Indexed UL offers death benefit protection with policy cash value interest credit linked to the performance of one or more stock market indices (e.g. S & P 500 Index).	<ul style="list-style-type: none"> <li>•Flexibility of premiums</li> <li>•Flexibility of death benefit</li> <li>May provide:               <ul style="list-style-type: none"> <li>•Fixed premiums for life</li> <li>•Cash value accumulation</li> <li>•Coverage for life as long as premiums are paid</li> </ul> </li> </ul>
<b>Single Premium Universal Life</b>	Single payment life is generally sold as a way to protect customer's estate and increase its value at the same time. Many customers are conservative investors between 55 and 85 years old. They have a nest egg to pass on to children, other family members, or charity.	<ul style="list-style-type: none"> <li>•Increased estate value</li> <li>•Tax-deferred gain in contract</li> <li>•No income tax to beneficiary</li> <li>•Safety of medical provisions</li> </ul>
<b>Other Life</b>	Other options for direct stock market participation include Variable Universal Life (VUL) products, which may be discussed in further detail with your licensed Representative.	

## A Term Life policy provides life insurance protection for a limited period of time.



**Term insurance is designed for** temporary needs (usually 10 to 30 years). It can be a good choice for young families with tight budgets because of its initial lower cost.

Many term insurance policies have conversion privileges to convert the term policy to a permanent policy before it becomes too costly or when your financial situation changes.



## A Term Life policy provides life insurance protection for a limited period of time.

- ***Advantages:***

- Temporary insurance protection
- Low cost initially, higher cost later
- Non-flexible
- Guaranteed

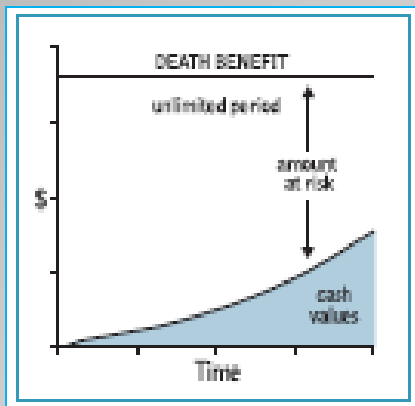
- **Disadvantages:**

- Temporary insurance protection
- Low cost initially, higher cost later
- Non-flexible

Term insurance makes up about 40% of the insurance policies in force, however, only about 5% of the policies that eventually pay a death claim are term insurance – most term policies are converted or lapse prior to death.



A Whole Life policy provides guaranteed life insurance protection regardless of when death occurs.



**Permanent insurance can provide lifelong protection.**

As long as you pay the required amount of premiums, the death benefit will be paid. Along with the death benefit, permanent insurance accumulates a cash value on a tax-deferred basis.

Generally, you pay no income tax on the accumulated gain unless you withdraw it.



A Whole Life policy provides guaranteed life insurance protection regardless of when death occurs.

- **Advantages:**

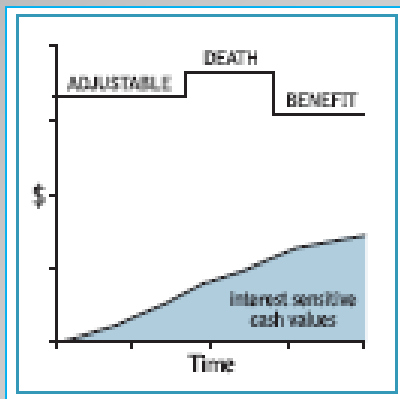
- *Provides insurance protection for entire lifetime of insured.*
- *Provides guaranteed cash values that can be used as a savings plan, used for financial emergencies, and borrowed against.*
- *Premium fixed for life of product.*
- *Death benefit guaranteed for life.*

- **Disadvantages:**

- *Not flexible to meet changing needs.*
- *Coverage for life as long as premiums are paid.*
- *Policy endows at a set future date if no withdrawal/loans are taken.*



A Universal Life policy provides guaranteed life insurance protection regardless of when death occurs.



**Universal life insurance gives the**

owner the right to vary premium payments and the death benefit within prescribed limits.

The rate of return on the cash value fluctuates according to the insurance company's investment performance, but will not fall below a guaranteed minimum rate of return.



A Universal Life policy provides guaranteed life insurance protection regardless of when death occurs.

- **Advantages:**

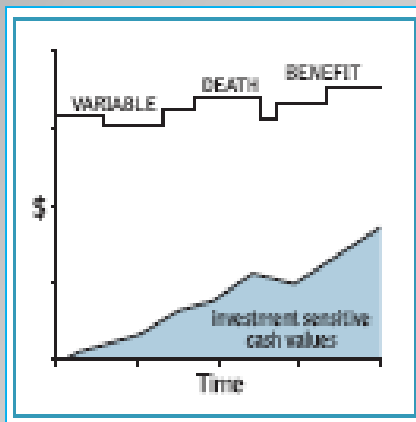
- *Provides insurance protection for entire lifetime of insured.*
- *Provides nonforfeiture values that can be used as a savings plan, used for financial emergencies, and borrowed against.*
- *Premium level for life of product.*
- *Death benefit guaranteed for life.*

- **Disadvantages:**

- *Not flexible to meet changing needs in early years.*
- *Must be willing to pay premiums greater than required guarantee premium to fund cash value build-up.*



**A Variable Universal Life\* contract permits a policyholder to allocate a portion of each premium payment to one or more investment options.**



**Variable universal life insurance is similar to universal life insurance, except that the cash value can be invested in an array of investment options, called subaccounts, and will fluctuate according to the subaccounts' performance. You have the right to allocate your policy values among the investment options offered under the policy.**

Variable universal life insurance policies carry annual insurance company mortality and expense risk charges, withdrawal charges in the early years, and administrative fees. Individual features may be offered at an additional cost. The value of a variable universal life insurance policy will fluctuate with the investment performance of the underlying subaccounts and may be worth more or less than the original investment.

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**A Variable Universal Life\* contract permits a policyholder to allocate a portion of each premium payment to one or more investment options.**

- **Advantages:**

- Combines traditional protection and savings functions of life insurance with growth potential of mutual funds.
- Policyowner chooses from among investment options; has control over how premiums and cash values are invested.
- Earnings on the assets underlying the policy cash values accumulate tax-free or tax-deferred.
- Flexible premium payments.
- Policyholders may withdraw a substantial portion of their cash value without surrendering the policy.

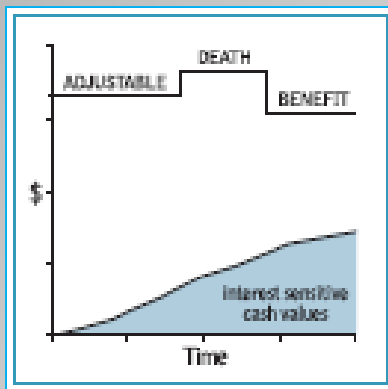
- **Disadvantages:**

- Buyer must be willing to give up guarantee of stated cash value in exchange for possibility of enhanced cash value and/or death benefit.
- Owner chooses from among investment options and bears all investment risk.
- Must be willing to pay premiums greater than base policy premium to fund cash value build-up.

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An Index Universal Life policy provides life insurance protection with cash value tax-deferred interest based on interest credits linked to the performance of one or more stock market indices.



**Universal life insurance gives the**

owner the right to vary premium payments and the death benefit within prescribed limits.

The rate of return on the cash value fluctuates according to the interest credits linked to the positive performance of one or more stock market indices..

**An Index Universal Life policy provides life insurance protection with cash value tax-deferred interest based on interest credits linked to the performance of one or more stock market indices.**

- **Advantages:**
  - Provides insurance protection for entire lifetime of insured.
  - Minimum interest rate guarantees.
  - Variable loan & withdrawal capabilities.
  - High growth potential.
  - Death benefit guaranteed for life.
  - Participate in potential upside of market growth.
  - No downside risk.
- **Disadvantages:**
  - Must be willing to pay premiums greater than base policy premium to fund cash value build-up.

## Index UL and Variable UL\*

- Interest crediting based on positive movement of stock index
  - Net premiums invested and backed by insurance company's general account
  - May incorporate a No-lapse Guarantee
  - Includes a guaranteed interest floor (minimum)
  - Guaranteed protection of cash values
  - Potential to participate in market upside with lock-in of interest credited gain
- Cash accumulation account invested in mutual funds; mix at the discretion of client
  - Net premiums have no protection on loss
  - No lapse protection
  - No guaranteed interest floor
  - Cash values subject to investment risk
  - Participates in all market fluctuations (upside and downside) of the investment selections made by client

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# Life insurance offers a potentially powerful combination of benefits, protections and advantages

I wish to Thank You for attending.  
And now, Questions

For Case Design and Life Product assistance,  
contact an **Imeriti Representative** at 800.921.3100

