



# Why rent when you can own?

Comparing term and permanent life insurance

## Protecting your family with life insurance is a caring and responsible act.

The first step in the process is to determine how much life insurance you need. Your financial professional has the experience and tools to help you do this. Once you know how much you need, the next step is to decide what type of coverage is right for you. There are two basic types of life insurance to choose from:

### Permanent

Permanent insurance offers protection for life, which means that your beneficiaries will receive a death benefit no matter how long you live. Whole life insurance is one type of permanent coverage that also accumulates guaranteed cash value.

### Term

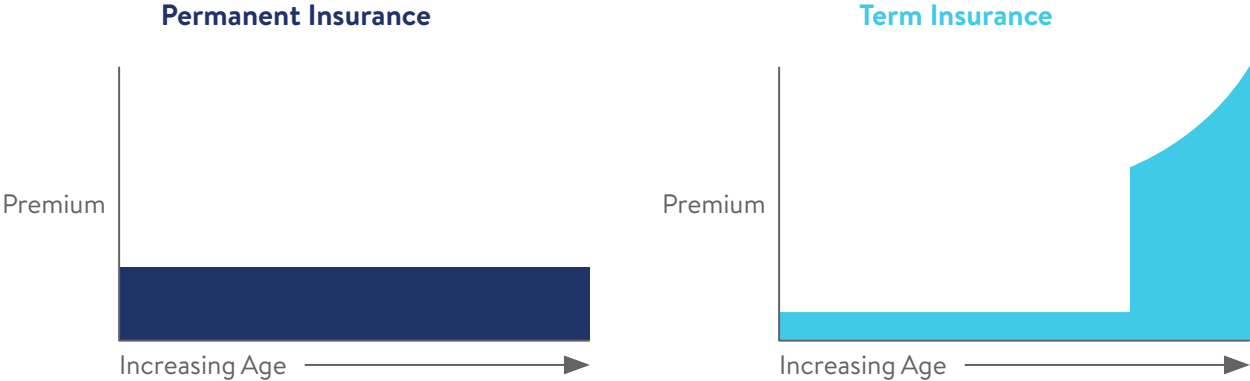
Term insurance is designed to provide coverage for a specific period of time. The initial premiums for term insurance may be lower than for a comparable amount of permanent coverage. However, there is no cash value component with term life insurance.

A good way to understand the differences between permanent and term insurance is to compare owning a home to renting one.

### Payment

As with the fixed mortgage payments on a home, the premiums for most permanent life insurance policies remain level and do not increase over time. While term insurance premiums are often level and more affordable initially, they can increase if you choose to renew your coverage, much like rent can increase each time a lease is renewed.

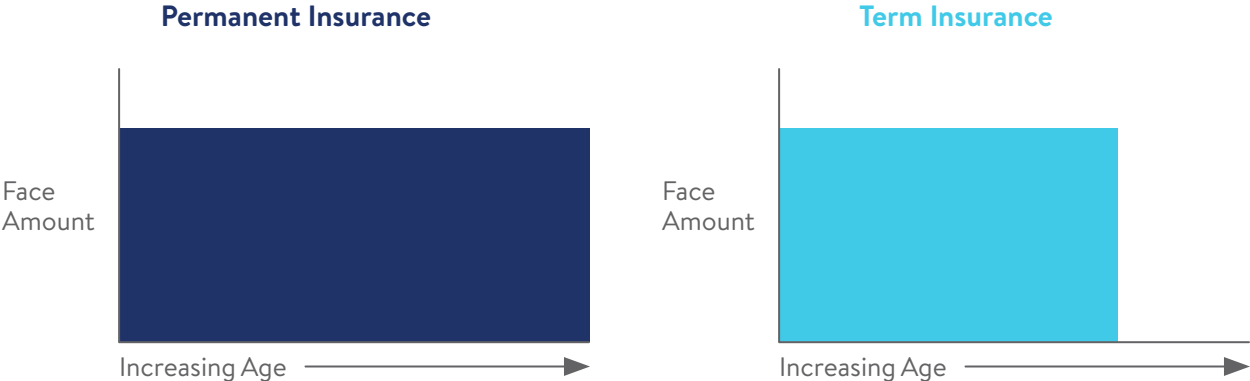
#### PAYMENT



### Duration

Like owning a home, permanent insurance can be yours for life. Term insurance is similar to renting where you may have a significant increase in cost after the initial coverage period. If you still need coverage, you may need a new policy – just like a renter who has to find a new place to live.

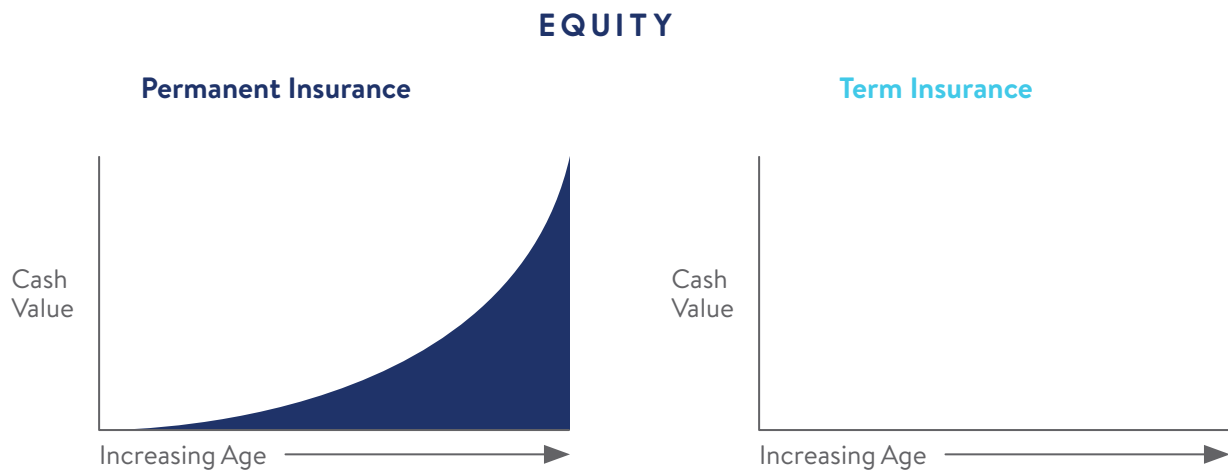
#### DURATION



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## Equity

Most types of permanent insurance build equity on a tax-deferred basis in the form of cash value. Like the equity in a home, you can borrow against the cash value in your policy for any reason.<sup>1</sup> In contrast, term insurance, like rental property, does not build equity because there is no cash value component.



## Combining Whole Life and Term

Many people find that a combination of both term and whole life insurance is the best approach to help meet their protection and accumulation needs, at a price they can afford.

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Your financial professional can help you determine  
the right amount and right type of life insurance  
to help meet your financial needs.

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<sup>1</sup> Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10% tax penalty if the policyowner is under age 59½.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

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