USA FINANCIAL
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Life Insurance:
A Protection Against Life's Uncertainties

Ever feel the anxiety when driving down the highway without auto insurance? At some point, an accident is almost inevitable. But if you are insured, your car will be repaired, and your medical expenses may be covered. Life insurance works in a similar way. You never know the uncertainties ahead.

Studies show that 1 in 3 households would have immediate trouble paying living expenses if the primary wage earner died.[1]

With life insurance, you may be able to provide your family with the opportunity to replace lost income, eliminate debt, protect family wealth, and address many other goals and needs while they adjust to a new life.

How does life insurance work for you?

Life insurance is a contract between you and a life insurance company. You agree to pay for the policy on a regular basis, and in the event of your death, the insurer, provides a typically tax-free lump sum payment to your beneficiaries called a death benefit.[2] It is an advantageous way to help ensure your loved ones a more secure financial future.

Some of the primary uses for life insurance benefits may include:

— **Covering final costs** such as burial expenses and funeral services, estate administration fees, and medical bills not covered by health insurance.

— **Paying off debt** such as outstanding mortgage, credit cards, student loans or other debts.

— **Leaving an inheritance** to succeeding generations.

In addition, there are many other events and unique ways in which life insurance can protect your family that may include:

— **Building a strong financial foundation for newlyweds** because marriage is when you start sharing your finances, including all income, debts, and expenditures.

— **Providing for your family's increased income due to birth or adoption of a child** to cover food costs, living expenses, college tuition, and more.

— **Creating another source of income** to augment your retirement savings.

— **Providing protection and longevity to small businesses** with "key person insurance" and supporting "buy-sell agreements".[3]

Which policy is right for you?

Choosing the right life insurance policy is contingent on your financial needs and goals. Although there are several different types of life insurance policies available, the two primary types are term life and permanent life.

— **Term Life Insurance** is the simplest and relatively inexpensive way to temporarily protect your family. It may be ideal for those looking for coverage for a set period of time – usually between 10 and 30 years. As the policyholder, once your term ends, so does your coverage. And so, the death benefit of the policy is paid only in the event of the policyholder's death within the covered term. However, if the insured lives beyond the term period, no benefit is paid.

— **Permanent Life Insurance** as the name suggests, is insurance coverage that lasts your entire life. It pays a death benefit in the event of your death, whether it is next year or in 100 years. Whole Life, universal life, and variable life are types of permanent life insurance. Unlike term, permanent life policies are more complex because they include an investment component called cash value. A portion of your premiums are paid into the cash value, and this money grows with interest over time, tax-deferred. And once the cash value is substantial, you can borrow against it, use it to pay premiums, or to purchase additional coverage.[4]

To simply put it:

Purchase term life if you want:	Purchase permanent life if you want:
— Coverage for a fixed period — The simplest and most straightforward policy — The most affordable coverage	— Permanent coverage — A policy that may generate cash value over time — You have a large estate subject to federal and/or state taxes[5]

How much coverage do you need?

Among married or partnered consumers, 1 out of 3 wishes that their spouse or partner purchased more life insurance.[6] The idea of coming up with a number is daunting, but there are many ways to help you crunch the numbers and determine the right coverage your family may need to meet your obligations.

A simple method is to buy coverage equal to 5 to 10 times your annual salary, bonuses, etc. (i.e., if you make $50,000 annually, you would want a policy between $250,000 and $500,000).[7] A more precise way in choosing the face value is by working with our team to evaluate your current financial situation and estimating your family's debts, assets, and future goals.

Life Happens

It's never too early to think about the future and how those that mean the most to you will be protected. With life insurance, your legacy can be protected, and your family will be on solid financial ground. And as your dedicated team, we are committed to helping you and your family prepare for not just the expected, but all of the uncertainties that may arise because...***life happens***.

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[1] https://www.limra.com/Posts/PR/LIAM/PDF/Facts_of_Life_2018.aspx
[2] https://www.investopedia.com/articles/pf/06/transferlifeinsurance.asp
[3] https://www.policygenius.com/blog/small-business-owners-term-life-insurance-protection/
[4] https://www.iii.org/article/what-are-principal-types-life-insurance
[5] https://www.fidelity.com/viewpoints/personal-finance/can-life-insurance-help
[6] https://www.limra.com/Posts/PR/LIAM/PDF/Facts_of_Life_2018.aspx
[7] https://www.fidelity.com/mymoneylifestyle/four-important-questions-about-life