

Life Insurance - Protector of Families, Futures and Dreams

You have big plans for the future – raise a family, buy a home, send your kids to college, retire comfortably. They are all worthwhile goals, but despite all of your planning, there is one thing you cannot control: the future. When a family's main provider passes away, that family's dreams can suddenly seem out of reach. While money is no longer coming in, obligations such as mortgages, car loans and other bills must still be met. For generations, life insurance has proven to be an effective way to help families protect their dreams. Unfortunately, far too many families lack the coverage that they need.

An American Crisis

Some have suggested that the U.S. is in the midst of a life insurance crisis. According to LIMRA International, one third of adults in the United States carry no life insurance at all. Those insured are more likely to have only group life insurance obtained through the workplace – and those with only group life insurance carry the lowest amounts of life insurance. And perhaps even more disconcerting is that this group coverage would likely cease altogether if an individual leaves or loses his job – leaving him and his family unprotected. These statistics foretell an uncertain future for many families.

Three Steps

At First Investors, we believe in a three-step approach to help clients make effective long-term financial decisions. The first step – savings – creates a ready reserve for expenses and emergencies. The third step – investments – offers the potential for long-term asset growth. However, it's the second step – life insurance – that is often overlooked. Through

compliments of:

adequate life insurance coverage, you create a rock-solid foundation upon which you can build toward your financial goals.

The Benefits of Life Insurance

Financial protection is the main benefit of life insurance. Below are several uses of life insurance:

- Life insurance can serve as a safety net, allowing assets to stay in your family's possession. It provides liquidity to your estate, meaning that hard assets such as your home or business will not have to be sold to pay bills.

- Life insurance can replace lost income, by providing funds to your family that you would have accumulated during your lifetime.

- Permanent life insurance builds cash value that can also be accessed through loans during your lifetime to provide a supplemental source of funding.

No Time Like The Present

Think you can't afford life insurance? Think again. There are a variety of policies available that can fit your budget and specific needs. If you are young and healthy, you may be able to take advantage of your high level of "insurability." While you are young and in good health, insurance providers will reward you by charging you lower premium rates. Regardless of your age, if you purchase a life insurance policy today, you are guaranteed coverage for the duration of that policy, provided you make all of your premium payments on time. If you wait, you run the risk of deteriorating health affecting your insurability, making it harder, or even impossible for you to purchase the coverage that you need. Even if you are older, it is never too late to consider life insurance. Time can still be on your

the facts of LIFE

side. Because, to put it simply, life insurance never gets cheaper than it is today.

Types of Insurance

At first glance, life insurance can seem complicated, but don't let the jargon frighten you. There are several options that may be right for you and your family.

Permanent life insurance is a popular choice among individuals with a long-term horizon. Examples of permanent policies include variable and interest-sensitive whole life. These policies feature a fixed premium and offer lifetime protection as long as the premiums are paid. Over time, these policies also have the potential to build "cash value," which may be tapped into through policy loans to pay for expenses during one's lifetime. Accessing funds through loans or partial surrenders reduces the policy's cash value and death benefit. Therefore, you should carefully consider the impact of a loan before tapping into your cash value.

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Term life insurance offers insurance protection for a specific period of time, typically 10, 20 or 30 years. Term policies are often appropriate for individuals looking to purchase insurance to cover debts such as a mortgage. Not only does term life offer insurance coverage, it also gives the policyholder the right to convert to permanent insurance at any point while the policy is still in force. The initial premiums for term insurance can be quite affordable. However, unlike permanent policies, term policies do not build cash value, and, as you get older, the cost of purchasing term insurance increases.

What Policy Is Right For You?

Life insurance is not a “one size fits all” product. Your insurance needs are unique, and your insurance strategy should be customized to meet those needs. In some situations, it is not a question of which product, but rather which portfolio of products is right for you. Let’s take a look at some of the factors you should consider when evaluating life insurance policies:

Time horizon – Ask yourself the question: “How long will I need life insurance?” If you need protection for a limited time, such as the length of time it takes to pay off a mortgage, then term insurance may be the best option. However, if your answer to the above question is: “For the rest of my life,” then permanent insurance may be the appropriate choice.

Risk tolerance – A second key question is: “How comfortable am I with risk?” If you are fairly comfortable with accepting investment risk, then variable life insurance, with its cash value linked to the performance of its subaccounts, may be appropriate for you. If you prefer guarantees, then a permanent policy such as interest sensitive whole life, with its guaranteed contract and guaranteed cash value at a guaranteed minimum interest rate may be your best bet.

Talk With Your First Investors Financial Services Representative

For any family, the loss of a loved one is a devastating blow. Life insurance is important because it can ease the financial burden on those left behind. To begin the insurance process, your representative can complete a Survivor Needs Worksheet, a personalized estimate of your life insurance needs. Your representative can then provide you with recommendations tailored to your situation. Together, you can take the first step towards protecting your family and your dreams.

Neither First Investors nor its representatives offer tax, legal, or estate-planning services. Clients should contact their personal tax and legal advisers for any advice about tax-related investment decisions, estate planning or gifting.

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