

Information from Financial Services and CFS\* to help keep your financial life in balance

## Consumer Sense

### Completing Your Plan

Life insurance is probably not a topic that gets your heart racing but it may prove to be a key component of a sound financial plan. In the event of loss of life, your loved ones may be burdened with expenses such as mortgages, loans, funeral expenses and educational costs. Life insurance may cover or, at least, offset some of these costs. Without proper life insurance coverage, a major decrease in your family's lifestyle or standard of living may be required to meet those expenses.

Basically life insurance falls into two categories: term and permanent insurance. Permanent insurance includes but not limited to: whole-life and universal life insurance.

**Term insurance** is life insurance coverage that provides death-benefit protection for a specific period of time ("term"), usually 10, 20, 25, or 30 years. When the "term" runs out, so does your insurance. So match the term of the policy to your needs. Term insurance does not include a savings or investment component so premiums are usually a lot less expensive than permanent insurance

coverage. Should your situation change, and you require permanent insurance, many carriers will allow you to convert your policy. There are different variations of term insurance which include: annual-renewable term, guaranteed-level term, declining term and convertible term. There is also 'Return of Premium' contract which allows for the refund of your entire premium at the end of the contract years.

### Whole-Life Insurance

Generally, whole-life insurance provides permanent insurance throughout your entire life as long as you pay the scheduled premium payment. A whole-life policy may build a cash value which can be used as emergency funds, converted into an annuity later in life, or simply surrendered for the cash value. In addition to fulfilling an individual need, whole-life insurance may also benefit employers who want a tax-advantaged tool for use within certain retirement plans such as a defined benefit plan, Buy/Sell Agreements, and executive bonus plans.

### Universal Life

Universal life insurance is permanent insurance that provides death-benefit coverage, as well as an investment component. Universal Life is an alternative to term and whole life because unlike term, the coverage will last your lifetime and premiums are usually less expensive than whole life. The appeal of universal life insurance is the flexibility in the amount and timing of premium payments.

### Current Coverage

The cost of term insurance is at an all time low - so if you haven't had your insurance reviewed in the last five years...NOW is the time! If exciting changes have occurred in your life such as marriage or a new baby, you should review the amount of your life insurance needs.

### Who Can Assist Me?

Now may be a great time to visit your with the investment professionals at your local credit union for a financial review. To learn more about working with a financial advisor, contact your credit union!

Sources: [http://en.wikipedia.org/wiki/Life\\_insurance](http://en.wikipedia.org/wiki/Life_insurance)

## Have You Read...

*Questions and Answers on Life Insurance: The Life Insurance Toolbook* by Anthony Steuer. An easy-to-use life-insurance guidebook. Chartered Life Underwriter (CLU) Steuer notes that life insurance is "one of the least exciting topics to think about," and here he offers a painless reference book to that gray world.

### Interested in Learning More?

We specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call us to set an appointment to review your investment objectives, and to discuss any questions you might have. We look forward to speaking with you!

**Financial Services**  
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Do you have a topic you'd like to see covered in future *In Balance* newsletters? Email your questions and comments to us at: [investmentctr@fmfcu.org](mailto:investmentctr@fmfcu.org)

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