# **5 Benefits of Life insurance**

If you are wondering what is meaning of life insurance is, you realized that it is a contract between an individual and an insurance provider in which insurance companies gives you financial protection in exchange for a monthly fee also known as a premium.

Before Discussing the benefits, it is important to discuss what is life insurance, why it is needed and what is the benefits of life insurance.

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## What is Life Insurance

Life insurance is defined as it is a contract between the individual person and insurance provider where insurance companies give you a sum of money in exchange for a premium in case of death of an insured person and after a set period.

Based on the agreement, In case of death of the policyholder, the insurance company is responsible for paying his person or his family amount at a certain time. There are different kinds of insurance policy that is helpful for individual needs and requirements of policy buyers.

There are Two Basic Termonologies of Life Insurance Plan

* Pure Protection
* Protection and Saving

### Pure Protection Plan

A pure protection plan is specifically designed to secure your family's future by providing a sum amount in the absence.

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### Protection and Saving Plan

A Protection and Saving plan is a financial tool that is helpful for planning long term goals, like purchasing a house or car, a tour to a foreign country, funding your children’s education and many more while purchasing a saving plan.

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## How Life Insurance Works

In Today’s world, life insurance is very necessary and helpful for individuals and family members to protect themselves and their loved ones. There are many life insurance plans available in the market but before buying any insurance plan, it is important to understand how life insurance really works.

**Lets us take an Example**

Suppose a person pays a life insurance premium plan for his wife to ensure that his wife gets a certain amount of money in case of unfortunate events happen during the ten years.

Life insurance is not only helpful for paying after unfortunate events but it is also helpful for giving you additional benefits like tax benefits, and health and wealth benefits over a period of time. The right insurance plan from a trusted company to get long term risk cover plus benefits.

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## Who Needs Life Insurance

Life insurance provides financial support for surviving dependents and benefits after the death of an insured member. Here are a few examples of people who really need to buy insurance.

* Parents with Minor Children
* Parents with Special needs adult Children
* Adults who get property together.
* A senior citizen who wanted to leave money for children.
* Young adults whose parents have spent private student loan debt.
* Children or adults who want to lock in a few rates
* Wealthy Families who expect responsibility for estate taxes
* Families who don’t bear burial expenses
* Married Pensioners

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## How Much Life Insurance Cost?

The cost of life insurance costs various factors one of the biggest factors is what type of life insurance you buy. For example, a life insurance policy is significantly less expensive than a whole life insurance policy. Here are the most common factors that affect insurance costs.

* Age
* Sex
* Health
* Life-Style

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## Benefits of Life Insurance

Life insurance gives you a lot of benefits. here are some Important Factors of life insurance

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### #1- Life Insurance Holders are Tax-Free

If you have a life insurance policy and you died, your family members will get some amount after your death. Life insurance payout is not considered for income tax and your family members do not have to report money while filing tax returns

### #2 Your Dependents do not have to worry about living expenses

Many health insurance experts recommend having life insurance that is equal to seven to 10 times your annual income. If you have a policy of that size, your family members or the persons who are dependent on your income will not be responsible for living expenses or any major costs. For example, your insurance plan is cover children's education expenses and you don’t need to get any student loan

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### #3 Financial Security

Life is unpredictable and full of uncertainties. It is impossible to reduce the difficulties of unfortunate events like death. In Such type of Scenario, family members face financial pressures that arise from the lack of steady income.

Investing in the best life insurance plan at an early age is like a safety bank for your side that is helpful for uncertain events. According to life insurance definitions, the insurance company is responsible to pay a certain amount at uncertain events. As a result, your family get protected even policyholder is absent.

### #4 Long Term Investment

If you want to make a long term investment, it is important to understand what is the meaning of life insurance. Such type of insurance plan helps you to make systematic savings which is helpful for several reasons like buying a car, buying a house, funding for children’s education and funding child marriage expanses.

When you learn the life insurance definition, you will find some types of insurance policies that offer a monthly payout that is helpful to achieving your aim and achieving your target goals.

### #5 Policies can Supplement for Retire savings

If you buy a valuable and universal insurance plan, it can be helpful to accumulate cash value in addition to providing death benefits. As the cash value builds up over the period of time, you can use it to bear your expenses like buying a car or house and making a down payment on your car or house. You can also tap into it if you need to it during the retirement years.

However, the insurance policy should not replace traditional retirement payouts, like 301(k). Cash-value life insurance is much more expanses than term life insurance which has no saving components but simply benefits after death.