

The document provides an overview of life insurance, detailing various types of policies, their features, and suitability for different needs. A life insurance policy offers a cash payment, known as the death benefit, upon the death of the insured, typically to support dependents or leave a legacy. The policy is owned by an individual who pays premiums to the insurance company, which in turn agrees to pay the death benefit to a designated beneficiary if the insured dies within the policy term.

Term insurance is the most basic form, covering a specified period (usually 1 to 30 years) and paying a death benefit if the insured dies during that term. Premiums are generally lower but increase with the insured's age, and there is no cash value associated with term policies. Group term insurance is often provided by employers at reduced costs, valid only while the employee remains with the company.

Whole-life insurance guarantees a death benefit regardless of when the insured dies and accumulates cash value, which can be accessed or borrowed against. Premiums are higher than term insurance but can stabilize over time. The death benefit is paid out at death, excluding any cash value.

Universal-life insurance offers flexibility in premium payments and death benefits, allowing policy owners to adjust their contributions and benefits as needed. It also accumulates cash value, which can be used to cover premiums. However, insufficient payments may lead to a lapse in coverage.

Variable universal-life insurance combines features of universal life with investment options, allowing cash value to be invested in various funds. This can lead to higher growth potential but also carries risks of loss, requiring careful management of premiums to maintain the policy.

Key terms defined include beneficiary (the recipient of the death benefit), cash value (the accumulated amount in certain policies), death benefit (the total payment upon the insured's death),

insured (the individual covered by the policy), owner (the policyholder responsible for premium payments), and premium (the cost of the insurance policy). The document also references additional resources for further information on life insurance policies.