

The "Guide to Life & Annuity Insurance" serves as a comprehensive resource for individuals considering life insurance and annuity contracts. It begins with an overview of life insurance, highlighting essential aspects such as the evaluation of policy value, necessary coverage amounts, and the purchasing process. The guide differentiates between term life insurance, which provides coverage for a specified period without cash value accumulation, and cash value life insurance, which includes whole life, universal life, and variable life policies that build cash value over time. It emphasizes the importance of assessing personal insurance needs, ensuring premium affordability, and understanding the implications of signing an application, including potential costs associated with early policy cancellation. Consumers are advised to compare policies from different companies, considering factors like premium variability and cash value growth, and to avoid hastily replacing existing policies without thorough evaluation.

In the annuity section, the guide explains the basics of annuities, including fixed and variable options, payment methods, and the timing of benefit payments. Annuities are designed primarily for retirement funding, providing a series of income payments in exchange for premiums paid. The document outlines the accumulation phase, where earnings are tax-deferred, and the payout phase, where payments are made to the annuitant. It details various types of annuities, including immediate and deferred annuities, and emphasizes the importance of understanding contract terms, including administrative fees, withdrawal privileges, and surrender charges. The guide also discusses the implications of using pre-tax versus after-tax dollars and the tax treatment of withdrawals and benefit payments.

The Ohio Department of Insurance plays a crucial role in monitoring the financial stability of insurance companies and offers resources for consumers to verify company licensing and resolve disputes. The Ohio Life and Health Insurance Guaranty Association (OLHIGA) provides limited protection for policyholders in the event of a company's insolvency. The document encourages individuals to consult with professionals for specific inquiries and to regularly review their life

insurance and annuity needs to ensure alignment with changing financial circumstances. Overall, the guide emphasizes the importance of informed decision-making when selecting life insurance and annuity products, considering both the benefits and potential risks associated with these financial instruments.