This life insurance policy document is intended for Active Duty service members, retirees, their families, and individuals eligible for legal assistance, providing a general overview of life insurance options and considerations. Life insurance serves as a financial security tool for families, creating an immediate estate to ensure adequate income for survivors upon the policyholder's death. It is essential to assess the desired monthly income for survivors and consider available military benefits, such as the Survivor Benefit Plan and Social Security.

There are two primary types of life insurance: term insurance, which offers coverage for a specified period without cash value accumulation, and cash value insurance, which includes whole life, universal life, and variable life policies that provide guaranteed death benefits and build cash value. Term insurance premiums may increase with age, while cash value policies allow for borrowing against the cash value or using it to pay premiums. Proceeds from life insurance are not subject to income tax for beneficiaries but may be included in the policyholder's gross estate for estate tax purposes.

Service members should be aware of "war clauses" in commercial insurance policies that may exclude coverage for deaths resulting from military service. Policyholders have the right to designate beneficiaries and should regularly review their policies to ensure the correct individuals are named. The Servicemembers' Group Life Insurance (SGLI) offers low-cost coverage up to $400,000 through payroll deduction, and the Family Servicemember's Group Life Insurance (FSGLI) extends coverage to family members, with children insured for $10,000 at no cost and spousal coverage available for purchase.

The document addresses frequently asked questions, emphasizing the importance of life insurance for replacing income and providing liquidity for estates. It advises on determining the appropriate amount of coverage based on individual circumstances and highlights that life insurance proceeds are generally not taxed as income but may affect estate tax calculations. Policyholders can transfer ownership of their policies to remove proceeds from their estate, and terminally ill individuals may have options to sell their policies under certain conditions.

Beneficiary designations can be flexible, but naming minor children may require additional considerations, such as trusts, to manage proceeds until they reach adulthood. The document also clarifies that divorce may affect beneficiary designations, particularly under SGLI, and encourages policyholders to consult legal assistance attorneys for personalized advice on life insurance needs and beneficiary designations.