

Title:

Life Assurance

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439

Summary:

Planning for your future life can seem like a time consuming burden when you have a young family. After all, where do you find the time in your life to think about things like life assurance while you're struggling to keep work and home life pressures in check? Our departure from this life though cannot be predicted. You and your partner may live a good life to a ripe old age, or you could pass away tomorrow. If the worst were to happen to you, where would that leave your par...

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Article Body:

Planning for your future life can seem like a time consuming burden when you have a young family. After all, where do you find the time in your life to think about things like life assurance while you're struggling to keep work and home life pressures in check? Our departure from this life though cannot be predicted. You and your partner may live a good life to a ripe old age, or you could pass away tomorrow. If the worst were to happen to you, where would that leave your partner and your dependants? Would they be financially secure for the rest of their life after their loss and not have to worry about paying the mortgage? If not, then a life assurance policy is a must.

Life assurance for life and death

Life assurance, also known as life insurance, is an assurance policy that pays out a lump sum to a named person(s) in the event of your death. This type of assurance policy is inexpensive to maintain, assurance premiums being very low if you take up the assurance policy early in life. Depending on the nature of the assurance policy you may pay assurance premiums up until the end of your life or up until a specified age.

You can also format your assurance policy as a single life policy or as a joint life policy. For married couples with a mortgage and/or dependants, a joint life policy is often the preferred type of assurance to opt for as the assurance

policy has the flexibility to pay out on first death or second death. An assurance policy that pays out on first death is beneficial for those carrying a mortgage and where the deceased's life partner and/or dependants are still alive.

Types of life assurance policies

When considering buying into a life policy you'll find three basic types of assurance policy available from assurance companies - term assurance, family income assurance and whole life assurance.

Term assurance - Term assurance is a straightforward life policy that pays out a tax-free lump sum upon your death. This is a basic life policy that runs to a specified term, often coinciding with the life of a mortgage.

Family income assurance - This life policy is a set term assurance policy that pays out to dependants should you die during the term of the assurance policy. Pay out is on a regular basis (like an income) until full term of the assurance is reached.

Whole life policy assurance - This is an open-ended assurance policy that pays out a lump sum upon your death, regardless of when you depart this life.