Life Insurance & Annuities, Made Simple

A quick overview of your options to understand what each product provides, where it shines, what to watch for, and who it tends to fit best.

START HERE

Begin with your goal, not the product

Every option below exists to solve a specific worry — replacing your income if something happens to you, covering a mortgage, leaving money behind, paying for a funeral, or turning savings into retirement income. Identify what you want from life insurance first, then the right product will become obvious. The quick guide at the bottom maps common goals to products.

PART 1

Life insurance products

These fall into two families: **term** (temporary and affordable) and **permanent** (lifelong, and usually builds savings inside the policy).

A FEW QUICK DEFINITIONS

Premium

The routine payment you make to keep the policy active — usually monthly, quarterly, or yearly.

Death benefit

The money paid to the people you choose (your beneficiaries) when you pass away — the policy's payout.

Beneficiary

The person or people who receive the death benefit.

Cash value

Savings that build up inside a permanent policy over time, which you can borrow against and pay back, or withdraw and not pay back.

Tax-advantaged

Cash value grows without being taxed each year (tax-deferred), and you can usually access it tax-free through policy loans — it is not tax-deductible.

Rider

An optional add-on that customizes a policy to your needs (see Part 2).

Term Life

TEMPORARY

Coverage for a set number of years (often 10, 20, or 30). If you pass away during that window, it pays out. If you outlive it, it simply ends — and many term policies can be converted to permanent (whole life) coverage later if your needs change.

BEST FOR

Anyone who wants financial protection for their loved ones in case something happens to them — often young families, homeowners, or those replacing an income on a budget.

UPSIDES

- The most coverage for the lowest cost
- Simple and easy to understand
- Stable, consistent premiums during the term

WATCH-OUTS

- No cash value / savings
- Coverage ends when the term is up (unless converted)

Whole Life PERMANENT

Lifelong coverage with a premium that never changes and a cash value that grows, guaranteed, and that you can borrow against.

BEST FOR

People who want lifelong protection, savings, or to leave a guaranteed legacy.

UPSIDES

- Never expires
- Fixed, predictable premium
- Guaranteed cash-value growth

WATCH-OUTS

- Much higher premium than term
- Cash value grows slowly in the early years

Universal Life (UL) PERMANENT

Permanent coverage with flexible premiums — you can adjust what you pay within limits. The cash value earns a declared interest rate.

BEST FOR

People with variable income who want permanent coverage plus payment flexibility.

UPSIDES

- Adjustable premiums and death benefit
- Permanent coverage
- Cash value with a guaranteed floor

WATCH-OUTS

- Needs monitoring — underpaying can cause it to lapse

Guaranteed Universal Life (GUL) PERMANENT

Think of it as "permanent term" — a guaranteed lifelong death benefit at the lowest permanent price, with little or no cash value.

BEST FOR

People who want lifelong coverage as cheaply as possible and don't care about building savings.

UPSIDES

- Guaranteed to last your whole life
- Cheaper than whole life

WATCH-OUTS

- Little to no cash value
- Miss payments and the guaranteed lifelong coverage can be lost

Indexed Universal Life (IUL) PERMANENT

Permanent coverage whose cash value can grow based on a market index (like the S&P 500) — with a floor that protects you from market losses, but a cap that limits the gains.

BEST FOR

Higher earners wanting tax-advantaged, market-linked growth for their savings with protection from market losses, or extra retirement income.

UPSIDES

- Growth potential with a 0% floor (no market losses)
- Tax-advantaged cash value

WATCH-OUTS

- More complex; projections can look rosier than reality
- Needs to be funded consistently to see gains

Final Expense PERMANENT

A small whole-life policy (often $5,000–$40,000) meant to cover funeral and end-of-life costs, with easy qualification and little or no medical exam.

BEST FOR

Seniors (roughly 50–85) and anyone with health issues who wants to cover burial and not burden family.

UPSIDES

- Easy to qualify for
- Small, manageable premiums
- Peace of mind for loved ones

WATCH-OUTS

- Higher cost per dollar of coverage
- Often a 2–3 year waiting period for the full death benefit

PART 2

Riders — ways to customize your policy

Riders are optional add-ons that tailor a policy to your life. Some are free, most add a little cost, and availability varies by insurance company. Most can only be added when the policy is first issued, so it's worth deciding up front. Here they are, grouped by what they do.

LIVING BENEFITS

Use part of your policy while you're still alive if your health changes.

Accelerated / Terminal Illness

Lets you use part of your death benefit *while you're alive* if you're diagnosed with a terminal illness. Very often built in at no extra cost — a valuable safety net.

Chronic Illness

Lets you tap your death benefit early if a chronic condition leaves you unable to do everyday activities like bathing or dressing. A lighter, lower-cost alternative to a full long-term-care rider.

Critical Illness

Pays a lump sum if you're diagnosed with a covered serious illness such as a heart attack, stroke, or cancer. The cash is yours to use for anything — treatment, bills, or lost income.

Long-Term Care

Helps pay for nursing-home or in-home care using your policy, so you're not buying a separate "use it or lose it" LTC policy. If you never need it, your heirs still get the death benefit.

PREMIUM & INCOME PROTECTION

Keep the policy going — and your income steady — if you can't work.

Waiver of Premium

If you become disabled and can't work, your premiums are waived and the policy stays in force.

Disability Income

Pays you a monthly income if you're totally disabled — basic income protection bundled into your policy.

Payor Benefit

On a policy covering a child, keeps it paid up if the parent paying the premiums passes away or becomes disabled.

ADDED COVERAGE

Extend, protect, or grow the protection your policy provides.

Accidental Death

Pays an additional benefit (often double) if death results from a covered accident. Inexpensive add-on.

Child & Spouse

Adds affordable coverage for your children or spouse on your policy, instead of separate policies. Your child or spouse will have protection if something were to happen to them.

Guaranteed Insurability

Lets you buy more coverage later — at marriage, a new baby, rising income — with no new medical exam.

Return of Premium

On a term policy, refunds all the premiums you paid if you outlive the term. It costs more than plain term — but if you never file a claim, you get your money back instead of having paid for coverage you never used.

Cost-of-Living (COLA)

Automatically raises your death benefit over time to keep pace with inflation — usually with no new medical exam — so your coverage doesn't quietly lose value.

Family Income Benefit

Instead of one lump sum, pays your family a steady monthly income for a set period after you pass — a paycheck replacement rather than a single check to manage.

Term Conversion

The right to switch a term policy to permanent later without a new medical exam. Often free to include.

CASH-VALUE BOOSTERS

Options that shape how a permanent policy's savings behave.

Paid-Up Additions

On whole life, you can pay in extra money that buys small, fully paid-off chunks of additional coverage — growing both your death benefit and your cash value faster, with no future premiums owed on those additions.

Overloan Protection

If you borrow heavily against a permanent policy in retirement, this keeps it from lapsing and triggering a surprise tax bill.

No-Lapse / Guaranteed Death Benefit

Keeps a universal life policy in force even if its cash value drops to zero, as long as you pay the required premium — certainty the payout will be there.

ANNUITY INCOME

Add-ons for annuities (see Part 3).

Guaranteed Lifetime Income

On an annuity, guarantees an income stream you can't outlive — even if the account value eventually runs down to zero. Adds an annual fee.

PART 3

Annuities — turning savings into retirement income

An annuity is less about a death benefit and more about your future paycheck: a way to grow money tax-deferred and, if you want, convert it into income you can't outlive.

Fixed Annuity

RETIREMENT INCOME

Your money grows at a set, guaranteed interest rate, tax-deferred — a bit like a CD, but inside an insurance contract.

BEST FOR

Pre-retirees and retirees who want safety, predictability, and tax deferral.

UPSIDES

- Principal protection
- Guaranteed, predictable growth
- Tax-deferred until you withdraw

WATCH-OUTS

- Surrender charges if you pull money out early
- Backed by the insurer, not FDIC-insured

Fixed-Indexed Annuity

RETIREMENT INCOME

Growth is linked to a market index with a floor (you don't lose principal to market drops) and a cap (gains are limited). Can add a guaranteed lifetime-income option.

BEST FOR

People near or in retirement who want more upside than a fixed annuity but still want principal protection.

UPSIDES

- Upside potential with a 0% floor
- Optional income you can't outlive
- Tax-deferred growth

WATCH-OUTS

- Gains are capped
- Surrender charges early on; income riders add fees

PART 4

Which might fit you?

A starting point, not a prescription — your age, health, budget, and goals all matter. That's the conversation to have with a licensed professional.

"I want the most protection for the lowest cost."	**Term Life**
"I want to protect my family's income or mortgage for a while."	**Term Life**
"I want coverage that lasts my whole life — and builds savings."	**Whole Life or IUL**
"I want lifelong coverage as cheaply as possible."	**Guaranteed UL**
"I mainly want to cover my funeral and final costs."	**Final Expense**
"I have health issues and worry I won't qualify."	**Final Expense / Guaranteed-issue**
"I want retirement income I can't outlive."	**Annuity**
"I'm worried about a serious illness draining our savings."	**A policy with living-benefit riders**

Have questions? Let's talk.

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