

## Tips to Picking Life Insurance Policies

Whether keen on term life insurance or a permanent term, it is very important for one to know the advantages of each, as well as the benefits of the other, and weigh it against your financial capability. It helps to conduct your own study of insurances that are being offered, and then confer with an experienced life insurance agent. These two tasks are most helpful in choosing the right life insurance policy to protect your loved ones.

TERM LIFE INSURANCE policies provide coverage for a certain time period, meaning, a death benefit will only be paid out when a policy holder dies within the term. This could be the top reason and advantage of term life insurance as it tends to be cheaper. The two forms of term life insurance are: level term, where the insurance entity pays the same death benefit no matter when the policy holder dies during the term; and the decreasing term, wherein the benefit decreases throughout the duration of the policy. The most popular type of level term policy would be the 20 – year type, while the least sought after is the annual type.

Another advantage of term life insurance policies is that most of them are renewable, allowing policy holders to reinstate their policy after the term ends. However, reinstatement usually is followed with passing a medical check-up and an increased premium. Most insurance entities also reportedly do not renew policies ending after 80 years of age. Also, premiums for term life insurance are based on your age and health status when the policy is contracted. While some insurers guarantee premiums to stay the same throughout the term, other insurers do not. Be sure to note of these premium provisions before signing a policy.

For PERMANENT LIFE INSURANCE, it pays a death benefit whether the policy holder die the day following policy contract, or after fifty years from then on. This form of life insurance is sought after for its ability to increase tax-deferred terms after a long period. This attribute helps the policy holder or the beneficiaries get a lot of benefits. Because of this, however, permanent life insurance is more expensive than term policies, deterring the young adults and other families with limited income.

There is a wide array of policy options with permanent life insurance and one has to know the features and advantages of each type to get the best deal. There are four types of permanent life insurance, namely, whole, universal, variable and variable-universal. Take note that both whole life and universal life policies may give you more cash value over time.

Whole life policies are the most common as it offers both death benefits and the additional benefit of savings account. Once one gets a whole life policy, it means you pay an amount for a predetermined death benefit and have the prospect of earning yearly dividends.

As for universal life policies, they offer more flexibility and allow the variation of how much you pay, when you can. A larger death benefit may be obtained with this type of permanent life insurance as long as you pass a medical exam. This feature can also be found in the variable-universal policies, giving you an investment option as well as the flexibility of payment.

Meanwhile, variable life policies merge a death benefit with a savings account which may be invested in stocks, bonds or mutual funds. This may increase the value of the policy but always be wary of the uncertainty of investments; death benefits will decrease in any investment upset.

It is important to know that some term life policies may be concerted to permanent life insurance. Ask your insurance agent about this so you can grab such an opportunity.

## About the Author

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