

Comparing The Major Types of Life Insurance

Temporary Life

Permanent Life

	Term Life	Whole Life	Universal Life
Premiums	Low at first but may go up each time you renew the policy	Higher than term life at first, but usually don't go up.	Flexible. Premiums are based on your age when you buy the policy. Most Policies let you change your premium payments, but it will affect your death benefit, cash value, or both.
How Long Policy Lasts	The period you choose, usually 10,15, 20 & 30 years, or longer.	Your entire life if you keep the policy.	Depends. The policy stays in effect until the maturity date, usually at age 95 or 100, as long as you have cash value.
What the Policy Pays	Death benefits only.	Death benefits, plus a possible cash value you can withdraw from, invest, or borrow against.	Death benefits, plus a possible cash value you can withdraw from, invest, or borrow against.
Advantages	Good option if you want coverage for a specific period, such as when your raising a family. You can convert to a permanent life policy or renew without having to take a medical exam.	Premiums, death benefits, and cash values are guaranteed. Cash value growth is tax-deferred.	Flexible. You can Change the death benefit and premiums. Cash value growth is tax-deferred.
Disadvantages	Premiums will go up each tie you renew. Doesn't allow you to build savings.	More expensive than term life. Usually little to no cash value in the first few years. Not flexible enough to make changes when needed. Commissions and fees can affect investment returns.	More expensive than term life. The payment isn't guaranteed. Low interest rates can affect cash value, which might increase your premiums. Commissions and fees can affect investment returns.