

Life Insurance

Early in your career, you may need more life insurance coverage because of greater lifetime expenses than later in your career.

Determining How Much You Need

To determine how much coverage you may need, consider:

- » the amount of your debts (mortgage, car loans, student loans, credit cards);
- » living expenses for your family for the number of years until any children are on their own; and
- » the cost of public/private school and possibly college for any children.

Buy life insurance for the time period you will need coverage (10 years, 20 years, etc.). Check with your employer for any group life insurance that may be offered, and comparison shop online and with local agents if you may need additional coverage. To get an estimate of how much coverage you may need, use a life insurance calculator: <https://fwcalculators.urs.org/Insurance/LifeInsurance>.

Two main types of life insurance are term life and cash value life. Each type can make sense for you, depending on your situation. Here are some key considerations:

Term Life Insurance

» Term insurance covers you for a term of one or more years. It pays a death benefit only if you die during the time period that you are covered.

» Term insurance generally offers the largest insurance protection for your premium dollar. It generally does not build up cash value.

» You can renew most term insurance policies for one or more terms even if your health has changed. Each time you renew the policy for a new term, premiums may be higher.

Cash Value Life Insurance

» Cash value life insurance may be called whole life, universal life, or variable life.

» Cash value life insurance is a type of insurance where the premiums charged are higher at the beginning than they would be for the same amount of term insurance. The part of the premium that is not used for the cost of insurance is invested by the company and builds up a cash value that may be used in a variety of ways.

» You may borrow against a policy's cash value by taking a policy loan. If you don't pay back the loan and the interest on it: the amount you owe will be subtracted from the benefits when you die; or the amount owed will be deducted from the cash value if you stop paying premiums and take out the remaining cash value.

For more information, visit <https://insurance.utah.gov/consumer/life-annuity/life/life-buyers-guide>.

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