



M Financial Group™

# M INTELLIGENCE

## Life Insurance: Term or Permanent

### Overview

Term life insurance provides temporary protection for a set period of time. Permanent life insurance provides permanent protection and involves an internal savings component. The best choice for you depends on a variety of factors. Your answers to the following questions can help you select the best path.

#### Is the need for coverage temporary or long term?

When there is a temporary need for life insurance protection, term coverage may be appropriate. If the need for insurance coverage is estimated to last a lifetime, a life insurance professional may recommend a long-term option.

#### Are you interested in a tax-efficient savings component or simply insurance?

Permanent life insurance offers the ability to accumulate cash value in addition to providing death benefit protection. Additionally, the cash value grows on a tax-efficient basis and can be easily accessed without a tax impact using properly structured loans and withdrawals. Term life insurance is insurance coverage without the savings component.

#### Do you need your premium to stay the same or can you allow for flexibility in timing and amount?

While all life insurance policies require that premiums be paid to cover policy charges, permanent products, such as Universal Life, may be designed to offer more flexibility with regards to premium amounts and payment timing. Term coverage usually has a level premium that must be paid on time to ensure the coverage stays in force.

#### Can you commit to making premium payments long term?

Premium payment timing and amounts will likely differ between permanent and term coverage options. Term insurance is designed to be a temporary policy and offers a level premium for a set number of years. Permanent insurance can be designed to last the insured's lifetime, and may require lifetime payments as well.

#### Are you currently saving for other major financial goals?

Both term and permanent life insurance are important components of a comprehensive financial portfolio. While a term product provides only insurance coverage, a permanent product may feature a tax-efficient cash savings element and can be considered an additional asset.

#### Do you have a family history of health conditions?

Many people experience declining health as they age, making life insurance increasingly expensive to acquire. While family history is not the only factor in an underwriting offer, it is an important factor when projecting future insurability. Permanent insurance provides the opportunity to obtain a policy based on your current health status, which may not be available in the future.

*M Intelligence*

*pieces are designed*

*to enhance*

*understanding of*

*sophisticated planning*

*strategies and their*

*applications.*

*M Financial Group*

*continues to lead*

*the industry in*

*life insurance due*

*care and client*

*advocacy, providing*

*valuable insight and*

*analysis that delivers*

*significant value to*

*clients.*

## Life Insurance: Term or Permanent (continued)

### Will your planning needs potentially change over time?

Permanent insurance offers more flexibility to adjust for changes in your future planning needs as the death benefit and premium can be changed.<sup>1</sup> Term insurance generally provides a fixed death benefit.

### Do you have a lifelong dependent, such as a disabled child?

The cash value element of permanent life insurance can provide tax-efficient savings to offset future cost of care. Additionally, distributions from a permanent life insurance policy do not have restrictions on how the funds are used.

### Do you own a business with a solid succession plan in place?

Both term and permanent life insurance policies can be used to facilitate a business succession plan. Permanent insurance, however, offers more flexibility for changing business needs. If owned by the business, permanent insurance offers additional benefits:

- Cash values can be booked as a company asset and offers a stand-by line of credit (corporate owned policies) that the Firm can borrow against.
- If one owner retires or the business is purchased, the policy can be “repurposed” into personal or Key Person coverage.
- If a policy is no longer needed, a permanent insurance policy may be surrendered, offering the business residual value.

### Do you have an estate to protect on behalf of your heirs?

Utilizing life insurance in an estate plan is quite common. These policies are usually designed to help provide liquidity to fund estate taxes due at death, which can prevent the untimely liquidation of other estate assets. As this planning need exists for the duration of one’s life, term insurance should not be relied upon to provide adequate coverage for the duration of this liability.

## For More Information

To learn more, please contact a member of M Financial’s Sales Support team.

Matthew Pressler  
503.414.7584  
matthew.pressler@mfin.com

Adam Clough  
503.414.7266  
adam.clough@mfin.com

Chris Renfro  
503.414.7682  
chris.renfro@mfin.com

Andrea Gilbert  
503.414.7259  
andrea.gilbert@mfin.com

Paul Battson  
503.414.7279  
paul.battson@mfin.com

John Mather  
503.414.7385  
john.mather@mfin.com

© Copyright 2015 M Financial Group.  
All rights reserved.

M Financial Group  
1125 NW Couch Street, Suite 900  
Portland, OR 97209  
800.656.6960  
www.mfin.com

<sup>1</sup> Death Benefit increases may be subject to additional underwriting.