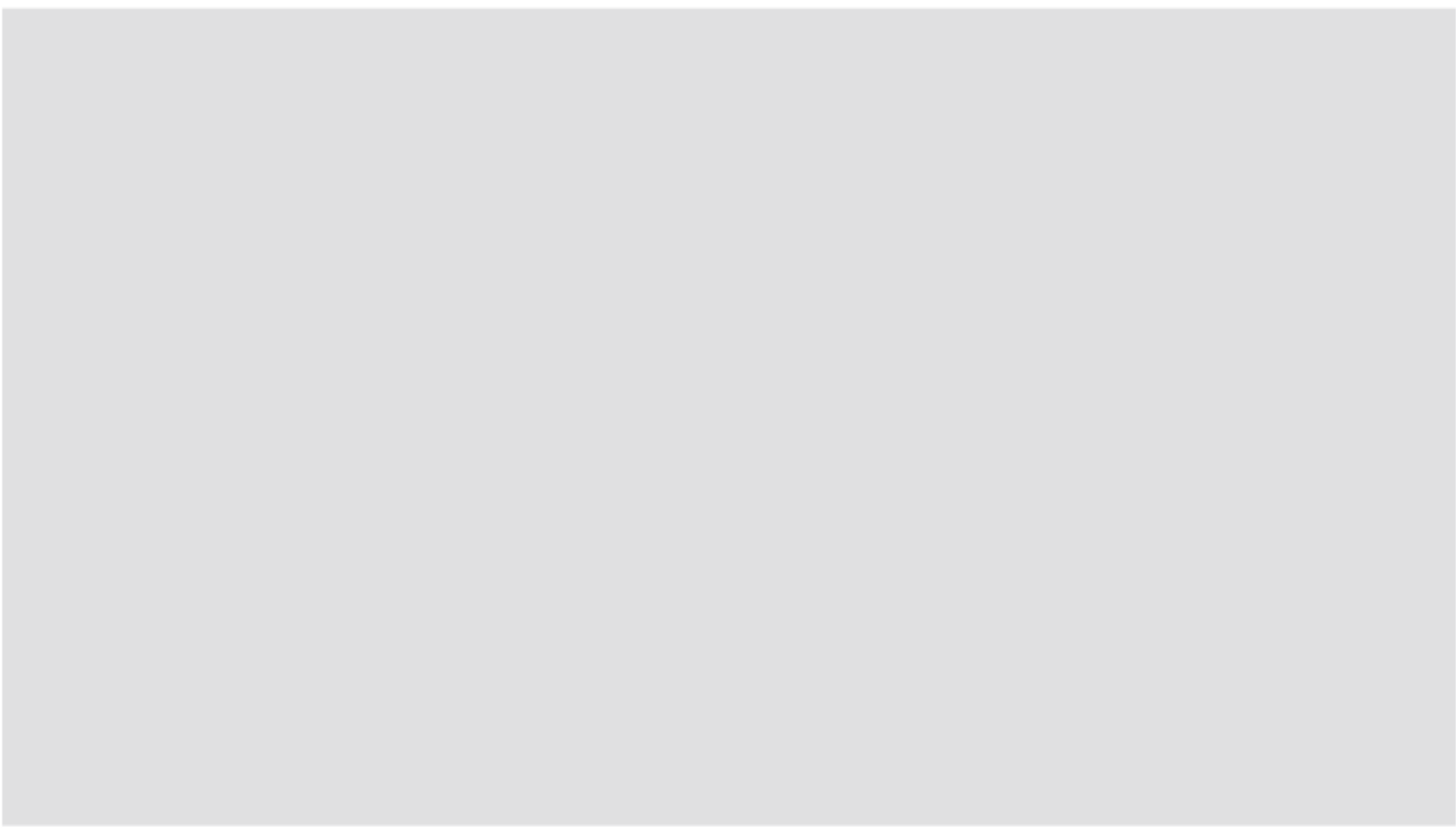


INSIGHTS

Quick guide to life insurance

For many years the main benefit of life insurance was to leave money to your heirs. But today's life insurance choices offer much more than just the basic financial protection for your loved ones. Certain life insurance policies can help pay for larger expenses that normally might require a bank loan. Learn more as we break down the types of life insurance with easy-to-understand explanations.



Consider your goals and what you need

You want to financially protect and take care of those you love after you're gone. Life insurance can be a solution. But what about your other goals? Are there organizations you support that you'd like to keep giving to after you're gone? Do you want to pay for a child's education or a second home? Will you need more income in retirement to live the lifestyle you want? A variety of life insurance solutions can help meet your goals so you can afford larger expenses, enjoy retirement and still leave a legacy.

Types of life insurance

There are two main types of life insurance, term life insurance and permanent life insurance, also called [cash value life insurance](#).

Term life insurance offers:

- Protection for a certain amount of time or term; generally, 1-30 years
- A death benefit payment during the term's period
- More affordable premiums

Most people purchase this type of life insurance when they start to work or become married.

Some insurance companies allow you to convert [a term policy](#) to a permanent policy at certain times. This can be a smart solution depending on your circumstances. Ask your advisor about conversion options, if you are considering this type of coverage.

Permanent life insurance, also known as cash value life insurance, offers:

- Protection over the policy holder's lifetime
- A tax-free death benefit payment to heirs no matter when you die
- Living benefits through tax-deferred cash value which you can borrow from to help pay for larger expenses like college, a second home or starting a business

This type of insurance is more expensive than term life insurance but has enhanced protection and can help you manage taxes. Depending on your goals, this insurance may be a better fit for you. Be sure to discuss this life insurance option with your financial advisor to learn more.

Walt Disney borrowed from his permanent life insurance policy to help fund Disneyland.

The three types of permanent life insurance

The three types of permanent life insurance (or cash value life insurance) include:

- [Universal life](#) insurance
- [Index life](#) insurance
- [Variable life](#) insurance

Each type grows cash value, tax-deferred, but each is unique. Deciding which of these three types is right for you will depend on your level of risk tolerance. Schedule a discussion with your Ameriprise financial advisor, to learn more information about these insurance policies and determine which one is for you.

When should you buy life insurance?

People buy life insurance at all stages in life. But the best time to buy insurance is when you are young and healthy. As you age, health issues may arise. Health problems along with age can cause premiums to cost more, so it's important to lock in what's called "insurability" when you are young. Insurability is determined when you apply for insurance and are evaluated on key factors in an underwriting process. Your advisor can help you apply and put you on the road to protecting your loved ones with life insurance. [Contact your Ameriprise advisor today.](#)

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