

Permanent Life Insurance: What It Is and Why You Should Own It

Written by Vanessa Hall
Friday, 26 August 2011 00:00



Permanent life insurance (also known as cash value life insurance) not only offers a lifetime of death benefit protection, provided premiums are paid when due, but it also provides “living benefits” in the form of cash value that accumulates on a tax-deferred basis. Here’s an overview of how permanent life insurance will give you guaranteed cash value accumulation, all while keeping you safe and secure.

Guaranteed Cash Value - In addition to death benefit protection, permanent life insurance has a cash value accumulation component, which is sometimes referred to as “living benefits” since it is a benefit you can enjoy during your lifetime. The cash value that builds in your policy accumulates tax-deferred and can be borrowed against generally income tax-free. That money can be accessed via policy loans for virtually anything from funding a child’s college education to supplementing your retirement income. Or, if you’re a business owner, the cash value of permanent life insurance can be borrowed against to ensure the continuation of the business you’ve worked hard to build. Moreover, some permanent life insurance policies, particularly those from mutual insurance companies, may be eligible for dividends which, although never guaranteed, may be used to help pay premiums or purchase additional insurance.

Stay Safe and Secure - Term life insurance provides a generally income tax-free death benefit for a specific length of time. When the term expires, so does your protection. While you may be able to renew it, your health may have changed and the rates may be higher. However, term insurance may offer more affordable premiums initially.

Permanent Life Insurance: What It Is and Why You Should Own It

Written by Vanessa Hall
Friday, 26 August 2011 00:00

Permanent life insurance, on the other hand, provides a lifetime of protection and value. Premiums are guaranteed level and the policy remains in force as long premiums are paid. That means the premium will stay the same, regardless of your age or health conditions, and since it is permanent insurance the policy is more likely to be in force when your family needs it most. However, permanent life insurance premiums will likely be higher initially.

Now Is the Time - It's always a good time to protect your family. But it's even more important to make sure they're protected when other assets can't be counted on. Over the past few years, many people have seen the value of their assets decline. Yet, the cash value of permanent life insurance is guaranteed to accumulate each year, regardless of what happens in the stock market.

Vanessa Hall, CLTC, LUTCF, Financial Service Professional

This educational third-party article is being provided as a courtesy by [Vanessa Hall, CLTC, LUTCF, Agent. For additional information on the information or topic(s) discussed, please contact Vanessa Hall at 713-499-7605 or email me at pvhall@ft.newyorklife.com

New York Life Insurance Company