

What is Your Life Worth?

Life Insurance
through Solid Health
Insurance Services

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"Life is 10% what happens to you and 90% how you react to it."

Charles R. Swindoll

What is your life worth?

This provocative question might get your attention to reflect if you are protecting what matters most to your loved ones ...**you!**

While we are busy taking care of our families by earning a living, insuring home, health and cars we often hesitate to take action to buy the appropriate amount of life insurance which your life standards really covers.

What would happen if you were not around to do all the things you do? Will your family be able to afford their home, school costs, living standards and future dreams and goals?

Life Insurance can be your solution!

Only life insurance can provide a generally tax-free death benefit (according to IRC *101(a)), which will enable your loved ones to continue to live a life which they are accustomed to.

Specific Life Time Periods require different life insurance needs:

In general, the need for life insurance for families and single-parent households are the highest in the age group from 35- 65 years old. As in this specific time-period the financial demands and with that the need for financial security are the highest. The following life events trigger the need for financial security which life insurance can best cover.

Common Triggering Events

1. Marriage
2. Income protection for spouse
3. Birth of a child
4. Covering existing mortgage and household debts
5. Purchase of a new home
6. Planning for a child's education
7. Blended families (children and spouses from previous marriage)
8. Business Protection

“The secret to getting ahead is getting started.”

- Mark Twain

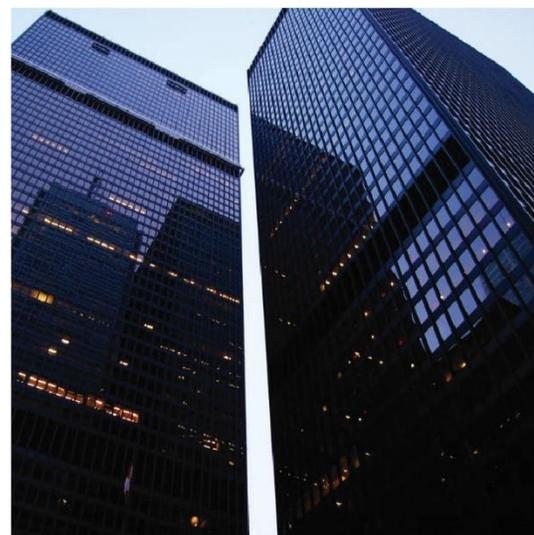
The need for life insurance over the age of 65 decreases, as by then hopefully the children are finished with their education, the home is hopefully paid off or you are ready to down-size, you have assets in your retirement savings and will soon receive social security. However, there might be still a need for life insurance, for example for:

- “Boomerang” Kids returning home
- Retirees and Pre-retirees
- Aging family members
- Depleted retirement savings and or reduced assets
- Final Expenses



Important Things to consider when you buy Life Insurance:

- 1) Establish your own insurance needs and the time frame you want to have the protection for.
- 2) Be sure that you can handle the premium payments. Some policies do have increasing premiums over time, will that be affordable for you?
- 3) Do not buy a life insurance unless you intend to keep it for the life time of the policy. It may be costly if you quit during the early years of the policy.
- 4) If you replace your current life insurance, study the pros and cons of the new policy with your agent or the company you buy it from.
- 5) Review your life insurance every few years to keep up with changes in your income and your needs.
- 6) The primary reason why you are buying life insurance is to protect your family and assets in case of early death. Some policies can also protect your future income stream.



How much life insurance do you need to buy?

Prudential Life Insurance offers a very good overview of calculating your annual salary for a certain amount of years until you retire. For example, to provide a \$ 100,000 a year income for a 30-year time period, assuming a 3 % increase in salary, an overall tax rate of 25%, and an investment rate of 6 % after taxes, would require a cash account today of \$ 1,530,081.



YOUR SALARY ... WHAT IS ITS TRUE VALUE TO YOUR FAMILY?

YOUR ABILITY TO EARN A LIVING IS ONE OF THE BIGGEST ASSETS YOUR FAMILY HAS.

CURRENT ANNUAL INCOME	YOUR SALARY EARNED UNTIL RETIREMENT (YEARS TO PROVIDE INCOME)			
	40	30	20	15
\$200,000	\$3,619,145	\$3,060,162	\$2,315,284	\$1,854,548
\$150,000	\$2,714,359	\$2,295,121	\$1,736,463	\$1,390,911
\$100,000	\$1,809,573	\$1,530,081	\$1,157,642	\$927,274
\$80,000	\$1,477,658	\$1,224,065	\$926,114	\$741,819
\$65,000	\$1,176,222	\$994,553	\$752,467	\$602,728
\$50,000	\$904,786	\$765,041	\$578,821	\$463,637

These present value calculations assume annual paychecks at the beginning of the year, increased by 3% inflation, reduced by taxes of 25% (federal, state, and Social Security), and discounted at 6% after tax. For example, to provide \$100,000 a year for 40 years, assuming a 3% increase in salary, an overall tax rate of 25%, and an investment rate of 6% after taxes, would require a cash account today of \$1,809,573.

“We generate fears while we sit. We overcome them with action.”

-Dr. Henry Link

Is there a gap between your lifetime salary and the amount of life insurance you currently have? The gap is the amount of money your family will miss if you're not around to earn a living to provide for them.

In figuring your assets, count your present life insurance, including any group insurance where you work, social security survivor benefits, possible pension plan survivor's benefits, or veteran's insurance. Add other savings such as investments, real estate and personal property. Calculate all your obligations such as mortgage, car payments, credit card debts, taxes, school and education tuitions, family living expenses, medical expenses and final living expenses.

Term Insurance covers you for a term of years, popular terms are 10, 20 or 30 year terms. Term insurance generally does not built cash value. Term insurance is "cheap" in comparison to "permanent insurance with cash value". Term insurance generally offers the largest insurance protection for your premium dollar . Often 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. Check the premiums at older ages and how the policy can be continued. Many term insurance can be traded before the end of the conversion period for a whole life policy- even if you are not in good health. Premiums will be considerably higher. Some insurance carriers may require a physical examination.

In a low interest environment, as we currently are in, term life insurance policy makes much sense. However, they do end at the term of the policy and generally you do not built a cash value. If you want to buy a policy which is permanent and will protect your life for a life time or build a legacy for you loved ones than you need to buy a **whole life insurance** or some other kind of **cash value insurance**.

Whole Life Insurance:

Whole Life Insurance covers you for as long as you live. The common type is called straight life or ordinary whole life insurance. You pay the same premium as long as you live. Initially these premiums are significant higher than term insurance. But most likely they are smaller than the premiums you would eventually pay if you were to keep renewing a term policy until the end of your life. Set a target amount for life insurance you find useful to have until the end of your life, while being able to afford the premium over the length of your life.

Some whole life insurance policies let you pay premiums for a shorter period such as 20 years, or age 65. Premiums for these policies are higher then for ordinary life insurance since the premium payments are 'squeezed' into a shorter period.

Whole Life policies develop **cash values**. If you stop paying premiums , you can take the cash - or you can use the cash value to buy continuing insurance protection for limited time to reduced amount. You may **borrow against the cash value** by taking a policy loan. Any loan and interest on the loan that you do not pay back will be deducted from the benefits if you die, or from the cash value if you stop paying premiums. In a low interest environment as we are currently are, study the prospectus carefully and review the assumptions of cash value and often too positive estimated interest accumulations. your account earns is less than the charges, you account value will be lower.

If it keeps dropping eventually your coverage will end. To prevent that, you may need to start making premium payments, or increase your premium payments or lower your death benefit. Even if there is enough in your account to pay the premiums, continuing to pay the premiums means that you build up more cash value.

Variable Life Insurance is a kind of insurance where the death benefit and cash values depend on the investment performance of your one or more separate accounts which may be invested in mutual funds or other investments allowed under the policy. Be sure to study the prospectus from the company very carefully. If the investment is not performing well you may lose your death benefit and also the cash value. You may pay an extra premium for a guaranteed cash value.

Whole Life Insurance and **Universal Life Insurance** include a saving element that grows **tax deferred**. A portion of the premium is invested by the insurance company in very conservative vehicles for example interest-only payments. In the most recent years with worldwide low interest, **Fixed Index Universal Life Insurance** are quite popular, which offer to invest in the S & P index, European Indexes and Asian Indexes. If the stock market goes down you might not lose any value of your policy, but will also not gain in the year of loss, but if the stock market goes up you will enjoy the gain up to a specific cap. Study your prospectus to see the cap of your life insurance policy.

Finding a low-cost policy!

After you decided which kind of life insurance is best for you, compare similar policies from different insurance carriers to find which one is likely to give you the best value for your money. A simple comparison of the premiums is not enough. Here are other things to consider:

- Do premiums or benefits vary from year to year?
- How much cash value will be built under the policy?
- What part of the premiums or benefits is not guaranteed?
- How creditworthy is the insurance carrier?
- Can I convert the insurance policy into a different kind of insurance?

If you would like to receive more information or would like to have an independent quote from various insurance carriers, please do not hesitate to contact us at info@solidhealthinsurance.com or at 310-909-6135 or find us at lifeinsurancelady.org



**“It's not whether you
get knocked down,
it's whether you get
back up”
-Vince Lombardi**



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