

Life, Health, & Wealth

What You Should Know Before You Buy Life Insurance

Life insurance is a key component in managing your finances and family's affairs responsibly. But, no two individuals have exactly the same insurance needs, and there's no 'one-size-fits-all' policy. Choosing the right coverage can make all the difference in your family's financial security. Before you buy life insurance, consider these important points:

Understand What Life Insurance Provides

Life insurance isn't really about *your* life. Its primary purpose is to provide income for your dependents in the event of your death. The amount and type of coverage you need depends on your personal and financial circumstances. Insurance agents are trained to help you analyze your needs and provide information about the types of insurance plans that will meet your current and future objectives.

Determine How Much Coverage You Need

Your income and economic situation, and the future needs of your dependents, are key factors in determining how much life insurance coverage you should have. Ask yourself these questions:

How much income do I provide for my family? What debts will have to be settled after my death? How will my children complete their education without my support? Your answers will help you decide how much coverage you need, for what length of time, and at what premium rate you can afford.

Understand What Type Of Life Insurance Meets Your Needs

There are two primary types of life insurance: Term Life Insurance and Permanent Life Insurance. As its name implies, term life insurance provides coverage for a specific period of time, e.g., 10, 15, 20 years. If you die within the covered period, your beneficiary is paid the face value of your policy.

Term policies can provide significant amounts of protection at reasonable premiums. You can renew most term policies for one or more terms, even if your health has changed, but premiums may increase.

Permanent life insurance, which includes whole life and universal life insurance, provides protection for a lifetime. Most permanent plans build cash values which you can access as a loan or withdraw if you surrender your policy. Some plans provide cash dividends or bonuses. Premiums for permanent life insurance tend to be higher than term life policies. For many families, a combination of term life and permanent life may provide for current and future needs.

Be Sure That You Can Afford The Premiums

Life insurance is usually a long-term investment (which means you are likely to enjoy a long life). As you review your financial objectives and the various types of insurance plans available, you will also need to consider the cost of your coverage. Premium rates are determined by several factors, including age and health, and you want to be comfortable that your policy's premium fits your budget.

Life insurance is an important part of a sound financial plan. A qualified life insurance professional will guide you in choosing the right insurance programme to help you protect your family's life, health, and wealth.



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