

Life Insurance FAQs:

Q: What is life insurance?

A: Life insurance is a contract with an insurance company where you pay premiums in exchange for a tax-free payout (death benefit) to your beneficiaries when you pass away.

Q: Why do I need life insurance?

A: To protect your family's financial security — covering income loss, mortgage, debts, education, or business obligations.

Q: Do I need life insurance if I'm single with no kids?

A: Yes, if you have debts, want to lock in low rates while you're young, or want to build cash value/wealth for the future.

Q: How much coverage do I need?

A: A common rule is 10–15× your annual income, but the right amount depends on your family, lifestyle, and goals.

Q: How much does life insurance cost?

A: It depends on age, health, lifestyle, coverage amount, and policy type. The younger and healthier you are, the cheaper it is.

Q: Do life insurance premiums increase over time?

A: Term insurance premiums stay fixed for the entire term. Permanent policies have fixed premiums or flexible funding options.

Q: What's the difference between term and whole life insurance?

A: Term: Coverage for a set period (10–30 years). Lowest cost, pure protection.

Whole Life/IUL: Lifetime coverage with a cash value savings component. Builds wealth and can be used during your lifetime.

Q: What is an IUL (Indexed Universal Life)?

A: An advanced permanent life policy that builds cash value tied to market indexes. Used for tax-advantaged retirement and wealth planning.

Q: Do I need a medical exam?

A: Not always. Some carriers offer accelerated underwriting (no medical exam) if you're young and healthy.

Q: Can I get life insurance if I have health issues?

A: Yes — options exist even for people with diabetes, high blood pressure, or past health problems. Rates may be higher, but coverage is possible.

Q: What if I smoke or vape?

A: Smokers pay more, but you can re-apply for lower rates if you quit for 12 months or more.

Q: What is the living benefit rider? (LB)

A: Many modern policies let you access part of your death benefit early if you face a critical, chronic, or terminal illness.

Q: Is life insurance payout taxable?

A: No — death benefits are typically tax-free to beneficiaries. Cash value growth inside permanent policies can also be tax-advantaged.

Q: Can life insurance build wealth?

A: Yes. Permanent policies like Whole Life and IULs build cash value you can borrow against tax-free — often used in wealth planning.

Q: Do business owners need life insurance?

A: Yes — it protects partners, key employees, and can fund buy-sell agreements. It ensures your business continues smoothly if something happens.

Q: Can life insurance be part of estate planning?

A: Absolutely. It can cover estate taxes, provide liquidity for heirs, and ensure wealth transfers efficiently to the next generation.

Q: Can I borrow money from my policy?

A: Yes — if you have a permanent policy with cash value, you can borrow against it tax-free while still keeping coverage.

Q: What happens if I stop paying my premiums?

A: Term policies usually lapse. Permanent policies may use cash value to cover premiums for a time, but eventually can lapse too.

Q: What if I outlive my term policy?

A: Coverage ends, but you can either renew (at higher rates), convert to permanent coverage, or apply for a new policy.