

Understanding Your Insurance

Life Insurance: What Everyone Should Know

(NAPSA)—Life insurance is part of the foundation of financial security for you and your family. It protects your financial resources against the uncertainties of life so you can plan for the future.

Choosing a life insurance product is an important decision, but it can be complicated. As with any major purchase, it is important that you understand your needs and the options available to you.

The main purpose of life insurance is to provide cash to your family after you die. The money your dependents receive, known as the “death benefit,” is an important financial resource. It can help pay the mortgage, run the household and ensure that your dependents aren’t burdened with debt.

The American Council of Life Insurers (ACLI) suggests starting by evaluating your family’s needs. Gather all your personal financial information and estimate what your family will need after you’re gone. One rule of thumb is to buy life insurance equal to five to seven times your annual gross income.

There are different types of life insurance—specifically, term and permanent policies. There are, however, a number of different permanent life products available. All permanent life insurance policies offer lifetime coverage. Term policies cover you for a specific period of time.

In addition, ACLI offers these tips to keep in mind about your life insurance purchase:

- Take your time. Make sure you fully understand any policy



Life insurance can be an effective way to provide for your family after you’re gone.

you are considering and that you are comfortable with the company, agent and product.

- After you have purchased an insurance policy, you have a “free-look” period—usually 10 days after you receive the policy—during which you can change your mind. During that period, read your policy carefully. If you decide not to keep it, the company will cancel the policy and give you an appropriate refund.

- Review the copy of your application contained in your policy. Promptly notify your agent or company of any errors or missing information.

- Review your policy periodically or when your life situation changes to be sure your coverage is adequate.

You can learn more about life insurance and how it can help you from your life insurance agent and online at www.acli.com.