

TERM LIFE

Advantages

- Lower premium at beginning
- More protection/\$
- May be reduced to meet changing needs

Disadvantages

- No cash value
- No savings
- Cost increases with age
- End of term – policy holder may be declined

WHOLE LIFE

Advantages

- **Insurance protection – lifetime**
- **Safety**
- **Investment Management**
- **Non-forfeiture values – forced savings**
- **Level premium**
- **Guaranteed cash value**
- **Forced savings plan**
- **Financial emergencies**
- **Liquidity-may borrow against**
- **Higher premium at beginning**
- **Non-flexible to meet changing needs**
- **Protection from creditors**

Disadvantages

- **Fixed premiums**
- **No policy control over investments**
- **Acquisition costs can be substantial**

UNIVERSAL LIFE

Advantages

- Guarantees interest, mortality and expense levels
- Use of current levels of interest, if more favorable
- Equivalent to buying term and investing the difference
- Tax deferred earnings on cash value fund
- Premium flexibility
- Adjustable death benefit
- Detailed annual report of contract transactions
- Opportunity to keep up with market conditions through the use of current interest earnings, expenses and mortality charges

Disadvantages

- No forced savings element
- No policy owner control over investments
- Continuing expense charges
- May have unfavorable term rates
- Increased possibility of cash value depletion and, therefore, contract lapsing due to the flexible premium nature of the contract

VARIABLE UNIVERSAL LIFE

Advantages

- **Control of the market in which case value is invested (equity, bond, money market)**
- **Investment management within the fund chosen**
- **Protection from creditors**
- **Favorable tax treatment of cash values and death benefits**
- **Potential for higher return on cash value**
- **Premium flexibility**
- **Adjustable death benefit**
- **Opportunity to keep up with market conditions through the use of current expense and mortality charges**

Disadvantages

- **No forced savings element**
- **No guarantees on the cash value account**
- **No minimum death benefit guarantees**
- **Generally high expense factors**
- **Penalties on surrender can be substantial**
- **Policy-owner bears investment risk**