



# Planning for life

A SIMPLE GUIDE  
TO LIFE INSURANCE

LIFE-BK



# Real protection and peace of mind— For today. For tomorrow. For life.

For many Americans today, a single unfortunate event could put their present lifestyle and future security in jeopardy.

In the current environment of stagnant wages, high unemployment and decreased personal savings, more people are at risk of losing everything if a wage-earner in their household passed away.

A simple, affordable solution is life insurance.



## CONSIDER THE FACTS:

- Americans say they are more concerned today about being able to afford the mortgage and other bills than they were one year ago.
- **70%** of women regard life insurance as a necessity, yet one-third of wives aren't covered by life insurance.
- **1-in-3** households—**35 million** in all—have no life insurance.
- **Half of adults** acknowledge they need more life insurance protection.

Source: "Facts from LIMRA," LIMRA, Life Insurance Awareness Month—September 2012

# The right solution for you

In this guide, you'll discover why life insurance is a solution for you. You'll also learn about the types of coverage available, and you'll understand who needs life insurance and how much is recommended for your situation.

In the most basic sense, life insurance provides your loved ones a cash benefit if you pass away. The money can be used to replace your income, cover living expenses, pay off debts, fund college for your children and much more.

Life insurance can offer benefits in life, too, including cash value, loan provisions and more. Life insurance can also help provide a measure of comfort and peace of mind that you or your loved ones can go on financially in the event of premature death.



# Is group life insurance coverage enough? *Probably not.*

Many companies offer group life insurance as a benefit for employees. If your employer provides coverage, you'll likely want to take advantage of that opportunity.

**You also should consider having additional life insurance outside of work, for two main reasons:**

1. Many **group plans don't provide enough life insurance** to meet your total needs.
2. Most group plans are not "portable." **You can't keep the insurance** if you lose your job or go to work for a different company.

## DO YOU HAVE THE RIGHT ANSWERS?

Consider the amount of life insurance you own today.  
Now ask yourself these questions:

YES NO If you or another member of your household passed away today, would you have enough cash on hand to pay for a funeral and other final expenses?

YES NO Without one person's income, would your household be able to keep up with regular bills?

YES NO Could the mortgage and other debts be paid?

YES NO Would you have enough to fund college or other future needs for your children?

YES NO Would you have extra money each month to save up for retirement?

**LIFE INSURANCE IS ONE OF THE  
EASIEST, MOST AFFORDABLE WAYS TO ANSWER "YES!"  
TO ALL OF THESE QUESTIONS.**

## An act of love

Protecting your family with life insurance is a caring, responsible act. With this simple step, you can help provide for your loved ones and ensure a more financially secure future.



**95**  
MILLION

**58**  
*million*

**1/2**  
OF CONSUMERS

## What do these numbers mean for you?

Life insurance can help a family survive financially when a loved one passes away. Yet surprisingly few people have adequate amounts of life insurance—if they have any at all.

LIMRA, an international association that provides research and consulting in the financial services industry, reports that **95 million**<sup>1</sup> U.S. adults have no life insurance. That number has reached an all-time high, which means millions of American households are at risk. About half of them—**58 million**<sup>2</sup>—recognize that they need more life insurance. One-half of consumers are worried they won't have enough money for a comfortable retirement.<sup>3</sup>



<sup>1</sup>"Facts About Life 2011," LIMRA, Life Insurance Awareness Month—September 2011.

<sup>2</sup>"Fact from LIMRA," LIMRA, Life Insurance Awareness Month—September 2012.

<sup>3</sup>Ibid.

# Who needs life insurance?

Most every adult, even those who have employer-provided coverage, need some level of life insurance. The typical group plan may not provide enough coverage to meet your total needs. The policy may be enough to pay final expenses, for example, but it might not sufficiently provide for your dependents' ongoing needs.

Plus, most group plans are not “portable.” If you lose your job or go to work for a different company, your group life insurance ends.

An individual life insurance policy can help you get the full coverage you need, at affordable rates, as long as you need it.

<b>If you are:</b>	<b>You may need insurance because:</b>
<b>Married or about to be married.</b>	Your spouse or partner can use the benefits to pay for your final expenses and meet ongoing obligations.
<b>A parent with dependent children.</b>	Benefits can provide for your children's future financial needs—such as braces, daycare, clothing, medical care and tuition—when you're no longer able to do so.
<b>The breadwinner in your family.</b>	Your family's lifestyle would be significantly impacted by the loss of your income.
<b>A single parent.</b>	Your children rely on your income to get by from day to day.
<b>A stay-at-home parent.</b>	Even when you don't earn an income, you provide a number of services—such as caring for children, housekeeping and cooking—that are costly to replace.
<b>In debt with a car loan, mortgage or other obligations.</b>	Benefits can be used to pay your debts and spare your loved ones that burden.
<b>A homeowner.</b>	Without your income, your family members would have to make the mortgage payments, sell the home or worse, face foreclosure.
<b>In business with a partner.</b>	Your absence could cause the business to fail or close.
<b>An employer with a hard-to-replace employee.</b>	Without that employee, your company could fail or close.
<b>Involved with an important cause or charity.</b>	You want to leave a significant, lasting legacy.

# Who pays the price?

If you passed away today—without having sufficient life insurance—your family would pay the price. Consider the costs:

Funerals can be expensive, averaging **\$10,000** or more for a traditional funeral and burial. The price goes up when flowers, obituary notices, limos and other common costs are added in.<sup>1</sup>

Did you know that when you pass away, your mortgage and other debts could fall to your family? FICO<sup>2</sup> research points out that the average American consumer has 13 different debt accounts, including credit cards and installment loans.

Your household relies on a certain income level to pay for everyday expenses like groceries, clothing, utilities and vehicles. Without your income, your family may not be able to manage for long. They also rely on your income for future needs, like medical care and college tuition.



By having the “safety net” of life insurance, you can protect yourself and your family from the financial repercussions of premature death.

<sup>1</sup>Gibbs, Lisa, et al. “The High Cost of Saying Goodbye,” Money, November 9, 2012.

<sup>2</sup>FICO is an organization that calculates and publishes credit scores for consumers and creditors. FICO is one of the top analytics and decision-management product providers worldwide. Many people use the terms “credit score” and “FICO score” interchangeably.

# Your plan for life

When you purchase a life insurance policy, you pay regular premiums to the insurance carrier. Premium rates are determined by a number of factors, including the type of insurance and your age, gender and health history at the time you apply. If you pass away while your insurance is in force, your designated beneficiaries receive the policy's death benefit.

Before you choose a life policy for yourself or a loved one, be sure you understand how it works and what it offers.

## Types of life insurance

Many people look at life insurance as the cornerstone of their financial plan and a way to help protect their family. You can choose from several types of policies, including term life, whole life, universal life and variable life insurance. Life policies may offer riders and benefits to increase coverage, along with loan provisions and various other features. Ask a trusted insurance adviser to perform a needs assessment to help identify which options are right for you.

## TERM LIFE

**A term policy provides a death benefit if the insured person dies during a specified period.** A level term life policy may be 15, 20 or 30 years, or to-age-65. The policy's premium remains the same for the entire term you choose. After the level premium period, most term policies allow continued coverage at higher, annually increasing premiums to age 95 or 98.

Term insurance is a logical solution when the need for coverage ends at some point, such as retirement.

A term policy may include one or more riders for extra protection. A critical illness rider, for example, pays you a lump-sum amount if you're diagnosed with a disease like cancer, heart attack or stroke. This benefit ensures you have extra funds to help with unexpected medical expenses.



**Example:** Tom is a 28-year-old father with a young child, a stay-at-home wife and a brand-new mortgage. Because his family’s current and future stability depend entirely on his income, Tom decides to buy level-period term life insurance to-age-65 with a death benefit of \$125,000. The policy will provide coverage at the same premium until Tom turns 65, by which time he intends to be ready to retire. If Tom passes away during the term period, his wife can use the insurance proceeds to help pay off the mortgage or replace the lost income.

## PERMANENT LIFE

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Other types of life insurance are called “permanent” policies. You can keep this coverage in force as long as you live. A permanent policy also can build cash value. The cash value is yours to withdraw or borrow from if you need help paying off debt, funding college or supplementing retirement income.

**The types of permanent policies include whole life, universal life, indexed universal life and variable universal life.**

### WHOLE LIFE

**A whole life policy guarantees you level premiums and a level, tax-free death benefit for life.** The premium amount stays the same, and the policy has a cash value that grows tax-deferred over time according to its guaranteed schedule.



**Example:** Jerry, a plumber, hasn’t been able to save as much for retirement as he’d like. He also has a small amount of debt he’s been trying to tackle. He likes the idea of whole life insurance because he can keep the coverage for his entire life at the same premium and depend on the cash value amounts stated in his policy. Jerry can access the cash value, if needed, to pay off his debts or supplement his retirement income.



## UNIVERSAL LIFE

**Universal life insurance lets you build higher cash value tax-deferred.** Like whole life, the policy also pays a death benefit tax-free, and the cash value accrues tax-deferred over time.

Universal life insurance differs from whole life in that it offers flexible premium options. You can choose to increase or decrease premium payments to grow your policy's cash value faster or more slowly. The policy remains in force as long as the cash value is not negative.

Another feature of universal life insurance is its flexible death benefit. If you need less life insurance coverage in the future, you can request a coverage amount reduction. If you need more life insurance, you can request a coverage amount increase with evidence that you're still in good health.



**Example:** Rachelle became a widow in her early 30s, when her two children were very young. Her late husband's life insurance benefits helped her pick up the pieces and move on after a very turbulent time. Now that Rachelle is remarried and even has grandchildren, she wants to offer the same level of security for her spouse and extended family members. She chooses a universal life insurance policy with coverage for her husband and grandchildren.

The policy's cash value grows tax-deferred, and Rachelle likes the ability to take loans or withdrawals from the balance. Because she has a flexible-premium policy, Rachelle can skip a payment if needed (e.g., around the holidays or whenever money is tight), and her carrier can deduct the cost from her cash value.

## INDEXED UNIVERSAL LIFE

**With an indexed universal life policy, your cash value can be linked to the S&P 500® index.** The cash value grows when the S&P 500 performs well, yet you also have safeguards to protect you against negative market fluctuations. With this design, you benefit from market growth without having to worry about market losses.



**Example:** Rich has always been a “numbers” guy. An actuary by trade, he bought an indexed universal life insurance policy because his cash value's growth is tied to a major financial index. Rich tries to avoid risk as much as possible, so he's glad to know his policy has a guaranteed minimum index credit rate, meaning the index credit rate can never be negative. Rich's policy has a flexible premium schedule and flexible death benefit, so he can increase or decrease the premium amount and policy death benefit as his insurance needs change.

## VARIABLE UNIVERSAL LIFE

**A variable universal life policy typically has a higher ceiling on interest credits than indexed policies, thereby providing greater yield when markets go up.**

When markets go down, however, variable policies do not provide the protection of a minimum guaranteed rate. You can choose to invest your premium in a number of separate accounts, similar to mutual funds. This design provides more potential for the cash value to grow—but, unlike indexed policies, you can experience negative credit rates when markets go down.



**Example:** Alex wants to protect his loved ones and his assets with life insurance, and he wants a policy that has cash value. Alex believes that, over time, his cash value will grow faster if it's invested in the market. He knows that the balance could decrease during periodic dips, but he's comfortable with some risk.

**FOR COMFORT AND SECURITY, LOOK INTO LIFE INSURANCE.**

## Want to know more?

To learn about supplemental health and life insurance options, contact your Washington National agent or call (800) 525-7662 for prompt support.

## Why choose Washington National?

You can have confidence in Washington National Insurance Company. Since 1911, Washington National has helped working Americans protect themselves and their families from the financial hardship of critical illnesses, accidents and loss of life. Washington National is financially strong, with approximately

**\$3.2 billion** in invested assets, **\$591 million** in annual premiums, **\$2.5 billion** in policy reserves and **1 million** policies in force.\*

Washington National's life insurance policies are sold in workplaces and across kitchen tables from coast to coast. To request a needs assessment or learn more about life insurance, talk to your trusted Washington National representative.

\*Data is current as of December 31, 2012

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