INSURED AMERICAN & FAMILY

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Life Insurance Basics

Term, final expense, and key man, which one fits

Most people overpay for the wrong type. The right type often costs less.

WHAT IT IS

Life insurance comes in many flavors, but the core decision tree is simpler than it looks. Term life covers a defined period (10/20/30 years) at the lowest cost. Final expense (a type of permanent life) covers burial and end-of-life costs at modest face values. Key man (business life insurance) protects a business from the loss of a critical owner or employee. Most individuals need term + maybe final expense; most business owners need term + key man. Whole life and universal life have their place but are over-sold and rarely the right first move for typical clients.

THE THREE COMMON OPTIONS

Term Life
Defined period, level premium, no cash value

Final Expense
Permanent, smaller face ($10K-$50K), covers burial

Key Man
Business-owned policy on critical person; business is beneficiary

All three can coexist
Many clients need term + final expense + key man

Each does one job well
Don't ask one product to do all three

WHO NEEDS WHAT

Young/middle-age + kids/mortgage
Term life (high coverage, low cost)

Empty nesters with assets
Final expense + maybe small term

Business owners with partners
Key man insurance

High-income earners
Term + look at whole/universal for estate later

Single, no debts, no dependents
Maybe just final expense

THE 3 THINGS PEOPLE GET WRONG

1. **"Whole life is always better because it builds cash value."**
   Usually false. Cash value grows slowly and the premium is 5-10x term cost. Most people are better off buying term + investing the difference. Whole life makes sense for estate planning or specific tax strategies, not as a primary protection vehicle.
2. **"If I'm young and healthy, I don't need life insurance yet."**
   Wrong if you have ANY dependents, debts, or financial obligations. Term is cheapest when you're young + healthy. Wait until 50 and rates triple. Lock it in now.
3. **"Final expense and term life are the same thing."**
   Different products. Term life has high face value and expires. Final expense has low face value, never expires, and uses simplified or guaranteed underwriting (great for older buyers or those with health issues).

THE BUSINESS-OWNER GAP, KEY MAN COVERAGE

Most small business owners insure their property, their inventory, their liability, and forget the most important asset: the irreplaceable people. A key man policy is owned by the business, on the life of a critical person (owner, key salesperson, technical lead), with the business as beneficiary. If that person dies, the business has cash to recruit a replacement, cover lost revenue, pay off debts, or buy out the deceased owner's family. Most businesses with 2-50 employees should have at least one key man policy in place.

Need life insurance and not sure which type fits? Call or text Craig, I'll match the right product to your situation in 15 minutes.

Don't go underinsured when you can be Insured AF.