LIFE INSURANCE AND THE IMPACT OF TIME

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Whether it's starting a diet next month or postponing a much overdue trip to the dentist, at some point in our lives we all practice the art of procrastination. In most instances, the side effects of our actions are minimal and we are able to live with the consequences. Unfortunately, when the subject turns to the need for life insurance, the ability to make an informed and timely decision can be critical.

Unlike that diet, delaying the purchase of life insurance to a perceived "better time" can be a costly mistake for you and the people closest to you. Waiting just a few years can have a negative impact on several key areas of a life insurance policy.

WHOLE LIFE INSURANCE: FINANCIAL PROTECTION AND A CASH BUILDER

In its simplest form, whole life insurance is a tool that protects the people who count on you for financial support — no matter what happens to you tomorrow. Aside from providing money to your beneficiaries to replace your income, whole life insurance also offers guaranteed cash value accumulation. If available, cash value can be borrowed against to fund a child's education, supplement your retirement income, or meet an emergency cash need. Loans reduce the policy's death benefit and accrue interest until repaid.

WAITING CAN AFFECT YOUR POLICY'S CASH VALUE

Whole life insurance accumulates cash value on a tax-deferred basis as long as the policy remains in force. A portion of the premiums you pay for insurance coverage builds cash value each year, which can be accessed via loans. Over the long term, cash value accumulation can be considerable, especially since taxes on the growth are deferred. Generally speaking, the sooner you start paying policy premiums, the faster your cash value may accumulate.

WAITING CAN AFFECT YOUR POLICY'S DIVIDENDS

A whole life policy is also eligible to receive dividends, if and when they are declared by the insurance company issuing your policy. Unlike cash values, dividends are not guaranteed and are subject to change by the insurer. What you do with your dividends is up to you. One option lets you receive the dividends in cash. A second option lets you use dividends to add to your insurance coverage through the purchase of paid-up additional life insurance. Paid-up insurance is just that — no additional premiums are due — and it too has cash value and is eligible for dividends. So, waiting can mean missing the opportunity to increase the benefit paid to your beneficiaries.

WAITING CAN AFFECT YOUR INSURABILITY

Let's say you wait five years to purchase whole life insurance. Today, you are healthy and your insurability is not a problem. Five years from now this situation may change and an unexpected health condition may place your insurability in jeopardy. In the worst case scenario, if you were to die in the next five years, the cost would be the death benefit your beneficiaries would not receive.

EVALUATE YOUR COST OF WAITING

Purchasing life insurance is a major decision and it's important that you take the time to gather all the necessary information and choose a type of coverage that best suits your needs. Can you afford not to purchase life insurance? The decision is up to you, but keep in mind that postponing your decision can prove costly. For more information on life insurance, please contact Agent's Name, Agent
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