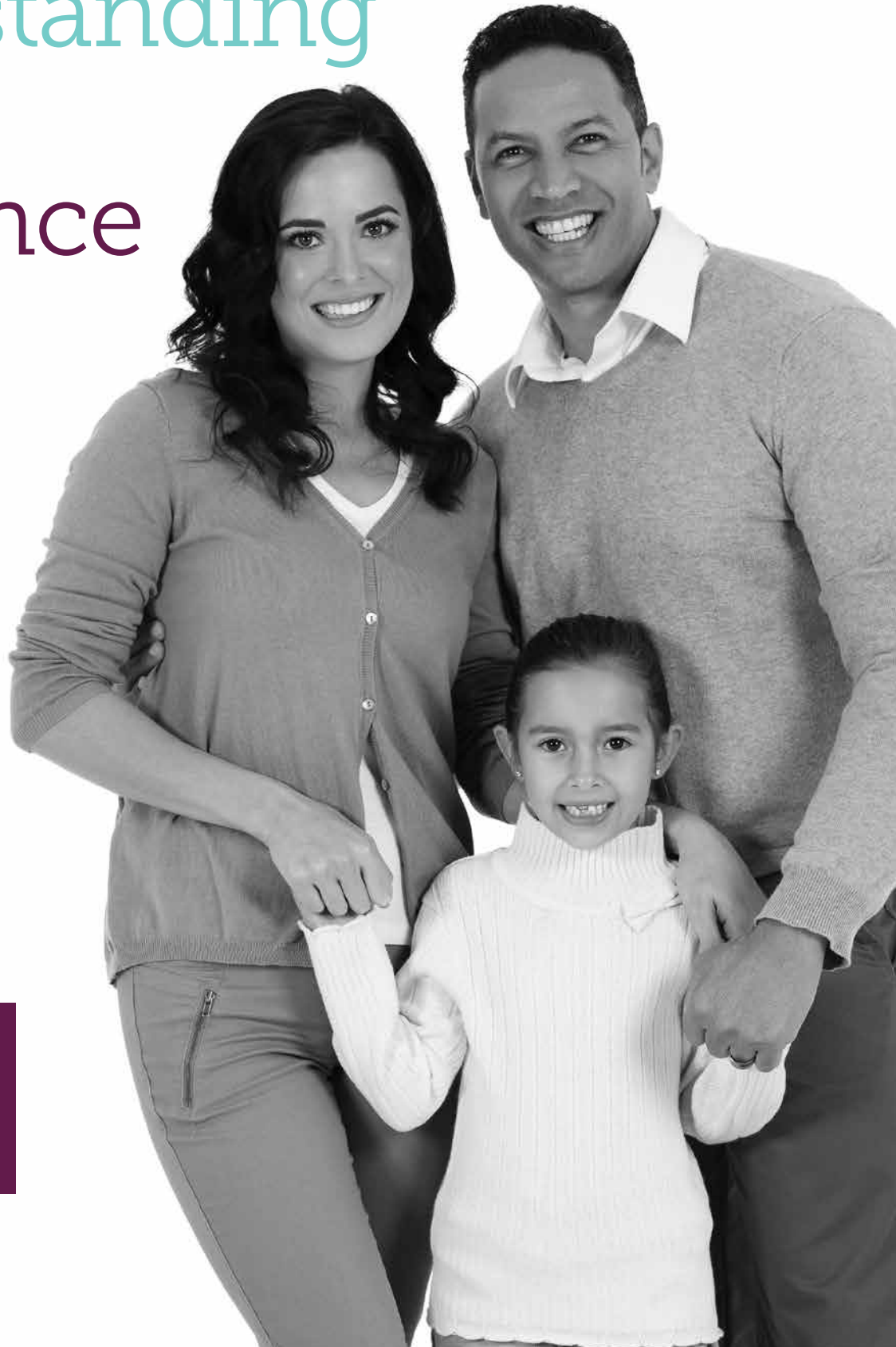


Financial Wellness & Education

Life
Insurance

Understanding life insurance



Foresters 
Financial

For all of life's stages

How much insurance do I need?

The amount of life insurance you need should take into consideration factors such as your current income, your savings, how much debt you have accumulated and your family's future education, retirement and financial needs.

What's the best way to determine how much life insurance you need and put together a plan to meet those needs?

Sit down with your Representative and complete a Survivor Needs Analysis. If you don't have a Representative, call 800 832 7783 for an analysis of your life insurance needs.

People require financial protection at virtually every stage of their lives. As you get older, the amount of protection you may need will change.

Let's look at the important role that life insurance can play at various points in your life.



Young and single. When you're just out of school and starting a career, life insurance may not seem that important. Sal, for instance, has been working for two years at a career he loves. But he eventually plans to marry and raise a family—while still continuing to work. Right now, his only insurance is the group term life insurance his employer provides.

Insurance solution. To prepare for the future, Sal should begin to purchase life insurance since premiums will never be lower. He can protect his future insurability by buying convertible term insurance while he's in good health. When he can afford it, Sal should consider buying permanent insurance which offers cash value accumulation and the ability to take loans. And if Sal dies prematurely, his beneficiaries can use their insurance proceeds to cover his final expenses and settle any debts.*



Just married. In the early years of marriage, your responsibilities will generally begin to mount. Consider Josh and Susan who are in their late 20s and have been married for two years. The couple recently purchased their first home. In addition to their mortgage, both still have student loans and make monthly car payments.

Insurance Solution. Josh and Susan should consider buying enough life insurance on both their lives to replace lost income, pay off their mortgage and to cover debts and final expenses in the event one of them dies prematurely.*

Why life insurance?

For generations, families have relied on the financial security that life insurance provides. Generally free from federal income tax, life insurance proceeds can help fund a child's education or enable families to maintain their standard of living. Here's how life insurance can protect your family.



Growing families. Watching your family grow is a wonderful experience. Take Alex and his wife Callie, who are in their mid-30s and the parents of two children. Another child is on the way. Alex wants to make sure Callie has the financial support she needs in case he isn't around to provide it. He also wants to provide funds to educate his children.

Insurance solution. Alex needs to make sure he has enough life insurance to help cover final expenses, replace lost income and provide a college fund for his children. Extra cash also means Callie might not have to disturb the couple's existing investments. Alex and Callie should also consider purchasing insurance on her life to help cover similar expenses.*



Empty nesters. With your children grown, your financial responsibilities to them may shrink. Karen and Jordan, for example, are in their late 40s. Both have full-time jobs. Their son is grown and out of the house. Now the couple are concentrating on saving for their own retirement, which they plan to spend in the Arizona sunshine.

Insurance Solution. Losing either Karen or Jordan's earnings could significantly harm the survivor's retirement plans. Life insurance on both spouses' lives can help ensure that their retirement plans are not derailed.*



Retirees. Once you are retired, life insurance can be a good way to leave a legacy for your children and grandchildren. Consider Jennifer, a retiree with two children. One graduated from college a few years ago and is beginning his career. Her older son, however, is a special needs child who will always require some care. Jennifer wants to be able to leave money to her younger son and provide lifetime support for his older brother as well.

Insurance Solution. Life insurance is a great way to create an instant estate that Jennifer can use to supplement her existing assets and fund a trust for her oldest son's benefit. Life insurance can help make sure both brothers are provided for when Jennifer is gone.*

Pay final expenses. Insurance proceeds provide beneficiaries with an immediate source of cash they can use to pay medical bills, funeral costs and related expenses.

Mortgage protection. Your loved ones can use insurance to cover mortgage or rent payments, or pay off the entire loan, so they can remain in the family home.

Income replacement. A sudden loss of income can have a harmful impact on surviving family members. Your family can use life insurance proceeds to maintain their standard of living without disturbing their investments.

Estate planning. Federal and state estate tax laws are complex. You should consult a legal, tax or estate planning professional for guidance. For individuals who may owe estate taxes, life insurance can be an effective way to pay the costs of settling your estate.

Charitable giving. Life insurance can help you expand your generosity to your favorite charity such as your house of worship or alumni association while also providing you with a valuable tax benefit.

*The hypothetical example is not intended to represent any specific situation or individual.

What types of life insurance are available?

Life insurance policies generally fall into two broad categories—permanent and term. Permanent life insurance combines the benefits of traditional financial protection with a savings component. Term insurance provides a death benefit for a specified period of time and does not accumulate cash value.

Permanent life insurance is intended to provide protection for the life of the insured. Permanent insurance policy premiums have two components, the insurance cost and the cash value component. Here are two popular types of permanent life insurance:

Whole Life provides traditional life insurance coverage with a cash value accumulation based on guaranteed¹ and current interest rates.

Variable Whole Life insurance is a permanent life insurance policy with an investment component. A variable policy's cash value account is invested in professionally managed subaccounts. The subaccounts in turn invest the premiums in various stock or bond portfolios.

Universal Life is a type of flexible permanent life insurance that allows the insured, after the initial premium payment, to pay premiums at various times and in varying amounts, (subject to certain minimums and maximums) and to increase or decrease the death benefit.

Term life is life insurance in its simplest form. Term life provides pure insurance protection for a specified period of time, usually 10, 20 or 30 years. Term does not accumulate a cash value.



Now is the time

Some people put off buying life insurance even though they understand how important it is for protecting their families. There's no better time to purchase life insurance than today. Since premiums are primarily based on age, the cost of a policy is not likely to ever be less than it is right now. In addition, since applicants must qualify for life insurance based on their health, waiting too long may affect your ability to purchase life insurance at any price, compounding your family's problems in the event of an unexpected loss.

How much does a funeral cost?

Can your family afford to give you a proper burial? The average cost of a funeral in 2015 is between \$7,000 and \$10,000, not including a cemetery plot or grave marker, according to funeral-tips.com. And depending on the type of funeral your family selects, the cost could grow to as much as \$20,000 or more.

¹ All guarantees are subject to the financial strength and claims-paying ability of Foresters Life Insurance and Annuity Company, which makes no guarantees with respect to the investment return or principal value of the underlying subaccounts of its variable products.



Kathy Custead with children Heather and Eric.

Protect your dreams

Most people work hard to realize their dreams, whether it's buying a home or sending their children to college. Your income is the engine that turns those dreams into reality. But what happens if your income stops suddenly due to an untimely death? That's where having life insurance can help.

Many Americans have too little life insurance—or no insurance at all.

Consider these statistics:

95 million U.S. adults report they have no life insurance at all.

Some 40 percent of households with insurance rely only on group life insurance for coverage.

Source: LIMRA, September 2013

A fresh look at insurance proves timely

Kathy and Mark Custead bought life insurance when their daughter Heather was born. But 17 years later, it was all but forgotten. Then they started shopping for a new homeowners insurance policy.

With their daughter ready to start college and their son Eric entering high school, a home mortgage and other debts, the couple's insurance agent also recognized a pressing need to review their life insurance coverage.

Mark, a respiratory therapist and Kathy, a nurse, lived a comfortable middle-class lifestyle. Mark wanted to ignore their agent's recommendation because he didn't think the couple could afford more life insurance. But Kathy knew the issue couldn't be dismissed.

With their agent's help, they completed a life insurance needs analysis, which revealed

that the couple needed to substantially increase their coverage. At Kathy's insistence, they made the purchase.

Not too long later, Mark found himself suffering from stomach pains. The diagnosis was devastating—pancreatic cancer that had already spread to his liver. Despite aggressive treatment, Mark died just five weeks later at age 45.

Kathy used the insurance proceeds to pay funeral and medical expenses, as well as credit card debt and to take some time off from work. She also set aside money to fund her children's education and to generate income to help with mortgage payments and everyday living expenses.

Having life insurance meant Kathy didn't have to make any financial sacrifices when Mark died. "Knowing that life insurance money was there was so important," she said. "It allowed me to take the time to grieve."

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Review your life insurance coverage regularly

Once you put together a life insurance portfolio, it's important to meet with your Representative regularly, at least every two years. This will allow you to update your coverage to accommodate changes that may occur in your life, including events such as a new job, the birth of a child or moving to a new home.

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