

Term vs. Permanent Life Insurance



Life

Sales idea

There are two main types of life insurance on the market today – term and permanent life insurance. Term coverage is one of the most recognizable types of insurance. It provides short-term coverage at an affordable price. It also gives the flexibility of varying policy lengths and provides a death benefit if the insured dies during the coverage period. Although there is definitely a need for term life insurance, increases in life expectancy provide a good chance your clients could outlive their term policy, as the charts below indicate.

Permanent life insurance has many benefits, including a death benefit for when the insured dies, but does tend to be more expensive. Depending on your clients' financial goals, it may be a better option.

The benefits of permanent life insurance

- Permanent life insurance offers death-benefit protection for your client's entire life, no matter when he or she dies, as long as the policy is in effect.¹
- Permanent life insurance offers opportunities for cash value accumulation, which may be utilized for personal or business needs while your client is living.

Client profile

- Ages 35 to 65
- Middle to high income
- Concerned about family's financial needs if death occurs during working years
- Concerned about outliving term insurance coverage
- Looking to enhance financial protection in retirement years

The Probability of Surviving²

Male Preferred Non-Tobacco			
Issue Age	10 Years	15 Years	20 Years
30	99.6%	99.1%	98.3%
35	99.4%	98.8%	97.6%
40	99.2%	98.1%	96.3%
45	98.7%	97.0%	94.1%
50	98.1%	95.3%	90.5%
55	97.0%	92.4%	84.7%
60	95.3%	87.8%	75.6%

Female Preferred Non-Tobacco			
Issue Age	10 Years	15 Years	20 Years
30	99.7%	99.4%	98.8%
35	99.6%	99.1%	98.1%
40	99.4%	98.5%	96.9%
45	99.0%	97.5%	94.9%
50	98.4%	96.2%	92.3%
55	97.8%	94.7%	88.5%
60	96.7%	91.8%	82.0%

Considerations

There are also some considerations of using permanent life insurance such as:

- Cost of insurance charges (COIs) or other charges: Life insurance comes with charges that your client needs to be aware of for planning purposes.
- Loss of premium: Depending on funding, life insurance may not guarantee avoiding loss of premium.
- Maintaining the death benefit: Additional premiums may be necessary to continue the desired death benefit, depending on funding.
- Surrender charges: Withdrawals may be subject to surrender charges and the amount available for policy loans.³

Midland National's permanent life insurance

We offer a wide variety of universal life and indexed universal life products that fit specific sales situations and offer permanent death benefit protection with cash value opportunity.

Here are just a few of our permanent products:

Essential Guaranteed® UL 5 – Offers affordable guaranteed death benefit¹ coverage for any length of time – all the way to age 120 – and a Guaranteed Exchange Privilege.⁴

Universal Life – Death Benefit (UL-DB) – Offers a low-cost structure for low premium to carry and endow, with cash value accumulation.

Indexed Universal Life – Death Benefit (XL-DB4) – Highly competitive low-cost product for death benefit guarantees¹ and offers the opportunity to earn interest linked to the upward movement of a stock market index without the market risk.

Midland National's permanent products can offer your clients the long-term, death-benefit protection they need and cash value accumulation they want.

1. Subject to premium payment requirements.

2. Statistics based on 2001 ANB Select Valuation Basic Tables. Please note that the non-tobacco percentages will be lower for standard classes and higher for preferred plus, and all tobacco percentages will be lower.

3. In some situations loans and withdrawals may be subject to federal taxes. Midland National does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

4. Allows policyowner the right to exchange policy, without evidence of insurability and surrender charges, to one of our cash value accumulation universal life policies available at the time of exchange. The Cash Surrender Value on the new policy may not be greater than the Cash Surrender Value on the policy being exchanged. Not available for policy ages 76 and above or if there is an outstanding policy loan.

Essential Guaranteed® UL 5 (policy form series L146, or state variation), UL-DB (policy form series L137) and XL-DB4 (policy form series L143), are issued by Midland National Life Insurance Company, Administrative Office, One Sammons Plaza Sioux Falls, SD 57193. Products, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.