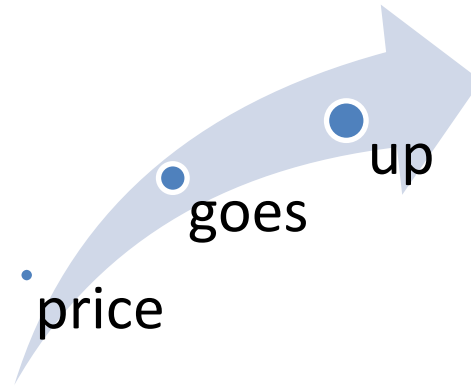


# Term Life Insurance

- 1) Premiums increase at each Term renewal



- 2) Insurance amount remains the same, then expires at age 80



## The Basics:

- Terms range from 5 to 35 years
- premium increases at Term renewal
- Insurance amount does not increase
- Insurance policy expires at age 80
- no cash values or premium refunds

## Details:

- Pure Insurance only, no cash values or return of premiums if policy is cancelled or lapses
- Premiums guaranteed for initial Term period and subsequent renewals. Poor future health has no affect on renewal rates
- Price will increase every Term renewal period such as 5, 10, 15 or 20 years. Length of Term chosen during application
- Policy will expire at age 80 - 85 depending on the insurance company (you may outlive the policy)
- Policy may be converted into permanent Life Insurance such as Universal Life or Whole Life with no medical tests
- Policy may be cancelled at any time with no surrender charges or fees

## Best for:

- All debts, mortgages and short term loans. Excellent for family protection, education funds, funeral costs and final expenses
- Also good for Business needs such as funding Buy Sell Agreements, Key Person protection and Collateral Loans
- Provides highest amount of coverage for lowest initial premium and is typically cancelled when no longer needed.

## Worst for:

- This type of insurance is not suited for lifetime or permanent needs. You may outlive the policy. In the long run it is the most expensive type of insurance.

# Term to age 100 or Universal Life Insurance

## The Basics:

1)



\*with level cost of insurance

- premium can remain level
- Insurance policy does NOT expire
- no built in Cash Surrender Value
- optional investment account

2)

Insurance policy does not expire, pays at death regardless of age

policy does NOT expire

## Details:

- A combination of insurance with an optional savings/investment account - you may deposit additional funds to build equity
- Premium will not increase if structured with Level Cost of Insurance (COI). No automatic Cash Surrender Values or Return of Premiums
- Policy cannot be outlived (except for lapse due to non payment of premium or cancellation)
- Surplus funds in the investment account are added to the Death Benefit at death, or the equity can be used to pay future premiums
- The contract owner has a choice of several investment options inside the policy. Some are guaranteed, some are not

## Concept:

- Investing extra or surplus funds inside the policy over and above the Cost of Insurance (COI) creates equity. This "equity" can be used to pay future premiums so as to short pay a lifetime of coverage in 5 or 10 years, it can be used to draw a tax free income at a future date ([Insured Retirement Plan strategy](#)) or the equity value is paid out tax free in addition to the Death Benefit at death
- \* The above strategies are designed for High Net Worth individuals in personal or Corporate applications. It is essential these plans are set up correctly as there can be substantial surrender fees in the early years, and some investments are not guaranteed which may result in the policy lapsing due to insufficient funds. New or additional premiums may be required to conserve the policy

## Best for:

- This type of coverage is suited for long term or permanent needs and can be an effective Wealth Creation strategy for High Net Worth individuals in both personal and Corporate applications. Good for Estate Planning and Business Succession needs or for clients who only wish to short pay a policy for 5 or 10 years (as an example) for a lifetime of protection

## Worst for:

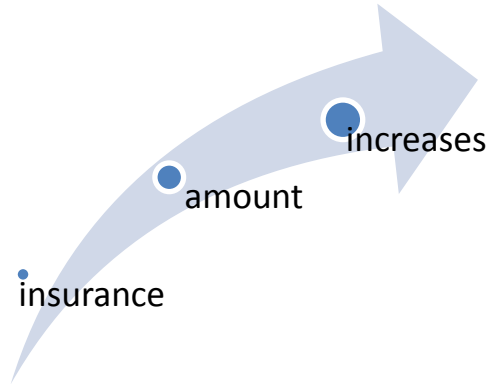
- This type of Insurance is not suited for short term needs and is initially more expensive than Term Insurance. The policy may be cancelled at any time however there may be surrender charges in the early years, which may create a loss in the investment account

# Whole Life Insurance

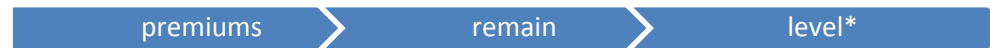
1) policy has cash values



2) insurance amount increases



3) premiums don't increase\*



## The Basics:

- premium can remain level
- insurance coverage lasts for life
- has built in Cash Surrender Values
- insurance amount may increase

## Details:

- An insurance policy with built in cash surrender values (CSV). Policy may also pay Dividends which are NOT guaranteed
- Dividends may be paid in cash, used to purchase more Whole Life (PUA) or purchase additional Term Life Insurance
- \* **Price may remain level if structured properly.** Death Benefit increases over time if Dividends are used to purchase more Whole Life Ins
- Policy cannot be outlived (except for lapse due to non payment of premium or cancellation)
- The policy Owner has no choice or control of the internal investment options other than the allocation of any Dividends received

## Concept:

- These policies have a return of premium option called a Dividend. This can be used to buy more insurance every year which will increase the total death benefit (inflation protection). The Dividends may also be withdrawn in cash, left in an interest bearing account or borrowed against at a future date. The Cash Value or Equity may be used to short pay the policy providing a lifetime of coverage with a limited payment period. Additional deposits may be invested over the basic cost of insurance (COI)

## Best for:

- This type of coverage is suited for long term or permanent needs and can be an effective Wealth Creation strategy for High Net Worth individuals in both personal and Corporate applications. This type of insurance is good for Estate Planning and Business Succession needs. This type of policy is best suited for the creation, protection or enhancement of an Estate. Policy may provide a good rate of return as an investment if held for many years or provide the highest Death Benefit. Dividends are NOT guaranteed

## Worst for:

- This type of Insurance is not suited for short term needs and is initially more expensive than Term Insurance. The policy may be cancelled at any time however there is limited cash value in the early years which may result in an investment loss

# Disclosures

The above information is intended for basic illustration purposes only and does not constitute or infer any type of actual policy, nor does it provide any legal, accounting or tax advice. Such matters should be dealt with the appropriate professionals as required.

All policies must be qualified for medically and financially before premiums, renewal rates or any guarantees can be determined. Poor health may result in increased premiums, exclusions and possibly declines of coverage altogether.

For more information, please call our office to book an appointment.

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