

FIRST BANK WISDOM[®]:

No one ever expects the unexpected.

Let's get prepared.

There are many different types of life insurance, all with a common purpose – to protect your loved ones and your business from bearing a large financial burden in the event of your premature death.

Your needs will change throughout your life, so it's important to understand the basics, and periodically review your coverage to ensure that it's still right for you.

There are two basic types of insurance – temporary insurance, which includes **Term Life** and **Group Life**, and permanent insurance, which includes **Whole Life**, **Universal Life**, and **Variable Universal Life**. If you purchase life insurance, when you die the insurance company will pay a tax-free death benefit to the beneficiary or organization named in the policy. (In the case of temporary insurance, your death must be during the policy term.)



Temporary Insurance

Term Life is one of the simplest, most cost-effective types of life insurance. Generally, it provides the largest immediate amount of protection for the lowest cost.

With Term Life, your beneficiaries are paid the entire amount of your policy (subject to your policy's provisions) if you die during the term, which is typically from 5 to 30 years.

People who purchase Term Life generally have a substantial need for insurance protection during a specific period of time. They may have growing families and need protection now with the option to convert to permanent coverage later.

Group Life insurance is typically offered as an employee benefit. Premiums under group policies are generally lower for younger employees.

In addition to employers, some membership organizations such as unions and alumni clubs also offer Group Life insurance plans.

Permanent Insurance

Whole Life insurance combines the security of lifetime insurance protection with the advantages of tax-deferred cash accumulation.

In addition to providing a death benefit, Whole Life policies also guarantee that premiums will remain level throughout the life of the policy. This allows owners to build the cost of their coverage into their long-term financial plans.

People who purchase Whole Life generally want to ensure that when they die, money will be available to pay final expenses, fund college costs, pay estate taxes, care for an elderly parent, or simply allow loved ones to maintain their lifestyles.

Universal Life insurance combines the security of lifetime insurance protection with the advantages of policy flexibility and tax-deferred cash accumulation.

The difference between Universal Life and other forms of permanent coverage is the flexibility it offers. Within certain limits, policy owners can increase or decrease their death benefit according to their changing needs without having to purchase a new policy. Likewise, owners can increase, decrease, or cease paying premiums altogether provided the policy has sufficient cash value.

Like people who buy Whole Life insurance, people who purchase Universal Life generally want to ensure that money will be available to pay final expenses, help fund college costs, pay estate taxes, care for an elderly parent, or simply allow loved ones to maintain their lifestyle.



Variable Universal Life insurance (also known as "VUL") combines the security of lifetime insurance protection with the advantages of policy flexibility and tax-deferred cash accumulation through investments.

The difference between VUL and other forms of permanent coverage is the flexibility and growth potential it offers. Policy owners determine how the assets within the policy are invested depending upon their tolerance for risk and the amount of time over which they will be investing.

Within certain limits, policy owners can increase or decrease their death benefit depending on their changing needs without having to purchase a new policy. Likewise, owners can increase, decrease, or cease paying premiums altogether, provided the policy has sufficient cash value.

People who purchase VUL generally want to ensure that money will be available to pay final expenses, help fund college costs, pay estate taxes, care for an elderly parent, or simply allow loved ones to maintain their lifestyles.

They also like the idea of controlling how their cash values are invested and are willing to assume some market risk to create a life insurance program that adjusts to economic conditions.

How much do I need?

Life insurance is intended to provide for your family's financial security and can help bring peace of mind. Calculating the right amount of coverage to suit your situation can be difficult – and depends on your personal goals and objectives.

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