



Wheatland Advisors

Three Frequently Asked Questions

About Life Insurance!

#GetLifeInsurance

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Selecting the right life insurance can be overwhelming. You want a policy that covers your situation, and it needs to be affordable too. Fortunately, we can start to narrow down the options by considering three questions our Kansas City life insurance clients frequently ask us.

Question 1: Do I even need life insurance? If so, how much coverage do I need?

Quite simply, if others are financially dependent on you—a spouse, children or older parents—you likely need life insurance. Life insurance can ensure their ongoing needs are met.

Providing direct financial assistance is only one way in which your loved ones depend on you. Consider the replacement cost of any household work you do (e.g., cooking, cleaning, childcare). The right life insurance policy will cover the costs of replacing that labor. Another consideration: debt. If someone else will assume a debt you're responsible for (e.g., mortgage, student loan, car loan, etc.), life insurance can cover it.

Now that you know you're a good candidate for life insurance, how much do you need? Each person's situation is different, so we provide our Kansas City clients with an analysis tool for answering the "How Much Life Insurance Do I Need" question as precisely as possible. Here are some factors we ask our clients to consider:

- The amount of income your family will need and for how long
- The amount of tuition for sending children to college
- The amount of debt you owe

Considering these questions and others is important as you determine how much life insurance is necessary to provide the protections you seek.

Question 2: How much does life insurance cost?

To understand how much life insurance in Kansas City will cost you, let's consider the two variables that impact life insurance rates: risk and the type of policy you choose.

Some of the most important **risk factors** for determining affordable life insurance premiums include your:

- Age
- Gender
- Height/weight
- Medical history
- Family history
- Smoking/tobacco use
- Occupation/hobbies
- Lifestyle factors

The **type of policy** you select impacts the price you pay for life insurance coverage.

The two types of life insurance are **term life insurance and permanent life insurance**. Term life insurance expires after a certain number of years, so premiums are less expensive. Permanent life insurance provides lifelong coverage and accrues cash value over time, so premiums are higher.

The amount of death benefit your beneficiaries receive if you die while you're covered by the life insurance policy is called the **policy amount**. The greater the coverage you buy, the more expensive it will be.

Life insurance **length** is important to consider too. A life insurance policy with a longer term costs more than one that's shorter. Remember, rates increase as you age. Lock in lower rates now if you think you'll need coverage later.

Riders are additions to a life insurance policy that provide custom coverage—but they increase the cost. For example, riders can provide an additional payment for accidental death or disability or provide a portion of your payout early in case of a chronic illness.

Question 3: What type of life insurance should I buy?

Term life insurance may be the best option when you need:

- Life insurance for a specific time period for a specific need. For example, to ensure funds are available to pay for your children's college education, perhaps buy 20-year term life insurance. If you have a long-term debt, consider a term life insurance policy that covers the repayment period.
- A large amount of life insurance, but you have a limited budget. Even if you do start with term life insurance, ask about "convertible" term policies that allow conversions to permanent life insurance later (at a higher premium), without a medical exam.

You should consider **permanent life insurance** if:

- You need life insurance for as long as you live.
- You want to accumulate savings that grows tax-deferred and you can borrow against.

Every situation is unique and should be reviewed to determine what is best for you. Country Club Bank is here to help you ensure that the plan you choose fits your life. Let us assist you to determine what is in your best interest.



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