

Life Insurance Types – One-Page Comparison

Quick guide for clients: what each type does, who it fits, and what to ask before you buy.

Snapshot Table

Type	Core Purpose	Typical Coverage Length	Cash Value?	Premium Style	Underwriting	Common Face Amounts
Term Life	Big protection on a budget (income replacement, debts)	10/15/20/30 years	No	Level during term	Express or Full	\$250k–\$2M+
Whole Life	Lifetime protection + guarantees + potential dividends	Lifetime	Yes (guaranteed)	Level, guaranteed	Express or Full	\$50k–\$5M+
IUL (Indexed UL)	Permanent protection + index-linked growth potential	Lifetime (as funded)	Yes (index-linked crediting)	Flexible within limits	Express or Full	\$100k–\$5M+
Mortgage Protection (Term)	Protect the home / payments for survivors	Matches mortgage years	No	Level during term	Express	\$100k–\$1M+
Final Expense (Whole Life)	Cover funeral/burial costs simply	Lifetime	Yes (small, guaranteed)	Level	Simplified / GI	\$5k–\$30k

Who It's Best For

- **Term:** Families needing maximum coverage per dollar during peak responsibility years.
 - **Whole Life:** Lifetime guarantees, legacy, conservative savers who value predictability.
 - **IUL:** Want permanent coverage with flexible funding and index-linked growth potential (managed properly).
 - **Mortgage Protection:** Homeowners who want the mortgage paid or covered if an earner dies.
 - **Final Expense:** Those wanting to spare family out-of-pocket end-of-life costs; lenient qualifying.
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Pros & Watch-Outs (Plain English)

Term

- **Pros:** Most coverage per \$; simple; convertible (often).
- **Watch-outs:** Expires or gets pricey later; know your **conversion window**.

Whole Life

- **Pros:** Guarantees (premiums, death benefit, cash values); potential **dividends** (not guaranteed).
- **Watch-outs:** Higher premium per \$ of coverage; design choices matter (PUAs, riders).

IUL

- **Pros:** 0% **floor**; **index-linked** upside (capped/participation); flexible funding; tax-advantaged growth.
- **Watch-outs:** **Charges** and **loan interest** matter; **caps/pars/spreads** can change; unmanaged loans or under-funding can cause **lapse**; typically **no stock dividends** credited.

Mortgage Protection (Term)

- **Pros:** Targeted, affordable, easy to explain; keeps **you** as policy owner/beneficiary.
- **Watch-outs:** Avoid lender-owned decreasing plans that pay the **bank**.

Final Expense

- **Pros:** Simple approvals; lifetime coverage; fixed premiums.
- **Watch-outs:** Higher cost per \$; **graded/modified/GI** plans may have a **2-year waiting period** for natural death (ROP + interest or graded %). Accidental death usually day-1 full benefit.

Smart Questions to Ask (Copy/Paste)

- 1) **What job is this policy doing for me?** (income replacement, legacy, mortgage, final costs)
- 2) **Is there a conversion option?** If yes, **until when** and **into what?** (Term)
- 3) **What are the guarantees vs non-guaranteed parts?** (Whole/IUL)
- 4) **What are the cap/participation/spread and can they change?** (IUL)
- 5) **If loans are used, what's the loan rate type and does it auto-switch?** (IUL/UL)
- 6) **Any waiting period or graded benefits?** (Final Expense / GI)
- 7) **Which underwriting path fits me and why?** (Express vs Full)
- 8) **What riders are available and do I actually need them?** (LB, ROP, Waiver, etc.)

Underwriting at a Glance

- **Express/Simplified/Accelerated:** Fast, no exam; digital checks + health Qs; lower–mid face amounts.
 - **Full Underwriting:** Exam/labs/records; slower; access to higher face and best-class rates.
 - **Modified/Graded/GI:** Easier approval when health is a hurdle; expect **early-year limits**.
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Micro-Examples (for context)

- **IUL segment:** Index -12% → **0% credit** (floor) before charges; Index +18% with 10% cap → **10% credit** (before charges).
 - **Final Expense GI:** Non-accidental death in years 1-2 → **premiums + interest** back (or graded %); Accidental → **full face** day-1 (varies by carrier/state).
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Disclosure & Compliance (Read Me):

- Product features, eligibility, charges, caps/participation/spreads, dividend scales, loan provisions, riders, waiting periods, and state availability vary by carrier and may change. Always review the **current contract and illustration**.
- **IUL is not a direct stock market investment.** Index credits are subject to caps/participation/spreads and typically **do not include stock dividends**. A **0% floor** does **not** prevent policy charges from reducing values.
- **Loans/withdrawals** reduce cash value and death benefit; **loans accrue interest**. **Under-funding** or unmanaged loans can cause **lapse** and may trigger **tax consequences**. Consult your **tax advisor**.
- “**No-exam/Express**” still involves underwriting via electronic data sources (Rx/MIB/DMV/records). Approval and amounts are **not guaranteed**.
- **Guaranteed-Issue/Graded/Modified** plans typically include **waiting periods** for **non-accidental** death (commonly **2 years**) with **return-of-premium + interest** or **graded %**; **accidental death** is often covered **day-1**—see contract.
- All policies include standard **contestability** and **suicide** provisions (state-specific).
- This sheet is **educational** and **not individualized advice** or an offer to sell any specific policy. Request and review the full **illustration, prospectus/guide** (if applicable), and **carrier disclosures** before purchasing.