Life Insurance 101

A simple guide to understanding how life insurance works

Learn. Plan. Protect. Build.

What is life insurance?

Life insurance is a contract between a policy owner and an insurance company. In exchange for premiums and subject to the policy terms, the insurer pays a death benefit when the insured person dies. The benefit can help the people or organizations you choose manage financial needs after your death.

Why people use life insurance

- Replace income that a household depends on.
- Pay a mortgage, loans, credit cards, or other debts.
- Help cover final expenses and funeral costs.
- Provide funds for children, education, caregiving, or other family goals.
- Support a business, charity, or legacy goal.

Key people in a policy

Term	What it means
Insured	The person whose life is covered.
Policy owner	The person or entity that controls the policy.
Beneficiary	The person, trust, estate, charity, or other eligible recipient named to receive the death benefit.
Premium	The amount paid to keep coverage in force, according to policy terms.
Death benefit	The amount payable to beneficiaries when the insured dies, subject to the contract.

Two broad types of coverage

Term life insurance is designed to provide coverage for a specified period. Permanent life insurance is designed to remain in force for life if required premiums and policy conditions are met, and some types may build cash value.

Important:
Life insurance is not one-size-fits-all. The amount and type of coverage should reflect your goals, budget, dependents, debts, existing resources, health, and time horizon.

Questions to ask before buying

- Who would be financially affected if I died?
- How much money would they need, and for how long?
- What debts or final expenses would need to be paid?
- What savings, investments, employer coverage, or existing policies are already available?
- How much premium can I reasonably maintain over time?

A good habit: review your coverage

Review your policy after major life events such as marriage, divorce, a new child, buying a home, a major income change, starting or selling a business, retirement, or the death of a beneficiary.

PROTECT · GROW · MOVE WITH PURPOSE · PASS IT FORWARD
QIX 360
Quest for Impact & Xcellence