Factors to Compare Term Vs Whole Life Insurance by Elissa Joyce

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It is often the case with people that they are confused between the two of term and whole life insurance. I maintain that none is superior or inferior. Taking the insurances as these developed historically must be useful for one to decide between term vs whole life insurance.

What These Insurances Exactly Mean?

Term life insurance is the original form of insurance in which you pay premiums at a regular interval of one year (mostly) and depending on the amount of this premium, your nominees get the death benefit in case of your accidental death during the specified term. The terms may vary from one year to as long as 30 years. But no one practically buys insurance for the term of one year, for the obvious reason that no one expects to die in just one year (and in case of any already existing critical medical condition, this insurance cannot be bought). Practically it is the terms of 10, 20, or 30 years that people buy term insurance for.

You donâ€™t get anything at the end of the term, though you go on paying the premium every year till the end of the term. It thus is valuable in order to insure that your liabilities regarding your dependents are met and you donâ€™t default on any mortgage loan etc. you can go for it considering the education of your children and care of your parent or anyone close to you but having no source of income of his/her own. It all depends on who you declare (in writing) your nominee(s). The amount of this benefit is dependent on the amount of the premiums and the length of the term.

Whole life insurance, on the other hand, is not limited to any term. It covers the insured for whole his/her life. You can assure by buying one such insurance policy that you leave after you some amount against what you keep paying every year of your life as premiums. The death benefit (the words may feel odd as benefit is attached with death, but it is the term used in insurance sector) is high with whole life insurance, but so are the premiums as well. It is the expense factor that people mostly go for term life insurance.

The Considerations Ahead

People often think their premiums go for nothing with the term insurance policies, but they are essentially wrong. It is a great source of mental peace for decades of the term. Though people go on buying insurance policies, the insurance companies have been coming up with new offers. More offers come with whole life insurance, though. There are options of making changes in certain whole life insurance policies after once you have bought it. You can make changes in its premiums and nominees etc. Moreover there are plans that offer you withdrawal of your accumulated cash amount during your life time. In this case you lose only the share of it, already paid as dividends to the stake holders, but you get a certain interest on your accumulated amount.

A Few Tips

One approach is to have term life insurance in your early years of life, when you may find it more affordable. It should be a long term policy so as to fetch a good amount to your dependents in case of your accidental death. Then at a mature age you may go for a whole life insurance policy.

By the age of, say, retirement from job, people have enough money amassed with them. So they can easily manage for the premiums and they can live taking their responsibilities with their savings of long years and retirement benefits. The premiums of whole life insurance will further assure you

that you leave a pretty cool amount for your dependents after you.

So taking these considerations decide which one suits you. For real comparison between the two, you can easily look for free quotes on internet. You can look for one American general life insurance company and ask for the quotes for various plans. Before finalizing the deal, please do visit and get quotes from multiple companies to have a competitive benefit. As it is a long term investment, take your time exploring various options.

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What you come across first while comparing a term vs whole life insurance is that the latter is expensive as compared to the former. But the whole life insurance policies are now available with many flexible options like a American general life insurance company making them even more lucrative.

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