How to Choose the Right Life Insurance for You by James Garfinkel

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If you think you need an economics degree to understand life insurance youâ€™re not alone. Companies are coming out with more and more complex products and what was once a relatively simple purchase is now complex. How do you choose the right life insurance?

First, letâ€™s go over a few basics. Life insurance is like ice cream. It comes in a variety of flavors. But itâ€™s still ice cream. Regardless of the form of life insurance, it is basically a contract between the owner of the policy and the insurance company, whereby the insurance company will make a payment of some amount upon the death of the insured. Life insurance has a variety of characteristics. Most importantly, the proceeds of a life insurance policy are generally tax-free to the beneficiary or beneficiaries â€“ often a spouse, child, business partner or charity. Secondly, the payment is an amount certain at a time certain. The amount is the amount of coverage in force when the insured dies and the timing is immediately upon presentation of a death certificate. This provides certainty during a time of loss, unlike other investments such as real estate, precious metals, stocks or bonds.

When selecting a life insurance company, you should consider their financial strength rating and history. When considering the right life insurance product, you should consider whether you have a short-term need for coverage or limited funds, when term life insurance may be the appropriate choice. Or if you are seeking permanent coverage with tax-advantaged savings and growth features, you may consider whole life insurance or universal life insurance. A popular product in the marketplace today is indexed universal life insurance, which has growth linked to the performance of an index, such as the S&P 500 index (representing 500 large-capitalization growth companies traded on U.S. markets).

Another popular product gaining momentum with financially savvy parents and grandparents is juvenile or child life insurance. Although a child does not have an insurance â€œneedâ€• in the classic sense, a parent or grandparent is able to take advantage of the low cost of juvenile life insurance for a healthy child and look forward to decades of tax-advantaged growth accessible to the policy owner and eventually the child can receive a fully paid policy when he or she has an insurance need of his or her own.

Regardless of what product you select you should speak to an experienced insurance advisor and understand your options.

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James Garfinkel, founder and CEO of New Amsterdam Life Insurance Foundation. Find out more about a Child Life Insurance and a juvenile life insurance and child life insurance quotes at http://newamsterdamlife.com.

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