Term Life Insurance Calculator

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Calculations are made on the following;

a. Amount needed for payment of any debt such as credit cards and mortgage, cars and loans.

b. The funeral costs

c. The amount needed for schooling and college education

d. Emergency funds

e. Average monthly living, include an inflation amount, together with mortgage and utility bills

f. Spouses expected monthly income after taxes have been deducted

g. Income from social security

h. The value of current assets

i. Your spouses age

There are different types of insurance policies that you can take out.

Types of Life Insurance Policies;

Term Insurance

Term life insurance regarded as pure insurance protection, as it does not build any cash value, which is a contrast to a permanent whole life policy, universal or variable universal life. Furthermore, term life insurance cover is only for a limited period. When the period stipulated is ended, the policy can either be dropped, or, should you wish the policy to continue, premiums can be paid on an annual basis to continue cover on the policy. However, if the insured dies during the term, death benefits payments then are paid to the beneficiary.

Among the various types of life insurance policies, term insurance is considered as being a substantial death benefit with the coverage amount working on a premium dollar basis. Like other similar types of policies, it pays claims against the amount insured, as long as the premiums are up to date and the contract has not expired.

Whole Life

A whole life policy is a combination of a permanent protection and a savings section, with the locking in of coverage at a level premium rate as long as the premiums are paid. This premium then accrues to a cash value. When the policy has gained substantial value, 90% of the cash value of the policy is available for borrowing, tax-free.

The drawback of this type of policy is that the return of investment may not be as competitive as it is with alternative policies. Over time though, premiums are higher than term insurance in short-term, overall, cumulative premiums are about the same as long as they are kept in force for an average

life expectancy.

Access through policy loans, means that cash is available any time, but beneficiaries are not paid cash values when the insured person dies, only the death benefit is paid. However, if the dividend option of paid up additions is included to the policy, the death benefit will increase substantially, the amount that is paid out to the beneficiary.

Universal Life

With a universal life type of policy, there is a similarity to the whole life, but the savings section has a potentially higher savings attached to it and is also highly flexible with regard to premiums and face value. The premiums may be increased, decreased or deferred, and the cash value of the policy is able to be withdrawn or undergo a face change option.

In a way, universal life policies guarantee the death payout but not the cash function. If interest rates are high, then the dividends are able to help reduce premiums, however, if interest rate is low, the client is liable for extra premium paying, in order not to default on the policy but to keep it in force.

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