

Personal Insurance

A Thumbnail View & Best Uses



Understanding the fundamental concepts of Personal Insurance can be daunting, this article provides a synopsis view of the types of insurance and important strategies for the best uses of them.

Life Insurance pays a TAX-FREE financial benefit to YOUR ESTATE or BENEFICIARIES.

There are numerous types of life insurance, such as term, whole life and universal life; Estate Preservation to assist with final taxes, Estate Preservation to make charitable donation to offset taxes owed by state, Income and Capital preservation for your surviving dependents, Capital to pay off any outstanding liabilities (mortgage, loans, business liabilities) and Estate Legacy where early gifting our use of funds would deplete assets for next generation or grandchildren.

Estate Tax Bill and Insurance: In many cases, even at ages over 65, it remains cost-effective to have a Life Insurance Program issue tax-free proceeds to cover final taxes rather than deplete accumulated estate assets to pay final taxes.

Long Term Care pays a TAX-FREE income benefit to YOU in the event you are unable to complete two of five daily living functions: (Eating, Bathing, Transferring, Continence, Toileting.) resulting from sickness or accident. It pays an income for life, if the lifetime coverage was purchased, or pays income until the benefit is depleted. Additional Tax-free Income where existing assets would deplete significantly should ONE spouse require long term care. Additional Tax-free Income where existing assets are to remain in place for surviving dependents.

Critical Illness pays a TAX-FREE, LUMPSUM, one-time benefit to YOU in the event you are diagnosed with a major illness. The illnesses covered vary by insurance company. Read the very fine print for exact coverage.

Major illnesses: Alzheimers, Heart Attack, Cancer, Stroke, Coma, Blindness, Loss of Limbs, Loss of Speech, Loss of Major Organ and Paralysis. Additional Tax-free Capital to provide for care treatments and environment, in the event that existing assets would deplete significantly, should ONE spouse require care. Additional Tax-free Capital to provide for care treatments and environment, in the event that existing assets are to remain in place for surviving dependents.

As with Long Term Care, the age restriction on obtaining these programs is contracting. I am now seeing cases whereby this option may no longer be offered to those over 60. Disability Insurance usually pays a TAX-FREE income benefit to YOU if you are unable to work at your own or any occupation. The income terminates at age 65.

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