

## TERM LIFE INSURANCE

# An Antidote for Tough Times

In this weak economy, term insurance is showing its real value: the highest death benefit for the dollar.

The American market for term life insurance is bigger and broader than ever. This is due to several factors, primarily related to the still-soft economy in America and a trend toward working beyond traditional retirement ages. Term has always been a great protection solution for young families, but a tough economy expands the universe of potential term buyers. Savvy agents and advisors can provide their clients with an abundance of reasons to give term life a close look, right now.

### The business case for term

First, during tough financial times such as those we have been experiencing, term life shows its real value: the highest death benefit for the dollar. Depending on the length of the term, premiums are usually more affordable than those for permanent life policies. Further, an affordable term policy can provide a safety net to cover potential expenses until sufficient funds are available from savings to protect those whom the insurance coverage was intended to protect.

For example, a younger client might gain peace of mind from a policy whose term expires near his retirement age, based on the assumption that by the time he retires, there will be enough funds in retirement savings to protect his loved ones. Conversely, for clients who may have planned to retire soon and rely solely on their personal savings—only to watch those savings take a major hit—term life can ensure that their family's standard of living will be preserved in the event death occurs before the retirement fund recovers its value.

The fact remains that many people are working beyond traditional retirement ages and have a spouse relying on that income. Some may have increased financial obligations, such as taking care

of elderly parents. With life expectancy rates at an all-time high, people are living longer; consequently, the cost of providing for their care is rising.

At the same time, nest eggs have eroded and continue to experience volatility. With declines in the stock market since 2008, Americans have averaged more than a one-fourth loss of their 401(k) retirement savings, according to a recent article in *The Washington Post*. Compounding the trauma, some workers are further depleting their savings by taking hardship withdrawals from their retirement accounts to pay for current financial needs. At the same time, their home values are dropping, the cost of living is rising and wages are languishing.

Many of these Americans hope to recoup their losses before retirement. But if they die prematurely, their families will have less money with which to preserve their standard of living. Term life can help bridge the gap and at palatable rates, even for coverage that is obtained later in life.

A decade ago, it wasn't easy to find a quality term life product beyond age 55. But it is now becoming more available. In today's market, with more companies underwriting term life, people in their 50s, 60s and even 70s can still find quality coverage. Furthermore, premiums have generally continued to decline, while options (such as term lengths) have, in some cases, increased. Analysts have predicted for years that term rates are bottoming out, but with more insurers competing, rates remain affordable.

Term life coverage isn't just for aging Baby Boomers, of course. Younger people benefit from it, too. Obtaining some personally owned life insurance early in a career gives clients coverage that is portable and is not lost if they are laid off, change jobs or start their own businesses.



**An affordable term policy offers a safety net to cover potential expenses until sufficient funds are available.**

In spite of our best efforts to educate clients about the importance of maintaining their own life insurance and other financial products, many people rely on employer-sponsored coverage as an important part of their financial portfolio. Now is a perfect time to remind clients that it can be very beneficial to lock in some personal coverage at low rates while young and healthy—protection that will remain in place until retirement, at least.

### A product for all seasons

While we've looked at the role of term in a weak economy, it is also important to remember that in a recovering economic market, term life remains a solid financial instrument. Our clients work hard to create a safe, secure life for themselves and their families. For many, term life is an important, flexible and affordable part of that security. □

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