Walker Agency
LIFE · MORTGAGE · LEGACY

FREE GUIDE

# Term vs. Permanent Life Insurance: *How to Choose*

A plain-English guide to the two main kinds of life insurance, what each one is built for, and a simple checklist to see which fits your family.

THE SHORT VERSION

**Term** life insurance covers you for a set number of years (often 10 to 30) and usually gives you the most coverage for the lowest price. **Permanent** life insurance is designed to last your whole life and builds cash value, but costs more for the same amount of coverage. Neither is "better." The right fit depends on what you're protecting and for how long.

OPTION 1

## Term life

Think of it like renting protection for the years your family needs it most.

- Coverage for a set period, such as 10, 20 or 30 years
- Simple: if you pass away during the term, your beneficiaries receive the death benefit
- No cash value. When the term ends, coverage ends unless you renew or convert
- Many policies let you convert to permanent coverage later, within a set window

OPTION 2

## Permanent life

Think of it like owning protection that's designed to stay with you for life.

- Types include whole life, universal life and indexed universal life (IUL)
- Designed to last your lifetime, as long as the policy is funded as planned
- Builds cash value that generally grows tax-deferred (growth is slow in early years)
- Cash value can be borrowed against; unpaid loans reduce the death benefit

## Side by side

| | Term life | Permanent life |
|---|---|---|
| **How long it lasts** | A set number of years | Designed for your whole life |
| **Cost for the same coverage** | Lower | Higher |
| **Cash value** | None | Builds over time |
| **Often used for** | Mortgage, income replacement, kids at home, debts | Final expenses, legacy, estate planning, long-term savings goals |
| **Things to watch** | Coverage ends when the term does; buying new coverage later usually costs more as you age | Needs consistent funding; fees and surrender charges apply in early years; loans reduce the benefit |

1 + 1

**Many families use both.** A common approach is term for the big, temporary needs (the mortgage and the years kids are at home) plus a smaller permanent policy for the needs that never go away, like final expenses or leaving something behind. Your mix depends on your budget and goals.

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For educational purposes only. This guide is not financial, tax or legal advice and is not a quote or offer of coverage. Coverage is subject to underwriting and insurer approval. Policy features, riders, costs and availability vary by product and state.

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YOUR NEEDS CHECKLIST

# Which way do *you* lean?

Check every statement that sounds like you. Whichever column has more checks is a good place to start the conversation.

### LEANS TERM

- ☐ I have a mortgage or big debts I'd want paid off
- ☐ My family depends on my paycheck right now
- ☐ I have kids at home or plan to
- ☐ I want the most coverage my budget allows
- ☐ My biggest needs will shrink in 10 to 30 years
- ☐ I'd rather keep things simple

### LEANS PERMANENT

- ☐ I want coverage that won't run out at a certain age
- ☐ I want my final expenses handled, whenever that is
- ☐ I'd like to leave money to family or a cause I care about
- ☐ I've maxed out, or want to add to, other long-term savings
- ☐ I like the idea of cash value I can access later
- ☐ I can commit to steady premiums for many years

## Rough math: how much coverage?

A simple starting point many agents use is the "DIME" method. Fill in your own numbers.

| | | |
|---|---|---|
| **D · Debts** | Credit cards, car loans, other debts (not the mortgage) | $ _____ |
| **I · Income** | Your yearly income × the years your family would need it | $ _____ |
| **M · Mortgage** | What's left on your home loan | $ _____ |
| **E · Education** | Future school costs for your kids | $ _____ |
| **Total need** | **Minus existing coverage and savings you'd use** | **$ _____** |

Want help with the math? Try the free Family Needs Analysis at walkeragency.life/needs

## Good questions to ask before you buy

1. How long do I actually need coverage to last?
2. Can my term policy be converted later, and until when?
3. What happens if I miss a payment or need to lower it?
4. Are there living benefits if I get seriously ill?
5. For permanent coverage: what fees apply, and what are the surrender charges?
6. Does this fit my budget comfortably, even in a tight month?

## Get a second set of eyes. *Free.*

Book a Free Coverage Review with Brian Walker, a licensed independent agent. It's a 30-minute, no-pressure Zoom call to look at your goals and compare options from multiple insurance companies. No obligation.

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