

# The Importance of Life Insurance

A life insurance policy is an important financial tool to help you protect your family and loved ones. It is especially important to purchase a life insurance policy when you reach key milestones in your life or when someone else becomes dependent on you (e.g. marriage, birth of a child, etc.).

In the unfortunate event of your death, life insurance can protect your loved ones from financial unknowns and give them some peace of mind during a very difficult time. There are also life insurance policies you can use to diversify your investment portfolio where you can receive cash benefits while you are alive.

## Protecting your Beneficiaries

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A 'beneficiary' is the person(s) who you choose to be the recipient of funds from your life insurance policy. At the time of your death, your beneficiaries will receive a flat sum based on the amount allowed by your policy. You may choose whomever you want as your beneficiary, regardless of their relationship to you.

**Life insurance protects your beneficiaries by:**

- Helping them to maintain their standard of living if they relied on you for financial support
- Helping them pay costs associated with your death (i.e. funeral and burial costs, death taxes, etc.)
- Helping to pay off debts and immediate expenses, such as a mortgage
- Providing an inheritance to a child or minor to set them up for their future

## Types of Life Insurance Policies

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There are many different types of life insurance plans to choose from. Some of the options include:

### **Level Premium Term Life**

Provides life insurance protection for a specified period of time (i.e. five, 10, 15, 20, or 30 years), during which the policy's annual premium remains the same. The beneficiary will only receive the allotted benefits if the policyholder dies while the policy is valid.

### **Whole Life**

Unlike term life policies, this type of policy is designed to stay in effect throughout the policyholder's lifetime. Premiums typically remain level for the duration of the policy. A portion of each premium payment is set aside to earn interest. The amount earned can be accessed during the policyholder's lifetime.

## Universal Life

These policies are very similar to whole life policies. The major difference is that the policyholder is given a degree of flexibility to modify the policy amount and/or premium based on changing needs. These policies can also provide cash value which can be accessed during the policyholder's lifetime.

## Choosing the Right Policy for You

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The type of life insurance policy that you should choose depends on your financial goals and circumstances. For example, foreign nationals purchasing life insurance in the US face different challenges than US citizens. An experienced insurance representative can help you decide which policy type is right for you.

UNFCU members within the US can purchase a life insurance policy through Industrial Coverage (ICC)<sup>1</sup>, an independent insurance broker that is a wholly owned subsidiary of UNFCU. ICC partners with some of the top insurance companies in the US, allowing it to conduct the necessary price and coverage comparisons to identify the life insurance policy options that best align with your needs.

### An ICC representative will:

- Perform a 'needs analysis' that will help determine the amount of life insurance you would need to accomplish your financial goals
- Discuss the best type of life insurance policy for your situation
- Determine which insurance company best meets your needs

**When you meet with an insurance representative, here are questions you should ask to make sure you are choosing the right policy:**

- Does the cost of the policy change over time?
- How long will the policy last? Does it expire at a certain age?
- Does the policy travel with the policyholder if the policyholder moves to another country?

**To speak with an ICC representative about a life insurance policy:**

**Call:** +1 631-736-7500

**Online:** Complete and submit the online form at: [www.industrialcoverage.com/contact](http://www.industrialcoverage.com/contact)

1. All insurance products offered through UNFCU Financial Services, LLC (UNFCU FS), doing business as Industrial Coverage (ICC), a licensed insurance agency in all US states including New York where its primary office is located. All insurance products obtained from licensed, third party insurance carriers.

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