

ROLE OF LIFE INSURANCE

Financial Position

Investing

Estate Planning

Managing Risk

Retirement Planning

Taxes

Until you are financially independent, you need to protect those you love from the loss of your income. Your employer provides eligible employees with a Basic Group Term Life insurance policy of \$50,000. You may also apply for Supplemental Group Term Life for you and your family.

Planning for your future with retirement plans, 401(k) savings plans, and investments are all important. But do you have life insurance to protect your family financially if you die?

What is Life Insurance

Life insurance provides financial protection in the event of your death – ensuring that your family continues to have some financial security even when you are gone.

Term versus Permanent Insurance

There are two basic types of life insurance.

Term life insurance is pure insurance. It provides a death benefit for a specified term. At the end of the term, the death benefit goes away.

Generally you can renew term insurance at the end of the term for a higher premium. Initially, the term premium is lower than with permanent insurance because all you pay is the cost of the insurance.

Term insurance generally meets the needs of most people.

Permanent life insurance provides ongoing financial protection for your entire lifetime and may provide an additional investment component. As long as you pay your level premiums, your policy should stay in force. So you can maintain some protection for your family throughout your life and beyond.

Initially, permanent life insurance can cost significantly more than term life insurance because of the cash value component. The permanent insurance premium is more than the cost of the

death benefit. So the excess premium becomes the accumulated value of the policy. As you can see in the illustration, the excess premium paid, or the accumulated value, in the early years helps pay the higher cost of the death benefit in the later years.

However life insurance should not be bought as an investment, but bought as protection. If you get a cash value, this is a bonus.

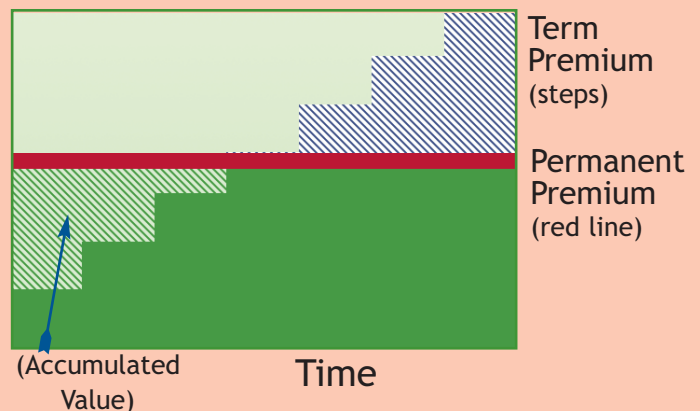
If you think you may have a life insurance need beyond retirement, you may consider permanent insurance.

Group versus Individual Insurance

Deseret Mutual's Basic Group Term Life and Supplemental Group Term Life are group policies, just as their names indicate. They are tied to your employment.

Individual life insurance policies are not tied to your employment and cover you whether you are employed or not.

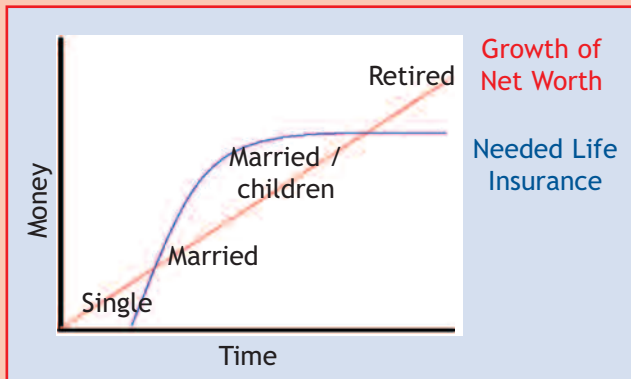
You may want or need more protection than the group protection provided by your employer, or you may want protection that is portable from job to job.



Need for Life Insurance

Your need for life insurance is influenced by your stage of life and your need for protecting your income. When you are single, you may not need life insurance. Then as you take on more responsibility, your need for life insurance grows. And later in life as your responsibilities diminish and your net worth increases, your need for life insurance decreases.

Consider your stages of life and need for insurance.



Single Because you don't have any economic dependents, no one will miss your income if you die. If you anticipate marriage and children, you may consider life insurance because at a younger and often healthier age, your rates will be more affordable.

Married Some life insurance is recommended at this stage since in the event of your death, the benefit could pay for mortgage/rent payments, credit card debts, funeral costs, and provide transition income for your surviving spouse.

Married with Children Life insurance is critical when you have children because your family would be greatly affected by the loss of your income. Life insurance could pay off the mortgage, replace income allowing a non-working spouse to spend time with the children, as well as fund future expenses such as college funds or wedding expenses.

Retired Your children no longer rely on your income and you are likely living off of your retirement funds. While you may not need as much life insurance for this stage as compared to earlier in

your life, you may still want to consider life insurance to cover funeral expenses and debts, as well as to supplement your surviving spouse's retirement money.

Terms and Definitions

Cash Value

The money available if you cancel a permanent insurance policy before it becomes payable at death or maturity.

Death Benefit

The amount stated on the face of the policy that will be paid to your beneficiary if you die.

Checklist

- Decide how much life insurance you and your family members need at your stage in life.
- Determine if you need or want term and/or permanent insurance.
- Consider the benefits of Deseret Mutual's Supplemental Group Term Life insurance, which is subject to your employment.
You can apply for coverage up to six times your annual income. And you can apply for up to \$200,000 for your spouse and up to \$10,000 for your children. You will need to prove insurability by meeting medical requirements.
- Go to Deseret Mutual's Web site or contact Deseret Mutual's membership team for information and to get a Supplemental Group Term Life insurance application.
- If you need more than the Supplemental Group Term Life insurance, consider getting an individual life insurance policy that is portable, in other words not tied to your employment

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