



Understanding Life Insurance


Protective
Life Insurance Company
Protect Tomorrow. Embrace Today.™



Protect Tomorrow.
Embrace Today.™

Life Insurance Is About Protection







It helps provide security for your loved ones when they need it most. Protecting your family members with life insurance can help ensure that they do not face the added burden of financial pressures, should the unexpected happen. But a life insurance policy can do more than just pay a death benefit. Many policies offer features and options that can also protect you while you're living.

Life insurance is a valuable planning tool that can easily be a part of an overall financial strategy or stand alone as a single source of protection. Properly planning for your life insurance needs can help you embrace today by protecting tomorrow.

What Life Insurance Can Do for You

Life insurance can help provide financial protection for your beneficiaries for both personal and business purposes.

Payment of a benefit in the event of your death may help meet many long-term protection needs.

| LONG-TERM PROTECTION NEEDS | | |
|---|--|--|
|  | Family income replacement | Life insurance benefits may enable your survivors to maintain their present lifestyle and standard of living, despite the loss of your earnings. |
|  | Mortgage protection | Continuing to make mortgage payments may be a burden to your loved ones. Death benefits may be used to pay off outstanding mortgage balances, enabling your family members to continue living in their current home. |
|  | Children's education | Funding college education today can be very difficult. A properly structured life insurance policy may provide a benefit that ensures that college is financially feasible even in the event of your death. |
|  | Retirement income for your surviving spouse | Without your income, saving for retirement may be challenging for your spouse. Insurance benefits may eliminate or close that gap. |
|  | Business protection and continuation | A "buy/sell" agreement, funded with life insurance proceeds, can be a powerful tool to help ensure business continuity. |
|  | Estate planning | Death benefits can provide funds for estate taxes and other liabilities upon your death, and may help your survivors avoid the sale of a home or business in order to meet those obligations. |

Types of Life Insurance

There are two basic types of life insurance.

Term Life

This type of life insurance is generally a less expensive choice designed to provide pure death benefit protection for a specific period of time.

Permanent Life

This type of life insurance can last a lifetime and may provide additional value beyond the security and assurance of death benefit protection.



Understanding Term Life Insurance

TERM LIFE INSURANCE FOR A
SPECIFIC PERIOD OF TIME

10-30 Years

Term life insurance can provide protection for a specific period of time, usually between 10 and 30 years, as long as your premiums are paid. Term insurance is often used when you know that your need for coverage will disappear at some point in the future.

Temporary

NEED FOR COVERAGE

Term policies are usually less expensive than permanent life insurance and allow you to purchase only the amount of death benefit coverage that you need.

USUALLY

Less Expensive

THAN PERMANENT LIFE INSURANCE

Keep in mind that with term insurance, there is no cash value for you to access. Also, renewal premiums can be very expensive if you need to extend coverage beyond your initial term.

| TYPE OF INSURANCE | PROS | CONS |
|--|--|---|
| <p>Term Life Provides a pure death benefit protection for a specific period of time and is generally a less expensive life insurance choice</p> | <ul style="list-style-type: none"> • Typically the most inexpensive type of life insurance coverage • Allows you to purchase only as much coverage as you need | <ul style="list-style-type: none"> • Renewal premiums can be very expensive if you need to extend coverage beyond your term • If you want to extend coverage or convert to a new policy, you may have to go through the medical underwriting process again • No cash value for you to access |

Four Reasons You Might Want to Consider Term Life Insurance

- 1 You have a limited budget for policy premiums
- 2 You have a family with young children
- 3 You have short-term insurance needs
- 4 You want to supplement an existing life insurance policy

Understanding Permanent Life Insurance

Permanent life insurance can provide lifelong protection and offers flexibility and other advantages not included with term insurance.

| TYPE OF INSURANCE | PROS | CONS |
|---|---|--|
| <p>Whole Life A straightforward policy offering a level premium with both a death benefit and cash-value component</p> | <ul style="list-style-type: none"> • Lifetime death benefit coverage • Fixed interest rate • Cash-value growth and access | <ul style="list-style-type: none"> • Typically the most expensive type of policy • Premiums and face amount are not adjustable |
| <p>Universal Life Offers more flexibility, including the death benefit amount, premium payment amounts and optional features which can help tailor the policy to fit your exact needs</p> | <ul style="list-style-type: none"> • Lifetime death benefit coverage • Offers the most flexibility • Fixed interest rate • Most policies offer cash-value growth and access | <ul style="list-style-type: none"> • May be more expensive than term insurance • Many options and features can be confusing • Interest rate might not be as high as other investments |
| <p>Variable Universal Life Similar to universal life insurance, but premium payments can be allocated among variable investment sub-accounts to offer the potential for even greater cash-value accumulation</p> | <ul style="list-style-type: none"> • Lifetime death benefit coverage • Flexible premiums • Cash-value growth and access • You get to choose where your cash value is invested | <ul style="list-style-type: none"> • Investment expenses could be higher than they would be elsewhere • Your policy is at risk if your investments lose money • You may have to pay higher premiums to keep policy in force |
| <p>Indexed Universal Life Offers potential cash-value accumulation based on positive changes in one or more stock market indexes, but unlike variable universal life insurance, your earnings are typically protected from downside risk</p> | <ul style="list-style-type: none"> • Lifetime death benefit coverage • Flexible premiums • Cash-value growth and access • Downside market protection | <ul style="list-style-type: none"> • Policy fees and expenses might be higher than other policies • Earning potential is lower than variable universal life because most policies are subject to cap rates |

Four Reasons You Might Want to Consider Permanent Life Insurance

- 1 You want your life insurance coverage to last a lifetime

- 2 You want both life insurance protection and tax-advantaged accumulation of cash value

- 3 You might need to access your policy's cash value through loans or withdrawals to meet estate planning, wealth transfer or retirement planning needs

- 4 You have advanced planning needs like business continuation or key person protection

Life Is Complicated. Protecting It Shouldn't Be.

You have individual needs that require individual solutions. Life insurance is a valuable financial tool that can be tailored to meet your specific needs.

Work with an insurance professional who can help you develop a strategy and decide which type of life insurance policy can best meet your needs both today and in the years to come.

Please remember, this brochure is simply a general overview of life insurance basics. Every company's products are different and many products offer various features and options that act like hybrids or combinations of the products we've outlined in this guide. It's important to talk with your insurance professional to help you find the type of policy with features and options that best suit your specific requirements.



Protect Tomorrow.
Embrace Today.™



www.protective.com

| | | | |
|-----------------------------------|--|----------------|--|
| Not a Deposit | Not Insured By Any Federal Government Agency | | |
| No Bank or Credit Union Guarantee | Not FDIC/NCUA Insured | May Lose Value | |