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"Special Report"

The Seven Deadly Sins of Term Life Insurance

By Tom Baecker
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Don't Be Put in This Position...

Imagine you've just been told that you have cancer and that you have 2 years to live. Now thoughts are racing through your head. You call your agent to check out your Term Life Policy. It turns out your 10 year term plan ends in 6 months. When you ask how much it'll cost to renew for the next 10 years, you are told that because of the cancer, they won't be able to write your insurance anymore. Then you call around and find that no one will sell you insurance at any price. I don't know about you, but if I was just told all of this, I would be boiling mad. How could a Billion Dollar Insurance Company be so heartless and throw my family and me out in the Financial Dumpster?

Now what? I have 2 kids, a wife, a mortgage and all the bills that go along with raising a family and I've just been told by a billion dollar Insurance Company that I can't provide for my family, just when I need it the most. What do I do now?

Well unfortunately there's not a whole lot that you can do except hope you win the lottery or have a wealthy family member give you a bunch of money in a hurry. Why am I telling you this? Well, I just recently received a call from a frantic caller looking to get some term life insurance in this exact situation. After receiving this terrible call, I vowed that I would never allow this to happen to any of my clients. Not if I could help it.

So What Is The Right Kind Of Life Insurance To Get?

Well that does depend a lot on your situation. How much coverage you need and for how long you need the coverage. It also depends on what you're buying the coverage for. Is it for a Mortgage on a home loan or on a Car Loan or for your children's Educational Funds protection? It's very important to tailor your term life needs to your situation. A qualified Financial Specialist

needs to make sure that you have the correct term life insurance. There are many different flavors of term insurance out there in the market today.

Following are the **7 Deadly Sins of Term Life Insurance** and why they're so vitally important to your financial health and how to avoid falling into the different Term Life Insurance Traps.

The 7 Deadly Term Life Sins to Avoid

1. No Or Limited Time To Convert To Other Policy Types

Term Life Insurance generally offers an exchange or what's called a conversion option to another life insurance policy type. For example if you want to exchange your 10 year term plan for a whole life plan with the company that you bought the term life plan from, you can without having to prove evidence of good health. This is something to watch out for when applying for term life insurance coverage. Many Insurance Companies that offer Mortgage protection through the mortgage company offer no exchange option at all, not a good option for folks that refinance. For Term life plans purchased through an insurance company, whether it is through an agent, the internet or some 1-800 #, there generally is an option for conversion. However, not all conversion options are created equal. For example, let's say that you obtain a 10-year term policy. Some companies will allow you to convert anytime during the 10-year term and some other companies may only allow you 5 years from the initial policy date to make the change. The best companies will allow you to exchange to another policy anytime before age 65 or ten years, whichever is later.

2. No Renewal Feature

Let's say that you buy a ten-year term plan from company X because they've got the lowest premium. Many policies drop the policy after ten years and you have no coverage at all. Not a bad deal if you die in those ten years. But if you live and develop a serious health condition during this 10-year policy period, with the wrong company, you're out of luck. Be sure that the term policy you purchase has a renewal feature.

3. No Guarantee on what Renewal Rates or Term will be

This provision ties into the renewal feature explained above, but takes it one step further. If a term life policy renews, it generally renews on a one-year term basis. As an example let's say that you buy a 10-year term policy and in the 11th year it changes to a 1-year term. Guess what, instead of the company raising your rates every 10 years, now they are raising your rates every year. And if the company is having financial problems, they can raise the rates even more on top of the annual rate increases. From my experience, the 1-year term rate that companies charge once a policy gets to the period beyond the initial guarantee period is very high. Not a good option for someone that can't re qualify for the best rates. Some companies offer what's called a re-entry provision. If they do, you generally have to qualify for re-entry. Even if you can qualify for re-entry, many companies don't offer their very best rates to you, like they would if you're a new customer coming in the door to apply for coverage. Heck of a way to treat a loyal long term customer isn't it. The best companies will offer to renew your coverage

for the same term period that you applied for. So if you bought a 10-year term policy, it should offer to renew for another 10-year term on the second go around and the third time and so on so forth. Get a Financial Specialist to help you get the best protection possible.

4. No true Premium Guarantee for the Term Period

Here you'll have to look for the fine print in your policy. Many companies that sell term policies, for example a 10-year term or 20-year term don't guarantee the premiums for the 10 or 20 years. What they do is give you an illustration or projection showing the rates stable for that particular period of time, but it's only guaranteed for say 5 years. If you buy a 10 or 20-year term policy, then you should have a guarantee for that period of time, don't you think.

5. Lack of Decent Policy to Switch to

When choosing the Life Insurance Company that you want to business with, be sure that you also find out about the life products that the company will be able to offers for conversion, if you decide to switch plans. Many companies have inexpensive term rates but when you exercise your conversion option, assuming you have one, you end up with a very expensive whole life or Universal life Plan. If you know ahead of time what your options are, in the long run you'll end up in a much better financial position.

6. Life Insurance Company with a Questionable Financial Rating

I can't stress this enough, be sure that the Life Insurance Company that you choose is financially stable. If the company that you choose ends up going out of business or being bought out by another Life Insurance Company, you may end up spending a whole lot more in the long run than if you started with a well rated company in the first place. Be sure to ask about the financial rating of any life company before committing your hard earned dollars.

7. No Critical Illness or Income protection to supplement your term life plan

Imagine with me that you have a massive heart attack and are delivered to the E.R. room (D.O.A.). Instead of dying they revive you and you live to tell about it. And now you're not going to be able to back to work for at least 12 months or more and maybe not at all depending on your occupation. Let me ask you a question, how long could you survive financially without a paycheck? Maybe you've got this one already taken care of, but the majority of people go into bankruptcy or have to invite their parents over for dinner at \$2,000 per plate per month. This situation happened to a neighbor of mine. He had a massive heart attack and was (D.O.A.) then revived. It turns out that he won't be able to go back to work at all because he's in construction and is not supposed to lift anything heavy. With life insurance, you have to die for family to get anything. I know I'm not telling you anything that you don't already know. All I'm saying is that there's more to your financial protection than just a term life policy. The best Plan will protect you while you're alive as well as when something tragic happens.

Proper Planning Is Your Best Chance To Beat The Odds, And Join The 7% Of Americans That Are Successful In Having A Secure Life Plan!

The only way to be sure you get a good term life plan is to work with a professional who will provide you with a complete examination before recommending any solutions for your problems! A specialist that recognizes the need for a thorough analysis of your situation.

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