

SEVEN MUST KNOW'S BEFORE YOU BUY

When purchasing life insurance, the first step is to clearly define the purpose of the coverage, whether it is to replace income, cover outstanding debts, or leave a financial legacy. This determination should guide both the amount of coverage needed and the type of policy selected. It is important to calculate an appropriate coverage amount based on current financial obligations and existing assets, then choose between term life insurance, which is generally more affordable and provides coverage for a specific period, or permanent life insurance, which offers lifelong protection and additional features. Policy duration should align with financial responsibilities, and premiums should remain affordable over time. Factors such as age and health will also influence long-term costs. Additionally, evaluate the insurer's financial strength, consider relevant policy riders, and ensure the policy offers flexibility to accommodate future changes. Finally, keep beneficiary designations current, review any existing coverage, and consider potential tax and estate implications to ensure the policy supports your overall financial strategy.

GermaniaLIFE Buyer's Checklist:

Start with why you need it and let the purpose drive everything else. Use this checklist to confirm you've defined the "why," sized coverage correctly, and selected a policy that fits your timeline, budget, and long-term plans.

- ☐ **Purpose of the policy:** Clearly state what the coverage is meant to do so the amount, type, and term length align with your financial goals.
 - Income replacement
 - Debt protection
 - Final expenses (funeral & medical)
 - Legacy planning
- ☐ **Coverage amount:** Estimate the benefit amount needed by totaling obligations and goals, then subtracting existing resources and current coverage.
 - Debts + future expenses + final expenses = coverage needed
 - Coverage needed – savings – investments – existing coverage = realistic coverage amount
- ☐ **Type of policy:** Choose the policy structure that matches your purpose—term for temporary needs and affordability, whole life for lifetime coverage and cash value features.
 - Term life: Coverage for a set period; often lower cost; may renew later at a higher premium.
 - Whole life: Lifetime coverage with cash value accumulation; may be accessed via policy loan or upon cancellation.
- ☐ **Length of coverage (for term insurance):** Match the term length to the years your dependents and major obligations need protection.
 - Children & dependent financial obligations
 - Mortgage or other debt protection
 - Retirement goals and timeline
- ☐ **Premium affordability:** Confirm the premium fits your budget now and remains sustainable over time, considering whether premiums are fixed or variable.
 - Affordability over time
 - Premium structure (fixed vs. variable)
- ☐ **Health & underwriting:** Understand how age, medical history, and lifestyle affect approval and price; plan for any exams or documentation needed.
 - Age, medical history & lifestyle factors
 - How health status impacts premium cost
- ☐ **Know your carrier:** Review the insurer's financial strength and reliability, since you're depending on the company to pay claims in the future.
 - Financial strength/ratings
 - Claims history
 - Customer reviews