

Term Life Insurance: Ways to Save

Term life insurance is a very affordable way to provide financial protection for your loved ones. And even though it is already one of the most affordable forms of life insurance, there are still ways to save on your policy while ensuring you maintain the proper coverage level.

1. Buy Term Life Insurance When You're Young

Many people may feel they don't need life insurance when they are young. While your financial needs may be lower at a younger age, the rates you'll pay are also substantially cheaper. Remember, the goal is to cover your primary assets (like your salary and house) so that if something were to happen to you, your beneficiaries would be able to persevere financially. The best advice is to lock in as much protection as possible at a young age.

2. Your "Half" Birthday Could be Costly to Your Term Life Insurance Premiums

While some companies raise their prices based on your actual age, most companies increase the price of their policies six months before your birthday. It's a term called "Age Nearest" in the industry, and that half-year price increase could really add up over a 20-year term life policy. The sooner you purchase your policy the better.

3. Select the Right Length of Term Life Insurance Coverage

Everyone has different needs, and not one size fits all when it comes to term life insurance. While it may make sense for people in their 30s and 40s to secure a 20-year term length, a 10-year term might be more appropriate for someone nearing retirement. People who are trying to quit smoking, for example, might be best suited purchasing a shorter term (and then replacing it with a longer term policy when they qualify for non-

tobacco prices). Lastly, individuals who have 30-year mortgages might want to consider a 30-year term to ensure that the house is protected throughout the period of the loan.

4. Check for Term Life Insurance Policy Price Breaks

Companies often offer "price breaks" at certain coverage amounts (e.g., \$250,000 vs. \$225,000). Investigate how little your rates go up when you raise your coverage amount—you might be pleasantly surprised.

5. Buy the Right Amount of Term Life Insurance Coverage

Many agents may try to sell you more coverage than you need. The purpose of life insurance is to "indemnify" (replace financial loss), and what most people should be looking for is income replacement for their beneficiaries. Independent financial planners recommend the following rule of thumb: purchase an amount of coverage equal to 6-10 times your annual gross income.

6. The Right Hobby With the Wrong Insurance Company Could Cost You

People who participate in [dangerous hobbies or activities](#) (such as hang-gliding, skydiving, mountain climbing, scuba diving, and racing), or even those who like to have an occasional cigar could very well pay more money if they don't pick the right company. Every company looks at risk factors differently and some are more liberal in certain areas than others. Speak with a licensed insurance expert and make sure they have all the underwriting criteria at their disposal and match you with the right company.

7. Employer-based Life Insurance Policies Aren't Always the Best Deal

While purchasing a life insurance policy through your employer is convenient, it may not be the best deal available to you. Work policies are often based on a composite profile of the employees you work with, many of whom may be less healthy than you or have other underwriting factors that might drive up rates. These types of policies also expire

if/when you leave the company. Inexpensive term life insurance policies that cover your dependents until they can live comfortably on their own are often a better alternative.

8. Check Out Your Payment/Billing Options with Term Life Insurance

Many life insurance companies offer discounts to consumers who pay their premiums annually, or who pay monthly by electronic funds transfer (EFT).

9. Review Your Term Life Insurance Policy Often

Do a review of your life insurance policy a minimum of every three years, if not more often. Rates may be lower and your circumstances may have changed, necessitating more or less protection. If you are replacing a policy, make sure you allow enough time to get your new policy in place so coverage won't overlap or lapse.

10. Don't Overspend on Term Life Insurance Protection

Term life insurance is the most affordable and cost-effective pure protection available, and it is typically much less expensive than a comparable whole life policy. The old axiom still rings true: "Buy Term and invest the difference."

When you're ready to shop around for term life insurance quotes, be sure to check out InsWeb.com. InsWeb helps you compare rates from leading national life insurance companies completely free of charge.