

Term Insurance or Permanent?

Every so often, some self-appointed critic decides that Permanent life insurance is a bad buy. He says that Term insurance is better because it has no cash values and cash values are the only advantage Permanent has over Term. Others say Term insurance premiums increase over time while Permanent's stay level and Term doesn't build up any equity. **Who do you believe, and which is best for you?**

Instead of thinking about life insurance, think about acquiring a place to live. You have three choices. You can rent, buy on time or buy outright.

Renting is cheapest over the short term. If you can't afford to buy the home you want, you have no other choice. Renting requires less responsibility than buying and you can move out when you feel like it. But your landlord can move you out, too, if you forget to pay the rent. And he can raise your rent, perhaps to a level you can no longer afford.

Buying is cheapest over the long term. And buying outright is cheaper than buying on time because it avoids mortgage interest. Of course, both require more cash than renting at the outset. Given enough time, the home you buy can be worth more than you paid for it.

One advantage of buying is the equity you build up that can be converted to cash later on. Another is that you own it, so you're much less likely to be evicted. Yet another is that, unlike rent, your mortgage payments don't always increase. In fact, they can decrease (or stay the same and shorten

the paying period) if interest rates drop. Of course payments cease altogether when your mortgage is paid off.

Apply the same thinking to life insurance. **Term insurance is like renting a home**, cheaper initially, but more expensive over the long run. Like a lease, it is for a limited term (hence the name). But forget to pay a premium and you lose it. As with rent, your Term premiums increase every so often, eventually to a level you may no longer afford or want to continue paying. **Term insurance is temporary.** Although its name describes it, many people do not realize that it lasts for only a set number of years or to a certain age.

Permanent insurance is like buying a home, more expensive at first, but cheaper over the long run. Its premiums don't increase, but can decrease or even cease completely. You also build up an equity (as in buying a home) that can be converted to cash later. This equity can be more than all the premiums paid. The cash in your Permanent policy can even be used to keep your coverage going if you need to miss a few premiums.

The truth about life insurance is the same as the truth about renting or buying a home. The product is the same in each case, life insurance or a place to live. The difference is how the product is paid for. The so-called advantages of one over the other simply relate to the method of paying premiums.

Want help choosing the right plan for your needs? Call today:



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