

Life Insurance

PLAN FOR A BRIGHT TOMORROW

Term Life Insurance



Everything Insurance Should Be®

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TERM LIFE INSURANCE

Understanding term life insurance

Term life insurance is perhaps the simplest form of life insurance. Since it is typically the least expensive, it's also one of the most popular types of life insurance. As the name implies, it provides protection for a specified "term", or period of time, ranging from one to 30 years. This is referred to as the guaranteed term period of the policy, during which premiums are guaranteed to remain level. Term policies generally only pay a benefit if you die during that time; protection ceases if you are still living at the end of the guaranteed term period unless the policy is renewed.



Characteristics of term life insurance:

- Premiums are initially lower than those of a comparable permanent life insurance policy, such as universal life or whole life. They remain level during the initial guaranteed term period, then increase every year thereafter.
- Most policies have no cash value, making them an excellent choice for those interested solely in a death benefit.

- Some plans may offer a return of premium feature, which means that base premiums, excluding rider and substandard premiums, are returned to you at the end of the guaranteed term period as long as the policy is still in force and you are still living.
- Most policies do not allow you to increase your coverage if your needs change; however, they do allow you to convert to a permanent life insurance policy without a medical exam or providing health information.

When to choose term life insurance

Term life insurance is suitable for many situations. Here are a few to consider.

When you are just starting out or have limited funds

Term life insurance provides cost effective coverage for a specified period of time. You choose the coverage period that suits your needs for a fraction of the cost of permanent life insurance. Later, your policy can be converted to a permanent life insurance policy without proof of insurability, providing an ideal solution for the individual just starting out or young couples on a limited budget.

When you have a temporary need for protection

Term life insurance can be used as protection when taking a loan for your home or business. Purchasing a term life insurance policy for the amount of the loan could assure that the debt is repaid in the event of your untimely death. Homeowners often choose term life insurance to protect their mortgage over the life of the loan. Small business owners may purchase a term life insurance policy to cover a loan taken to expand operations.

When you have education expenses

Your children's educational needs increase your family's financial needs. You may have already borrowed some or all of this expense. If you died, would your spouse be able to continue paying for these important expenses? Term life insurance proceeds could be used to pay off those debts, easing financial stress for your spouse.

When you need to supplement your permanent life insurance

Term life insurance is a great supplement to a permanent policy. Suppose you need \$200,000 in life insurance coverage but can't afford the premium for a permanent plan of that amount. A lower-cost alternative may be to purchase a smaller permanent policy and cover the difference with a term policy. That mixture would provide the desired amount of coverage at a premium that fits within your budget. If your income increases, you can convert the term portion into a permanent plan of insurance.

Ideal for small business owners

Business continuation plans protect your business against the unexpected loss of a key person. With term life insurance as part of your business continuation plan you can:

- Pay off business loans when a key person or owner dies
- Provide funds to redeem stock from a deceased stockholder
- Prevent ownership from transferring into the wrong hands
- Cover the costs of hiring and training a new employee
- Reassure your creditors that your business will remain a good credit risk

Determining your coverage needs

Take some time to consider how much coverage you and your family need. Keep in mind any long and short-term financial needs:

- Medical bills or other care expenses incurred prior to your death
- Funeral costs and estate taxes
- Remaining mortgage balance, unpaid loans and credit card debt
- Future costs to maintain your family's lifestyle

Use the worksheet below to help you estimate your life insurance needs. But remember, this is no substitute for the guidance you can receive by meeting with a local independent agent recommending coverage.

Calculate your needs

Immediate cash needs

- | | | |
|---|----|-------|
| 1. Final expenses (funeral, medical): | \$ | _____ |
| 2. Expected administrative costs: | | _____ |
| 3. College fund (estimate): | | _____ |
| 4. Emergency fund: | | _____ |
| 5. Child care costs: | | _____ |
| 6. Mortgage balance: | | _____ |
| 7. Charities/Other: | | _____ |
| 8. Total immediate needs (add lines 1-7): | | _____ |

Ongoing income needs

- | | | |
|--|----|---------|
| 9. Current annual household income: | \$ | _____ |
| 10. Income objective (_____ % of above): | x | _____ % |
| 11. Projected annual income need: | = | _____ |
| 12. Social Security benefits:* | | _____ |
| 13. Survivor's earned income: | | _____ |
| 14. Survivor's pension benefits: | | _____ |
| 15. Other income (if any): | | _____ |
| 16. Total income sources (add lines 12 to 15): | = | _____ |
| 17. Annual income shortage (line 11 minus line 16): | | _____ |
| 18. Amount of capital required to provide this income
(Line 17 divided by assumed interest rate _____ %): | = | _____ |

Life insurance needs

- | | | |
|---|----|-------|
| Total life insurance needs (line 8 plus line 18): | \$ | _____ |
|---|----|-------|

* To check on your Social Security benefits, call the Social Security Administration, 800-772-1213, and ask for a "Request for Earnings and Benefit Estimate Statement"; or apply online at www.ssa.gov.

About Cincinnatl Life

The Cincinnatl Life Insurance Company stands among the top U.S. life insurers with a high financial strength rating from A.M. Best Co., an independent provider of insurance ratings since 1899. Through one of its predecessor companies, Cincinnatl Life has more than a century of experience serving policyholders. A wholly owned subsidiary of The Cincinnatl Insurance Company, Cincinnatl Life was formed in 1988 when The Life Insurance Company of Cincinnatl merged with Inter-Ocean Insurance Company. Please view cinfin.com for current information about Cincinnatl Life and its financial strength ratings.

For more information, please contact your local independent agent recommending coverage.



Everything Insurance Should Be®

Neither The Cincinnatl Life Insurance Company nor its affiliates or representatives offer tax or legal advice. Consult with your tax adviser or attorney about your specific situation.

This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. All applicants are subject to underwriting approval. Products available in most states.

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