

## Mysteries of Life: Do You Know Your Term from Your Universal?

by Business-Wire

CHATTANOOGA, Tenn.--(BUSINESS WIRE)--When it comes to life insurance, the need may be clear but the details can seem a little murky. What are the differences between types of coverage? How much do you need? When do you need it?

During Life Insurance Awareness Month, a national campaign throughout September, Unum (NYSE:UNM - News) offers this quick guide to life insurance coverage.

“Understanding the types of coverage that are out there, and when they’re important, can be daunting,” said Debbie Cecil, director of product and market development for Unum. “But knowing what you need and when you need it is part of making decisions that can help protect a family’s financial future.”

### \* Just getting started

For young, single workers who don’t have many financial obligations, term life coverage is usually adequate and affordable. The policy lasts for a defined period of time called the term, and is in force as long as premiums are paid. A term life policy does not accumulate cash value.

### \* Married with a mortgage

As employees get older and financial obligations grow, so does the need for life insurance. With term life as a foundation, people in this stage of life should consider adding either interest-sensitive whole life or universal life coverage. Both policies accumulate cash value. Interest-sensitive whole life offers premiums that will never change, and the policy is in force as long as premiums are paid. Universal life premiums are flexible and can be adjusted to fit the insured’s changing financial lifestyle.

### \* Growing family, growing costs

Aging parents, college costs and saving for retirement are often part of the picture for established families. Life insurance at this stage of life is a crucial way to help protect assets that took years to establish. Term life, paired with universal or interest-sensitive whole life coverage, are important, but it also is important to have coverage equal to at least five years of income. The average life insurance need is about \$459,000, but the average amount owned is \$126,000, according to research from LIMRA. During retirement, term life coverage offered through an employer or for a defined period of time may no longer be part of the picture, but interest-sensitive whole life or universal coverage purchased independently remain in place to protect your family from unexpected expenses. If the policies have been in place for years, they will have accumulated cash value, and may even include riders that could help cover the costs of long term care.

Group life insurance plans through employers are generally tied to the workplace and are no longer in force if the insured leaves the job. Voluntary plans purchased through the workplace and plans purchased through individual advisers are owned by the individual, and can remain in place regardless of employment.

Life Insurance Awareness Month (LIAM) is an industry-wide effort coordinated each September by the nonprofit LIFE Foundation.

### About Unum

Unum ([www.unum.com](http://www.unum.com)) is one of the leading providers of employee benefits products and services in the United States and the United Kingdom. Through its subsidiaries, Unum provided more than \$6 billion in total benefits to customers in 2007.

Source: Unum

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