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Business Management Technologies Inc

INSURANCE

You can use life insurance in your overall estate plan to provide:

1. The cash flow needed to help your heirs maintain their current standard of living.
2. Income necessary to pay estate taxes.
3. Liquidity, so expenses can be met.

Life insurance is one of the most feasible, cost-effective ways to pay your estate settlement costs. However, if you purchase life insurance and name yourself as the policy owner, you will inflate the value of your taxable estate. Establishing an irrevocable life insurance trust as the policy owner might be a more effective way of reducing your taxable estate.

Types of Life Insurance

Some common types of life insurance include:

Term Life: The most common type of insurance policy, term insurance is used to help protect a short-term need or to provide a death benefit during your peak earning years. It can be used to add additional coverage to an existing permanent plan at a low cost. It can also be a good way to gain protection now until you can afford a permanent policy. This type of policy pays a death benefit only if you die during the term of the policy coverage.

Whole Life: This type of policy remains in force for your entire lifetime and guarantees to pay a benefit to your beneficiary(ies) at your death. It also provides an account where earnings can grow tax-deferred. The insurance company manages your policy's various investment accounts.

Universal Life: This whole life insurance variation offers a more flexible approach. It provides protection for your entire lifetime. Premiums are credited to a policy account to which interest is credited and from which charges are deducted. This type of policy allows you to change the death benefit and vary the amount or timing of the premium payments.

Variable Universal Life: This pays your beneficiary a benefit that is dependent on the success of your investments. However, if the investments fail, your beneficiary may be guaranteed a minimum benefit.

MAM WEALTH