Why You Should Consider Converting Your Term Life Insurance

While term insurance is a popular, affordable way to protect your family during critical years, it often doesn't build cash value and ends when the term is up. But many term policies include a powerful feature called a "term conversion option" that you can leverage to your advantage.

What is Term Conversion?

A term conversion option lets you switch part or all of your term policy to permanent life insurance—like whole or universal life—without new health exams or underwriting.

Why Should You Consider Converting?

Lifelong Protection

Unlike term insurance that expires, permanent insurance covers you for your entire life as long as premiums are paid. It is also seen as a valuable tool for estate planning, providing a tax-advantaged way to transfer wealth to beneficiaries.

Cash Value Growth

Permanent policies build cash value over time and provide a tax-deferred savings component you can use for future needs.

Lock in Insurability Without New Health Exams

Because you convert without new underwriting, you can lock in permanent coverage even if your health has changed since you first bought term insurance.

Flexibility for Your Changing Needs

As your financial goals evolve, permanent insurance offers more options and flexibility such as accessing cash value for emergencies, supplementing retirement income, or adding riders to customize your coverage.

Other Things to Consider

Policy Options

Conversion eligibility is determined by the company's term conversion guidelines. These rules specify which policies you can convert to and the time frame within which the conversion must occur.

Budget

Keep in mind that your premiums will likely increase, so it's important to consider your budget. The premium for the new permanent policy will be based on your attained age at the time of conversion.

Coverage Needs

Before converting, evaluate how much life insurance coverage you need now and whether your financial obligations have changed since you first purchased the policy.

Speak to your financial representative to help you get started and guide you through the process.

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