



Types of Life Insurance – A Plain-Language Overview

Life insurance is not one-size-fits-all. The three main categories — Term, Whole Life, and Universal Life — work differently and fit different goals. Here is a clear look at each.

Term Life

- Coverage for a set period (10, 20, 30 years common)
- Pays a death benefit only if you die during the term
- Usually the most affordable pure protection
- No cash value builds up
- When the term ends, coverage ends (unless renewed or converted)
- Best for: income replacement while raising children, covering a mortgage, or temporary needs

Whole Life

- Coverage for your entire life (as long as premiums are paid)
- Builds cash value that grows at a guaranteed rate
- Premiums stay level for life
- Cash value can be borrowed against or withdrawn
- Generally more expensive than term for the same death benefit
- Best for: permanent needs, legacy planning, or people who want guarantees and cash value

Universal Life

- Permanent coverage with flexible premiums and death benefit
- Cash value grows based on interest credited by the insurer
- You can adjust premiums and coverage (within limits)
- More flexible than whole life, but less rigid guarantees
- Requires monitoring — underfunding can cause the policy to lapse
- Best for: people who want permanent coverage with room to adjust over time

QUICK WAY TO THINK ABOUT IT

- Term = Pure protection for a set period of time
- Whole Life = Permanent protection + guaranteed cash value
- Universal Life = Permanent protection with more flexibility (you must keep it funded)
- Final-expense / simplified-issue = Usually smaller whole life policies with easier underwriting

HOW HUGS CAN HELP

The right type depends on your goals, budget, health, and how long you need the coverage. We can help you compare options and see which structure fits your situation. At HUGS we have no greater joy than to hear that our clients are walking with confidence.