



**FINANCIAL
GROUP**
HEALTH & WEALTH

A BEGINNER'S GUIDE

LIFE INSURANCE

101

A Beginner's Guide to Protecting What Matters Most

Term vs. Permanent · Cash Value · Choosing the Right Coverage

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Protect What Matters. Build What's Next.

INTRODUCTION

LIFE INSURANCE 101

A Beginner's Guide to Protecting What Matters

Life insurance can feel complicated. There are different types of policies, different coverage amounts, different costs, and plenty of financial terminology to navigate.

But at its heart, life insurance is about something simple:

Making sure the people and responsibilities you care about are protected if you are no longer there to provide for them.

Whether you're raising a family, paying off a mortgage, building a business, preparing for retirement, or thinking about the legacy you will leave behind, life insurance can be an important part of your financial plan.

This guide will help you understand the basics without getting buried in insurance jargon.

INSIDE THIS GUIDE

01**WHY LIFE INSURANCE MATTERS**

Understand what life insurance is designed to protect.

02**TERM VS. PERMANENT INSURANCE**

Learn how the two main types differ.

03**UNDERSTANDING CASH VALUE**

What it is, how it works, and what questions to ask.

04**HOW MUCH COVERAGE DO YOU NEED?**

A practical way to start thinking about your coverage needs.

05**BEFORE YOU BUY**

Five questions worth asking before choosing a policy.

YOUR FINANCIAL LIFE IS UNIQUE.

Your life insurance should be, too.



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01 WHY LIFE INSURANCE MATTERS

What Would Happen If Your Income Stopped?

For most families, income is one of their most valuable assets. It pays the mortgage or rent. It puts food on the table. It pays school fees. It covers everyday expenses. It helps fund vacations, investments, retirement, and the future you've been working toward.

Now imagine that income suddenly disappeared. The financial impact could extend far beyond the immediate loss.

That's where life insurance can help.

Life insurance is designed to provide a financial benefit to your chosen beneficiaries when you die, subject to the terms and conditions of the policy. The purpose isn't simply to leave money behind. It is to help give the people you care about **financial stability, time, and options** during an incredibly difficult period.

WHAT CAN LIFE INSURANCE HELP PROTECT?

YOUR HOME

Life insurance can help your family manage mortgage payments or other housing expenses.

YOUR INCOME

If your family depends on your income, life insurance can help replace some of the financial support you provide.

YOUR CHILDREN'S FUTURE

You may want your children to continue pursuing their education and other important goals even if you aren't there to provide for them.

YOUR DEBTS

Outstanding loans and other financial obligations don't necessarily disappear when someone dies. Life insurance can help provide funds to address these responsibilities.

THE PLANS YOU'VE BUILT

Your financial goals don't have to stop because something unexpected happens. The right protection can help preserve the plans you've worked hard to create.

START WITH A DIFFERENT QUESTION

Instead of asking only:

“How much life insurance can I afford?”

Consider asking:

“What would my family need financially if I were no longer here?”

That question changes the conversation. It moves the focus away from buying a product and toward understanding what you are actually trying to protect.

A LIFE INSURANCE POLICY IS NOT ABOUT EXPECTING THE WORST.

It's about preparing for the people and responsibilities that matter most.

02 TERM VS. PERMANENT

Two Main Approaches to Life Insurance

There are many different life insurance products and policy structures, but they generally fall into two broad categories:

TERM LIFE INSURANCE

Protection for a specific period

Term life insurance provides coverage for a specified period, known as the **term**.

You choose a coverage amount and a period of protection. If you die while the policy is in force, the policy can provide a death benefit to your beneficiaries, subject to the policy's terms.

Term policies are often used to protect people during specific stages of life.

TERM INSURANCE MAY BE CONSIDERED FOR:

- Protecting your income while your children are young
- Covering a mortgage or other major debt
- Providing protection during your working years
- Creating affordable financial protection for your family
- Covering a specific financial obligation or period of need

PERMANENT LIFE INSURANCE

Protection designed to last longer

Permanent life insurance is designed to provide coverage that can continue for your lifetime, provided the policy remains in force and its requirements are met.

Some forms of permanent life insurance also include a **cash value component** that can accumulate over time.

There are different types of permanent insurance, and the way premiums, guarantees, cash value, and policy performance work can vary considerably from one policy to another.

PERMANENT INSURANCE MAY BE CONSIDERED FOR:

- Lifelong protection
- Long-term financial planning
- Certain estate or legacy goals
- Potential cash-value accumulation
- Additional financial flexibility, depending on the policy

THE SIMPLE IDEA:

You are primarily paying for protection during a defined period.

THE SIMPLE IDEA:

You are looking beyond a specific period of protection and considering longer-term financial needs.

SO, WHICH ONE IS BETTER?

Neither is automatically better.

The right choice depends on why you need the insurance in the first place.

Your age, health, income, family responsibilities, financial goals, existing assets, budget, and long-term plans can all influence which type of coverage may be appropriate.

And sometimes, a person's financial plan may include **more than one type of policy**.

The goal isn't to choose the most complicated policy.

The goal is to choose protection that makes sense for your life.

03 UNDERSTANDING CASH VALUE

What Does “Cash Value” Actually Mean?

You may have heard someone describe permanent life insurance as having a **cash value**.

But what does that actually mean?

Certain permanent life insurance policies have a cash value component that can accumulate over time according to the policy's terms.

This is different from the policy's death benefit.

Depending on the policy, the cash value may provide an additional financial resource that can potentially be accessed during your lifetime.

WHY DOES CASH VALUE MATTER?

Depending on the specific policy, cash value may potentially be used for things such as:

- Supporting other financial goals
- Accessing funds through policy loans or withdrawals
- Providing additional financial flexibility
- Supporting certain long-term financial or legacy strategies

However, it's important to understand that **cash value isn't simply “extra money” sitting in an account**. The way it grows, the costs associated with the policy, the amount that is guaranteed, and the consequences of accessing it can vary significantly.

BEFORE YOU BUY A CASH-VALUE POLICY, ASK:

- 01 WHAT IS GUARANTEED?**
Understand which values and benefits are guaranteed under the policy and which depend on assumptions or performance.
- 02 WHAT ARE THE COSTS?**
Ask about premiums, policy charges, fees, and other expenses.
- 03 HOW DOES THE CASH VALUE GROW?**
The answer depends on the type of policy. Don't rely on a general statement that the policy "builds cash."
- 04 CAN I ACCESS THE CASH?**
Ask how withdrawals or policy loans work and what effect they could have on the policy.
- 05 WHAT HAPPENS IF I STOP PAYING?**
Understand what happens to the policy and its benefits if your financial circumstances change.

ONE IMPORTANT THING TO REMEMBER

Accessing cash value through withdrawals or loans can affect the policy's cash value and/or death benefit. Depending on the circumstances, there may also be tax implications.

A policy can also lapse if it is not adequately funded.

That's why understanding the policy matters more than simply hearing that it "has cash value."

A good financial professional should be able to explain the costs, benefits, risks, guarantees, and assumptions in language you can actually understand.

DON'T BUY A FEATURE.

Buy a plan that fits your life.

04 HOW MUCH COVERAGE DO YOU NEED?

Start With Your Family, Not a Formula.

One of the first questions people ask about life insurance is:

"How much coverage should I get?"

There isn't one number that works for everyone. Instead, start by thinking about what your life insurance would need to accomplish for the people who depend on you.

1**YOUR INCOME**

If your family depends on your income, how much would they need to maintain their current standard of living? Consider both immediate needs and the years of income that may need to be replaced.

2**YOUR DEBTS**

Think about your mortgage, personal loans, business obligations, and other debts. Which financial responsibilities would remain if you were no longer there?

3**YOUR CHILDREN**

What future expenses would you want to help protect? This could include education, childcare, housing, or other major milestones.

4**YOUR EXISTING ASSETS**

Don't forget what you already have. Consider savings, investments, retirement accounts, existing life insurance, and other resources that could help your family.

5**YOUR FUTURE GOALS**

Life insurance isn't only about today's expenses. Think about the future you've been building. Would you want your family to continue pursuing certain financial goals if you were no longer there?

6**FINAL AND IMMEDIATE EXPENSES**

Your family may also face immediate expenses following your death. These could include funeral and final expenses, outstanding bills, or other financial obligations.

A SIMPLE STARTING POINT

You can begin with a simple framework:

Financial needs – resources already available = potential insurance need

This isn't a substitute for a personalized analysis, but it can help you start the conversation. Your actual needs may be more complex depending on your family, finances, business interests, taxes, assets, and long-term goals.

AND REMEMBER: YOUR NEEDS CAN CHANGE.

The coverage that made sense ten years ago may not be the coverage that makes sense today. Consider reviewing your life insurance when you experience major life changes such as:

MARRIAGE	CHILDREN	NEW HOME	NEW BUSINESS
CAREER CHANGES	SIGNIFICANT INCOME CHANGES	DIVORCE	RETIREMENT

Your life changes.

Your financial protection should be reviewed, too.

05

BEFORE YOU BUY

Five Questions Worth Asking

Life insurance is a long-term financial decision. Before choosing a policy, take the time to understand what you're buying and why.

01

WHAT AM I ACTUALLY TRYING TO PROTECT?

Is your priority replacing income?

Protecting your children?

Covering a mortgage?

Protecting a business?

Creating lifelong protection?

Planning for a legacy?

Start with the need before choosing the product.

02

HOW LONG DO I NEED THE PROTECTION?

Your needs may be different while you're raising children, paying off a mortgage, building a business, or approaching retirement.

Think about the period during which your family or other beneficiaries would be most financially vulnerable.

03 WHAT CAN I COMFORTABLY AFFORD?

The largest policy you can qualify for isn't necessarily the right policy for you.

Your premiums need to fit realistically within your overall financial plan.

A policy that becomes difficult to maintain may not provide the protection you intended.

04 WHAT HAPPENS IF MY CIRCUMSTANCES CHANGE?

Ask what happens if your income changes, you need to reduce your expenses, or you can no longer maintain the same premium.

If you're considering permanent insurance, ask specifically about cash value, policy loans, withdrawals, guarantees, and what happens if the policy is underfunded.

Don't be afraid to ask, "What happens if things don't go according to plan?"

05 DOES THIS POLICY FIT INTO MY OVERALL FINANCIAL PLAN?

Life insurance shouldn't be viewed in isolation.

It can be one part of a broader financial strategy that may also include:

SAVINGS	INVESTMENTS	RETIREMENT PLANNING
ESTATE PLANNING	BUSINESS PLANNING	EDUCATION PLANNING

The right protection should support the bigger picture.

YOU DON'T HAVE TO FIGURE IT OUT ALONE.

Your future deserves a plan.

At **254 Financial Group**, we believe financial planning should begin with your life—not with a product.

We take the time to understand what you're building, who you're protecting, and where you want to go.

From there, we can help you explore your options and develop a strategy designed around your goals, priorities, and circumstances.



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READY TO UNDERSTAND YOUR OPTIONS?

Schedule a Free Consultation

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IMPORTANT INFORMATION

This guide is provided for general educational purposes only and is not intended to provide individualized financial, tax, legal, or insurance advice. Life insurance products, policy features, costs, benefits, guarantees, underwriting requirements, and availability vary by product, insurer, and individual circumstances. Policy loans, withdrawals, and other policy transactions may affect policy values and benefits and may have tax consequences. Please consult a qualified financial or insurance professional regarding your individual circumstances before making a financial decision.

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