

# Term Life Insurance...The Basics

Term life insurance provides a **death benefit only**. It does not build cash value.

## Three Types of Term Insurance

### Annual Renewable Term

Death benefit remains level. Premium increases annually since there is an increased likelihood of death.

### Level Term

Both the death benefit and the premiums remain level for a predefined period of time; usually, five, ten fifteen, or twenty years.

### Decreasing Term

The death benefit decreases each year even though the premiums remain level. This type of term is often used to cover a mortgage or other loan with a decreasing balance.

## Characteristics of term insurance

- Low cost in the beginning
- Premiums increase over time
- Can help to meet specific short-term needs.
- Has no cash value
- Lasts a specific period of time...no more; no less.