

## Term, Whole or Universal life policy; which is best?

By: [LIBN Staff](#) June 17, 2015 [0](#)

**By Jenna Macri**

In the case of term life insurance, one might find that what made fiscal sense in their 30s may no longer make sense in their 60s. It is important to choose a term policy that gives you the opportunity to convert in the future. When it comes to policy conversion, not all carriers are the same.

“Some companies have specific policy types that you are allowed to convert to,” Kaltsas said. “Very often, [the policies] are inferior to what they may offer new buyers.”

If this is the case, policyholders may find themselves locked into an undesirable policy – that is, one that does not meet their current needs and may be at a premium they cannot afford. What’s more, some carriers may only allow you to convert to a policy of the company’s choice. In the worst-case scenario, policyholders may terminate their life insurance at one carrier and seek coverage at another – but facing a medical examination 20 years later may mean denial of coverage.

This is not to say term life insurance is the enemy. For some, this low-cost coverage may be the most viable option.

“Term life insurance is great for young people, people that can’t afford permanent insurance and business owners,” said Henry Montag CFP of the [TOLI Center East](#), a financial planning firm with offices in Jericho.

For business partners, taking out a policy on each other may solve a whirlwind of chaos in the future.

“If you’re looking for pure business protection, term is a beautiful thing,” Montag said. “It allows an owner to pay out the families of the deceased business partner. You’ll have 100 percent of the business without having to pay 50 percent of the profit.”

As time wears on, Montag advises policyholders to convert slowly to permanent insurance. To avoid having to abruptly drop term insurance when it becomes too expensive, they may increase their premiums in increments to convert to a guaranteed universal insurance – not nonguaranteed, which carries a risk of changing interest rates.

When life starts winding down, switching to permanent insurance – such as a whole life insurance plan, or the various universal plans that may extend far past life expectancy – may be a great way to structure your legacy. With the ability to safeguard and generate cash, you have the ability to square away your final affairs as well as leave loved ones with a sum of money to use long after you’re gone.

“I always use the image of the young child playing in the next room,” Kaltsas said. “I try to imagine their life without me. What if something happened? Do I want them to be struggling, or do I want them to have all I can give them?”

This, is why Americans need to take their life insurance seriously.

“You never know when you’re going to need it, or when you’re going to be in ill health and can’t get it.”