



Nationwide[®]
is on your side

Term life insurance

Product overview

Protecting their future

Flexible, lower-cost coverage for your family

Helping build peace of mind and a solid foundation

In a busy, always-changing world, it's important to know there are some things you don't have to worry about. Life insurance can help provide financial security for your family and create a foundation on which to build other insurance and investment decisions.

Protections and guarantees are subject to the claims-paying ability of the issuing life insurance company.

Be sure to choose a product that meets long-term life insurance needs, especially if personal situations change — for example, marriage, birth of a child or job promotion. Weigh the costs of the policy, and understand that life insurance has fees and charges that vary with sex, health, age and tobacco use. Riders that customize a policy to fit individual needs usually carry an additional charge.

Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

The importance of life insurance

The money your beneficiaries receive can be used to provide a stream of income to help your family maintain their current lifestyle, or pay for:

- Final expenses
- Debt
- Mortgage/rent
- College fund
- Retirement
- Estate taxes

The death benefit paid is generally income tax free.

Determining your life insurance needs

There are many common methods for deciding your personal insurance needs:

Rule of thumb — The amount you'll need is five to seven times your annual gross income.

Expense calculation — Determine expenses for burial, an emergency fund, personal debts, mortgage, a college education and income replacement. Add these together to determine your insurance need.

Income replacement — Determine how much of your annual income your family would require to maintain its current standard of living (average is 70%). Purchase enough insurance so the proceeds, if invested at an after-tax rate of 8%, would generate this income.

For example, if your income is \$40,000, then your coverage should generate \$28,000 of annual income ($\$40,000 \times 70\%$). $\$28,000 / 8\% = \$350,000$ of life insurance coverage.

Nationwide and its representatives do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions.

Term life insurance

Term life insurance provides protection over a specific period of time. It pays a benefit only if the insured dies during this specific period or “term.” Terms vary from policy to policy, but can range from one to 30 years.

At the end of each term, the insurer may require you to provide evidence of good health to purchase continued protection. Annual renewable term may continue without further qualification, but premiums may increase each year.

Term versus permanent life or cash-value life insurance

Permanent life insurance provides lifelong protection. As long as you pay the premiums, the death benefit remains in effect. And, most permanent life insurance builds a cash value — term policies don’t.

Different kinds of term life insurance

Because term life insurance is designed to provide the maximum amount of protection for the least amount of premium, insurance companies can offer modified plans to fit your needs.

Annual renewable term — The death benefit is a level amount. The policy is renewed automatically the next year without evidence of insurability. However, the premiums may increase each year with age.

Level term — The death benefit is a level amount. The policy is generally purchased for a period of 10, 20 or 30 years, and the premium will often remain level during the entire period. Premiums generally will be higher than the initial premium for an annual renewable term of the same face amount. But, the level term premium will remain the same in later years when the annual renewable term premium is still increasing.

Decreasing term — Typically used to help pay the mortgage, decreasing term maintains a level premium during a specific number of years. The benefit decreases every year until the selected term period expires. For example, you might purchase a \$100,000, 30-year policy to help pay the mortgage in the event of your death. The life insurance benefit will decrease with your mortgage over time. After 30 years, your coverage will end.

Credit insurance — You might receive offers in the mail for mortgage or credit insurance. This type of term insurance comes at a hefty price. If your health is good, you may be able to purchase an individual term policy to provide this coverage at a fraction of the cost.

Conversion privileges

This means you may convert or exchange your term policy for a permanent, cash-value policy equal to the current death benefit amount of the term coverage. Usually, there are no further medical questions. Keep in mind, the longer you wait to convert, the higher the premiums will be on your new permanent policy. Some restrictions might apply.

The advantages of term life insurance

- Flexibility to choose from many different coverage periods
- Low initial cost compared to permanent insurance
- Large amounts of coverage can be purchased relatively inexpensively
- Many term policies offer a term-to-permanent insurance privilege
- Could be appropriate for temporary needs such as a mortgage or car loan

Disadvantages

- Premiums can increase at renewal as you grow older
- Coverage may terminate at the end of the term and might become too expensive to keep at renewal
- Term policies do not build cash value





Work with your insurance professional today to find out if term life insurance could be a valuable addition to your financial plan.



Nationwide[®]
is on your side

Products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

Nationwide, Nationwide is on your side and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company. © 2019 Nationwide NFM-1704AO.7 (12/19)