

LIFE INSURANCE FROM AN AMERICAN'S PERSPECTIVE

Life insurance should primarily be purchased to guarantee the long-term financial security of loved ones, to cover payment of a long-term debt (house purchase) or guarantee continuation of a business should an owner/partner die unexpectedly. Once these things have been provided for, then you can consider one of the many kinds of savings endowments available for your kids, your wife or yourself. If you don't have a family right now, but are hoping to have one in the future, this is the best time to start preparing by purchasing a good whole-life insurance policy. **Each year that you wait to purchase life insurance, the cost to buy gets higher. Keep in mind, also, that whole-life insurance policies accumulate cash value over the years.** So, by purchasing now, the premium is lower and you are preparing for your future.

A much cheaper form of life insurance for short-term protection is Term Insurance. Term Insurance is a very good buy if you have a short-term obligation you need to protect or you need to provide financial security for loved ones; but can't afford to provide them the necessary protection through Whole-life Insurance. Term insurance provides a good temporary solution; but the cost for providing any long-term protection continues to go up over the years. Eventually, Term Insurance becomes much more costly than Whole-life Insurance.

When you first purchase a Whole-life Insurance policy you are over-paying in the early years so that you can maintain a reasonably low, level premium in the later years. This is why life insurance policies build up cash value. The insurance company invests the "overcharge" and then returns some of it to you in the form of cash build up every year. The amount of cash build up each year is guaranteed in your policy. The options for benefiting from that cash build up are:

1. You can borrow on the cash build up in your policy.
2. You can return the policy to the insurance company and collect the build up.
3. You can choose to stop paying for the insurance and use the cash build up to convert the policy to reduced paid-up whole-life insurance policy.
4. You can just stop paying and maintain the full coverage as Term Insurance until the cash build up runs out.

With this flexibility in mind, if you are purchasing life insurance for the financial protection of loved ones, **we recommend that you spread the premium payment period out for as long as possible (to age 90).** This way you can get more coverage for less cost until the kids are grown and on their own. Then, you can convert the policy to paid-up coverage or return the policy and collect your cash.

Thai baht life insurance is best for expats who have loved ones living in Thailand.

Please call me if you have any questions: Tony 080-277-4445