We at NMIN Advisor will design a custom Life Insurance plan for you. If you unsure as to how much life insurance you may need or even the type of insurance, we are here to help. Please read the following informational description of the various types of life insurance plans and if you have questions or just want a custom quote please contact us at 888-277-4456 or email us at advisor@nminalliance.com.

Life Insurance

Life insurance may be one of the most important purchases you'll ever make. In the event of a tragedy, life insurance proceeds can help pay the bills, continue a family business, finance future needs like your children's education, protect your spouse's retirement plans, and much more. This section can help you gain a better understanding of life insurance and its role within a sound financial plan, and answer many of your questions.

You'll find information and interactive tools to help you get a sense of how much and what kind to buy, plus information about how different life events, such as having children or buying a home, can affect your insurance needs. For those ready to consider a purchase, please contact NMIN Advisor at the NMIN Alliance site.

Who Needs Life Insurance?

Life insurance for every stage...

- **You're married**
- **You're married with kids**
- **You're a single parent**
- **You're a stay-at-home parent**
- **You have grown children**
- **You're retired**
- **You're a small business owner**
- **You're single**

If someone will suffer financially when you die, chances are you need life insurance. Life insurance provides cash to your family after your death. This cash (known as the death benefit) replaces your income and can help your family meet many important financial needs like funeral costs, daily living expenses and college funding. What's more, there is no federal income tax on life insurance benefits.

Most Americans need life insurance. To figure out if you need life insurance, you need to think through the worst-case scenario. If you died tomorrow, how would your loved ones fare financially?

Would they have the money to pay for your final expenses (e.g., funeral costs, medical bills, taxes, debts, lawyers' fees, etc.)? Would they be able to meet ongoing living expenses like the rent or mortgage, food, clothing, transportation costs, healthcare, etc? What about long-range financial goals? Without your contribution to the household, would your surviving spouse be able to save enough money to put the kids through college or retire comfortably?

The truth is, it's always a struggle when you lose someone you love. But your emotional struggles don't need to be compounded by financial difficulties. Life insurance helps make sure that the people you care about will be provided for financially, even if you're not there to care for them yourself.

To help you understand how life insurance might apply to your particular situation, we've outlined a number of different scenarios below. So whether you're young or old, married or single, have children or don't, take a moment to consider how life insurance might fit into your financial plans.

When you're married, you share everything with your significant other, including your financial obligations. Many people mistakenly believe that they don't need to think about life insurance until they have children. Not true. What it one of you were to die tomorrow? Even with the surviving spouse's income, would that person be able to pay off debts like credit-card balances and car loans, let alone cover the monthly rent and utility bills. If you're planning to have children, you'll want to buy life insurance right away and not wait until the mom-to-be is pregnant. Some companies won't issue a policy to a woman during her pregnancy. Since health complications sometimes arise, they'll want to wait until after the baby is born to issue the policy. Buying insurance before a baby is on the way helps avoid this potential problem.

Most families depend on two incomes to make ends meet. If you died suddenly, could your family maintain their standard of living on your spouse's income alone? Probably not. Life insurance makes sure that your plans for the future don't die when you do.

As a single parent, you're the caregiver, breadwinner, cook, chauffeur, and so much more. Yet nearly four in ten single parents have no life insurance whatsoever, and many with coverage say they need more than they have. With so much responsibility resting on your shoulders, you need to make doubly sure that you have enough life insurance to safeguard your children's financial future.

Just because you don't earn a salary doesn't mean you don't make a financial contribution to your family. Childcare, transportation, cleaning, cooking and other household activities are all important tasks, the replacement value of which is often severely underestimated. Surveys have estimated the value of these services at over $40,000 per year. Could your spouse afford to pay someone for these services? With life insurance, your family can afford to make the choice that best preserves their quality of life.

As the years go by, you may feel your need for life insurance has passed. But just because the kids are through college and the mortgage is paid off doesn't necessarily mean that Social Security and your savings will take care of whatever lies ahead. If you died today, your spouse will still be faced with daily living expenses. What if your spouse outlives you by 10, or even 30 years, which is certainly possible today. Would your financial plan, without life insurance, enable your spouse to maintain the lifestyle you worked so hard to achieve? And would you be able to pass on something to your children or grandchildren?

Did you know that depending on the size of your estate, your heirs could be hit with a large estate tax payment after you die (45% of your estate). The proceeds of a life insurance policy are payable immediately, allowing heirs to take care of estate taxes, funeral costs, and other debts without having to hastily liquidate other assets, often at a fraction of their true value. And life insurance proceeds are generally income tax free and can be arranged to avoid probate. Finally, if your insurance program is properly structured, the proceeds from your life insurance policy won't add to your estate tax liability.

Besides taking care of your family, life insurance can also protect your business. What would happen to your business if you, one of your fellow owners, or perhaps a key employee, died tomorrow? Life insurance can help in a number of ways. For instance, a life insurance policy can be structured to fund a "buy-sell" agreement. This would ensure that the remaining business owners have the funds to buy the company interests of a deceased owner at a previously agreed upon price. That way, the owners get the business and the family gets the money. To protect a business in case of the death of a key employee, "key person insurance," payable to the company, provides the owners with the financial flexibility needed to either hire a replacement or work out an alternative arrangement.

Most single people don't need life insurance because no one depends on them financially. But there are exceptions. For instance, some single people provide financial support for aging parents or siblings. Others may be carrying significant debt that they wouldn't want to pass on to family members who survive them. Insurability is another reason to consider life insurance when you're single. If you're young, healthy and have a good family health history, your insurability is at its peak and you'll be rewarded with the best rates on life insurance. If you anticipate a need for life insurance down the road (e.g., you're the marrying type) and you can fit the premiums into your budget, it might make sense to lock in coverage while you're young and single. Doing so can eliminate the worry of having to qualify for coverage when you're older and maybe not as healthy as you once were.

How Much do I Need?

The answer isn't really how much life insurance you need, it's how much money your family will need after you're gone.

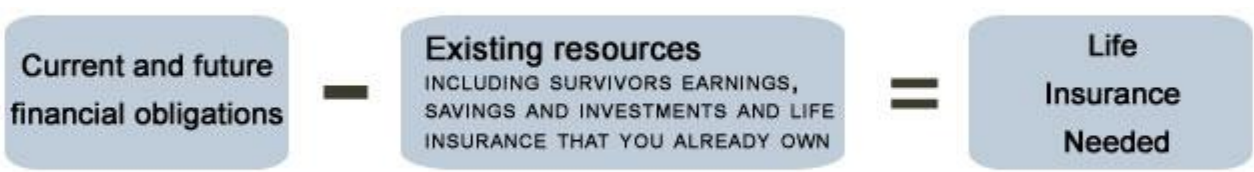
Ask yourself:

- How much money will my family need after my death to meet immediate expenses, like funeral expenses and debts?
- How much money will my family need to maintain their standard of living over the long run?

Life insurance proceeds can help pay immediate expenses including uncovered medical costs, funeral expenses, final estate settlement costs, taxes and other lump-sum obligations such as outstanding debts and mortgage balances. They can also help your family cover future financial obligations like everyday living expenses, money for college or your spouse's retirement, and so much more.

But how do you know if you need $100,000, $500,000, $1 million or more? The most common way to determine your life insurance needs is by conducting what's called a Capital Needs Analysis.

Here's how it works. Start by evaluating your family's needs. Gather all of your personal financial information and estimate what your each of your family members would need to meet current and future financial obligations. Then tally up all of the resources that your surviving family members could draw upon to support themselves. The difference between their needs and the resources in place to meet those needs is your need for additional life insurance (see diagram below).



This may look simple enough, but calculating one's life insurance needs can actually get pretty complicated.

But remember, guessing is no substitute for the guidance and assistance you'll get by meeting with a qualified insurance agent or other financial professional. So if you're serious about protecting your family's future, contact an NMIN Advisor.

What are the Different Types?

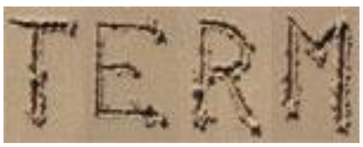
There are many kinds of life insurance, but they generally fall into two categories: **term insurance** and **permanent insurance**

Term Insurance

Term Insurance 101

- **Advantages**
- **When the Term Ends**
- **Return-of-Premium Option**
- **Key Policy Provisions**
- **Convertibility**

As the name implies, term insurance provides protection for a specific period of time and generally pays a benefit only if you die during the "term." Term periods typically range from one year to 30 years, with 20 years being the most common term



One of the biggest advantages of term insurance is its lower initial cost in comparison to permanent insurance. Why is it cheaper when initially purchased? Because with term insurance, you're generally just paying for the death benefit, the lump sum payment your beneficiaries will receive if you die during the term of the policy. With most permanent policies, your premiums help fund the death benefit and can accumulate cash value.

Term insurance is often a good choice for people in their family-formation years, especially if they're on a tight budget, because it allows them to buy high levels of coverage when the need for protection is often greatest. Term insurance is also a good option for covering needs that will disappear in time. For instance, if paying for college is a major financial concern but you're pretty sure that you won't need life insurance coverage after the kids graduate, then it might make sense to buy a term policy that'll get you through the college years.

But what happens if you buy a term policy only to realize at the end of the term that you still have a need for life insurance? Well, it's sort of a good news, bad news story. The good news is that many policies will give you the option to renew your policy when you reach the end of the term. The bad news is that you'll probably face much higher costs since age is one of key factors used to determine life insurance premiums. To renew the policy, you also may have to present evidence of insurability (that's insurance jargon meaning, "take another medical exam and answer a new round of questions about your lifestyle, health status and family health history"). If you're still a fine specimen with healthy living habits, you might re-qualify at a reasonable rate. But if your health has deteriorated, you may find that it's too expensive to renew your policy or you may not even re-qualify.

So if you're considering a term policy, make sure you carefully consider how long you'll need the coverage. If you're pretty sure that your needs are temporary, then term insurance is probably the right choice for you. But if you think there's a possibility that you might need the coverage for a long time, then remember that if you want to renew your term policy after it expires or buy a new term policy at that time, your age, health status or other factors may make coverage very expensive.

To better understand term insurance, consider this analogy. When you purchase term insurance, it's sort of like renting a house. When you rent, you get the full and immediate use of the house and all that goes with it, but only for as long as you continue paying rent. As soon as your lease expires, you must leave. Even if you rented the house for 30 years, you have no "equity" or value that belongs to you.

One exception to this rule is what's called a return-of-premium term policy. With these policies, if you keep the policy in force for the entire term, say 20 years, the insurance company will refund the premium payments you made over that 20-year period. Of course, there is a price to be paid for this added benefit. The premiums for return-of-premium policies are considerably higher than premiums for standard term policies. The price difference can be 20%, 30% or more. Another factor to consider is that term insurance rates have dropped considerably over the past decade, mostly because people are living longer. If you own a standard term policy, there's really no harm done in dropping that policy in favor of a newer and cheaper term policy. But if you own a return-of-premium policy, dropping the policy before the full term has expired means that you will have paid a high price for your term insurance coverage and the premiums you paid won't be fully refunded. At best, you'll get a partial refund of the money you put into your policy to that point.

When considering a term purchase, one thing to keep in mind is that not all term policies are the same. Some may include certain provisions as standard features, while others may require you to pay extra to add these features as "riders" to your policy. So if you're comparing term policies, remember that price is not the only factor to consider. Ask your agent about provisions such as:

- Accelerated death benefits - allows a terminally ill person to collect a significant portion of his or her policy's death benefit while that person is still alive

- Disability waiver of premium - waives premiums when a policy owner suffers a long-term disability, typically one lasting six months or longer

- Accidental death benefits - doubles or triples the benefit in the case of death by accidental means

Another provision that is very important is something called convertibility. Some insurance contracts only allow "conversion" in the first few years of the policy, while others allow it at any point during the term. This valuable feature allows you to convert your term policy to a permanent policy (e.g., whole life insurance) without submitting evidence of insurability. Being able to convert to a permanent policy is a great option to have in the event that circumstances in your life change such as failing health or maybe just the realization that coverage is needed for a longer period of time than you originally anticipated. That's why when purchasing a term policy, it's never a bad idea to find out what kind of permanent policies are offered by the company you are considering. Some companies may only have strong term insurance offerings, while others may have very competitive products in both categories.

Permanent Insurance

Perm Insurance 101

Permanent insurance provides lifelong protection, and the ability to accumulate cash value on a tax-deferred basis. Unlike term insurance, a permanent insurance policy will remain in force for as long as you continue to pay your premiums. Because these policies are designed and priced for you to keep over a long period of time, this may be the wrong type of insurance for you if you don't have a long-term need for life insurance coverage.

PERMANENT Why would someone need coverage for an extended period of time? Because contrary to what a lot of people think, the need for life insurance often persists long after the kids have graduated college or the mortgage has been paid off. If you died the day after your youngest child graduated from college, your spouse would still be faced with daily living expenses. And what if your spouse outlives you by 10, 20 or even 30 years, which is certainly possible today. Would your financial plan, without life insurance, enable your spouse to maintain the lifestyle you worked so hard to achieve? And would you be able to pass on something to your children or grandchildren?

Another key characteristic of permanent insurance is a feature known as cash value or cash-surrender value. In fact, permanent insurance is often referred to as cash-value insurance because these types of policies can build cash value over time, as well as provide a death benefit to your beneficiaries.

Cash values, which accumulate on a tax-deferred basis just like assets in most retirement and tuition savings plans, can be used in the future for any purpose you wish. If you like, you can borrow cash value for a down payment on a home, to help pay for your children's education or to provide income for your retirement. When you borrow money from a permanent insurance policy, you're using the policy's cash value as collateral and the borrowing rates tend to be relatively low. And unlike loans from most financial institutions, the loan is not dependent on credit checks or other restrictions. You ultimately must repay any loan with interest or your beneficiaries will receive a reduced death benefit and cash-surrender value.

If you need or want to stop paying premiums, you can use the cash value to continue your current insurance protection for a specified time or to provide a lesser amount of death benefit protection covering you for your lifetime. If you decide to stop paying premiums and surrender your policy, the guaranteed policy values are yours. Just know that if you surrender your policy in the early years, there may be little or no cash value.

With all types of permanent policies, the cash value of a policy is different from the policy's face amount. The face amount is the money that will be paid at death or policy maturity (most permanent policies typically "mature" around age 100). Cash value is the amount available if you surrender a policy before its maturity or your death. Moreover, the cash value may be affected by your insurance company's financial results or experience, which can be influenced by mortality rates, expenses, and investment earnings.

"Permanent insurance" is really a catchall phrase for a wide variety of life insurance products that contain the cash-value feature. Within this class of life insurance, there are a multitude of different products. Here we list the most common ones.

If you're the kind of person who likes predictability over time, Whole Life insurance might be right for you. It provides you with the certainty of a guaranteed amount of death benefit and a guaranteed rate of return on your cash values. And you'll have a level premium that is guaranteed to never increase for life.

Another valuable benefit of a participating Whole Life policy is the opportunity to earn dividends. While your policy's guarantees provide you with a minimum death benefit and cash value, dividends give you the opportunity to receive an enhanced death benefit and cash value growth. Dividends are a way for the company to share part of its favorable results with policyholders. When you purchase a participating policy, it is expected that you will receive dividends after the second policy year - but they are not guaranteed. Dividends, if left in the policy, can provide an offset (and more) to the eroding effects of inflation on your coverage amount.

Variable Life insurance is offered via a prospectus and provides death benefits and cash values that vary with the performance of a portfolio of underlying investment options. You can allocate your premiums among a variety of investment options offering different degrees of risk and reward: stocks, bonds, combinations of both, or a fixed account that guarantees interest and principal. This type of insurance is for people who are willing to assume investment risk to try to achieve greater returns. With Variable Life you're shifting much of the investment risk from the insurance company to yourself. Good investment performance would provide the potential for higher cash values and ultimate death benefits. If the specified investments perform poorly, cash values and death benefits would drop accordingly.

Unlike Whole Life and Variable Life where you pay fixed premiums, Universal Life offers adjustable premiums that give you the option to make higher premium payments when you have extra cash on hand or lower ones when money is tight.

Universal Life allows you, after your initial payment, to pay premiums at any time, in virtually any amount, subject to certain minimums and maximums. You also can reduce or increase the death benefit more easily than under a traditional Whole Life policy.

Most Universal Life policies will also provide a guaranteed rate of return on your cash values, with one important exception. It is possible that you will not accumulate any cash value if any, or all, of the following circumstances occur: administrative expenses increase, mortality assumptions are changed, the insurance company's investment portfolio underperforms, premium payments are insufficient.

In recent years, there's been considerable interest in what's commonly referred to as Universal Life with Secondary Guarantees (also known as a "No-Lapse Guarantee"). With an ordinary Universal Life product, the policy could lapse under certain circumstances (e.g., interest rates fall below projections, insurance costs or administrative expenses rise, etc). When you buy a policy with a "secondary guarantee," you're guaranteed that the policy won't lapse even if the above factors come to pass.

One of the most attractive things about Universal Life policies with Secondary Guarantees is that they provide lifelong coverage at rates that can be considerably lower than other forms of permanent insurance. That's one of the main reasons why these policies have become so popular for estate planning purposes. If you have a federal estate tax liability (in 2008, estates valued at over $2 million are taxed), your main concern is liquidity at death. When you die, you don't want your heirs to have to hastily sell off assets in order to pay estate taxes. With a Universal Life policy with Secondary Guarantees, the death benefit is guaranteed for life and you have the flexibility of adjusting your premiums, a valuable feature since estate tax rates and exclusion amounts keep changing from year to year.

Variable Universal Life insurance is a flexible premium, permanent life insurance policy that allows you to have premium dollars allocated to a variety of investment options, offering varying degrees of risk and reward. These policies are a good choice for people seeking maximum flexibility. Should your insurance needs change over time, Variable Universal Life usually provides the flexibility to increase or decrease your amount of coverage. You can also make a lump-sum payment to increase the policy's cash value. (The maximum lump-sum payment is subject to IRS limitations.) And, should an emergency arise and you are short on cash, you may be able to skip a scheduled payment and let the accumulated cash value cover the policy's expenses. Keep in mind that the cost of insurance and administrative expenses are still incurred. As your insurance needs change, it is quite probable so will your long-term investment goals and risk-tolerance levels. With Variable Universal Life, you have flexibility to transfer funds between the investment divisions, tax free. So, you have the freedom to make decisions based on your needs and not on the tax ramifications.