



# **THE HSA FOR AMERICA CONSUMER'S GUIDE TO LIFE INSURANCE**

**How to quickly and easily get the coverage you need,  
at the best price available**

By Wiley Long  
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## The HSA for America Consumer's Guide to Life Insurance

Life insurance is something that anyone who has family members depending on their income must have. At HSA for America, our mission is to make insurance easy and hassle-free. This report will explain the basics of how life insurance works, how to determine how much coverage you need, and how to get the best rates. If you have any questions, email us at [info@HSAforAmerica.com](mailto:info@HSAforAmerica.com), or give us a call at 800-913-0172

### Who needs life insurance?

Because of increasing life spans, life insurance premiums are lower than ever. In fact, premiums are now **less than half** what they were 10 years ago. A 40 year old male in excellent health can get \$500,000 in coverage for less than \$35 a month. For a female the same age, the premium could be as low as \$29.31. Yet most people are vastly underinsured. Though not everyone needs to carry life insurance, there are several reasons you may want to consider signing up for some coverage.

### Take Care of Your Dependents

The main reason for carrying life insurance is to take care of the financial needs of those who are currently depending on your income. They expect you to always be around, and hopefully they are right. But if the unexpected happens, you don't want them to miss the funeral because they are worried about paying for the gas to get there.

At the very least, a life insurance settlement will cover your funeral expenses, and provide a cushion until your spouse can get back to work or while your children are adjusting to new guardians. But because of how inexpensive life insurance is these days, most people try to provide more protection for their family should they die prematurely and unexpectedly. Most HSA For America members carry at least \$500,000 in term life, and there are several reasons why you might want to consider more than that.

### Pay for College

If you weren't around to help your child pay for school, would they still be able to afford it? For many families who don't have life insurance, the answer is "no".

A recent study showed that 3 out of 4 parents without life insurance said that if the primary wage earner in their family were to die, paying for their child's education would be difficult. 40 percent said that paying for college would be "harder to afford", and 36 percent said college would be "completely unaffordable".

Of those parents who carry life insurance, 84% said that if their primary wage earner were to die paying for college would be just as affordable or easier to afford. Only 1 percent said that college would be completely unaffordable.

## **Pay off the Mortgage and other Debt**

Do you have credit card debt? A car payment? A mortgage? Business or student loans? A life insurance settlement can be used to pay off your bills, so that you don't leave your loved ones with debts that you incurred.

## **Take Care of Elderly Parents**

It is not always just your children who are dependent on you. It may also be your parents. Today more and more people are finding themselves taking care of elderly parents. There may be nursing home expenses, medications, or personal care providers that you are currently helping to pay. If so, what would happen if something happened to you?

## **Who doesn't need life insurance?**

You've probably seen commercials for life insurance for babies, offered by Gerber. If paying for funeral expenses in the unlikely event that your child dies is a concern, then you *may* want to consider buying life insurance for children. But probably not.

Generally speaking, life insurance needs to be carried only on someone who has other people depending on his or her income. If you've got loads of money that will provide for your family just fine in your absence, then you may not need life insurance. And if you are single, with no spouse, children, or parents to care for, then you may want to put off life insurance until your situation changes.

## **The Difference between Term and Whole Life Insurance**

There are two kinds of life insurance: *term* life insurance, and *whole* life insurance.

A **term life insurance** policy lasts for a specific number of years, or "term". For instance, a 20-year term policy lasts for 20 years, a 30-year term policy would last for 30 years. If the policyholder dies before that specified term is up, his estate or named beneficiaries receive the payout.

A **whole life insurance** policy lasts as long as you do, and is sometimes called "permanent" life insurance. Whole life plans also develop a "cash value", which can be tapped into before you die.

Nearly all financial advisors recommend term insurance over whole life. At first glance a whole life policy might seem like a smarter investment, since you know it will eventually pay out. But it is not.

With a whole life policy, part of your premium goes to cover the actual cost of the life insurance itself. The rest goes towards the investment that builds up the cash value of the policy. However, the return on the investment is usually very low.

Another reason that whole life plans are not usually the best value is the large commissions, typically thousands of dollars, that are paid to the insurance agent. Since these fees are built into the complex investment formulas, few people realize just how much of their money is going into the insurance agent's pocket.

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The smart way to manage your money is to purchase a low-cost term life plan, and invest the difference. You'll get more coverage for less money, and you'll get a larger return on your investment.

### How to Choose a Term Life Insurance Plan

The three key factors to consider when purchasing a term life insurance plan are the face amount (the amount paid upon death), the premium (how much it costs), and the length of coverage (term).

There are many different combinations of these three parameters. The term can be for one year or more, the face amount can remain constant or decline, and the premiums could remain constant or increase.

The most popular type of term insurance is called "level" term. With this type of plan, neither the premium nor the face amount change for the entire period of the term. So for instance, a Guaranteed 20 Year Level Term (the most popular plan we offer) would provide coverage for a 20-year period. For just a few dollars more you can extend that to a 30-year period.

### How Much Coverage Do You Need?

Experts say you'll need roughly 10 times your annual income in life insurance. The chart below can help make a more accurate calculation. This estimate is based on investing the life insurance proceeds in a conservative investment paying a 4% return, in order to generate the annual income objective, pay off debts, and fund any educational expenses.

Calculation Factors	Your Estimates (\$)	Sample Estimates (\$)
<b>1. Annual income objective</b>	<input type="text"/>	<b>65,000</b>
<b>2. Minus other sources of annual income</b>		
Surviving spouse's salary	<input type="text"/>	30,000
Investment earnings	<input type="text"/>	820
*Social Security	<input type="text"/>	15,000
Pensions, annuities	<input type="text"/>	0
Miscellaneous (rental income, etc.)	<input type="text"/>	0
<b>Total annual income</b>	<input type="text"/>	<b>45,820</b>
<b>3. Annual income shortfall</b> (Subtract total of Item 2 from Item 1)	<input type="text"/>	<b>19,180</b>
<b>4. Amount of death benefit needed to generate annual income in Item 3</b> (Divide amount in Item 3 by .04)	<input type="text"/>	<b>479,500</b>

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<b>5. Expenses</b>		
Funeral/cremation	<input type="text"/>	<b>10,200</b>
Final hospital stay/illness	<input type="text"/>	
Estate probate costs	<input type="text"/>	
Federal estate taxes	<input type="text"/>	
State inheritance taxes	<input type="text"/>	
<b>Expense sub-total</b>	<input type="text"/>	<b>10,200</b>
Mortgage balance (if rent/mortgage payment not included in budget work sheet)	<input type="text"/>	0
Education fund	<input type="text"/>	44,232
Emergency fund	<input type="text"/>	6,480
Other outstanding debts	<input type="text"/>	5,000
<b>Total expenses</b>	<input type="text"/>	<b>65,912</b>
<b>6. Preliminary insurance needs</b> (Add total of Item 4 and Item 5)	<input type="text"/>	<b>545,412</b>
<b>7. Existing assets/other insurance</b>		
Group life through employer	<input type="text"/>	0
Personal life coverages	<input type="text"/>	0
Lump-sum pension payable at death	<input type="text"/>	36,200
Savings	<input type="text"/>	3,300
Securities	<input type="text"/>	5,000
IRA and Keogh plans	<input type="text"/>	36,000
Employer savings plan, 401(k)	<input type="text"/>	0
Other liquid assets	<input type="text"/>	8,000
<b>Total assets/insurance</b>	<input type="text"/>	<b>88,500</b>
<b>8. Total life insurance needed</b> (Subtract total of Item 7 from Item 6)	\$ <input type="text"/>	<b>\$456,912</b>

### Check the Rates

To check rates for your situation, go to [www.HSAforAmerica.com/termLife.htm](http://www.HSAforAmerica.com/termLife.htm). This system will instantly quote the rates for the lowest-priced plans available, in about 2 minutes. The very lowest rates are available to those who qualify as "Preferred Plus". To qualify for these rates, you must be able to meet the following conditions:

- Not overweight (a 5'10 male can weigh no more than 192 lbs)
- Non-smoker for the past 5 years
- Normal blood pressure
- Normal cholesterol
- Good driving record
- No parents or siblings diagnosed with cancer or heart disease before age 60

"Preferred" rates liberalize the limitations some, and "Regular" rates give even more leeway. If you have concerns about what you would qualify for, let me know and I'll find you the best rates.

### Sign Up for Coverage

Once you have decided on an amount and which plan, you can simply and quickly apply online at [www.HSAforAmerica.com/termLife.htm](http://www.HSAforAmerica.com/termLife.htm), or give us a call and we'll be happy to take care of everything.

The insurance company will contact you to set up a time for someone to come take your blood pressure and draw blood, and your coverage should be in force in just a few weeks. If you don't like needs or don't want to wait that long, then apply for the No Med Exam Life Insurance which you can access from the same page

If you have some health conditions that you believe may affect your rates or insurability, please give us a call at 866-749-2039. We will shop your plan among the hundreds of options out there, and see which company will offer the best rates for your condition.

Life insurance is something that is easy to put off. Applying takes less than 15 minutes, so choose an amount and sign up now. At HSA for America, we are all about making insurance easy and easy to understand. If you have any questions, please let us know.

If you are ready to sign up for a plan, the easiest way to apply for coverage is through our secure online applications through our website.