

# Life Insurance



A comprehensive financial plan often includes an insurance and risk management analysis. At Fort Pitt Capital Group, planning is performed by fiduciary advisors who recommend what the client needs instead of pressure-inducing sales quotas. We will help define necessities in the event of death, providing our clients with resources designed to meet their family's future financial needs.

## Lifestyle Expectations

Replacing a decedent's lost income is a significant factor when determining the necessary resources in a premature death event. Other financial and lifestyle considerations that could affect your resource needs are:

- What type of family environment is desirable?
- Will the survivor work full-time? Part-time? Return to work in several years?
- Would a survivor need extra daycare or nanny services?
- Would a survivor want to pay off large debts such as mortgages?
- Would a survivor want to pre-fund large expenditures such as college?

## Non-Financial Considerations

It is also vital to have plans relating to the care of children or other dependents in the event both parents are deceased. Your wishes must be detailed in your will or other estate planning documents, or you risk having the state determine the guardian of any children. Your Fort Pitt advisor will work in tandem with your estate planning attorney to help craft the necessary documents to ensure your wishes are followed.

## Financial Considerations

### Amount of Coverage

Several “rules of thumb” can be used to help determine the amount of life insurance coverage needed. Unfortunately, those estimates are often inaccurate and fail to accommodate unique situations or expectations.

Determining the proper amount of insurance coverage is often part science and part art, and your Fort Pitt advisor will help you through that process.

### Type of Coverage

In addition to the amount of insurance, choosing between term and permanent insurance must be considered. Term policies that last only for a specified periods may be appropriate for some clients, while permanent coverage might be preferable for others.

### Quality of Existing Policies and Insurers

Existing policies should be regularly examined for their performance as well as the ratings of the insurer in general. Fort Pitt advisors will periodically review your policy to ensure that it continues to meet your needs.



## How Can Fort Pitt Capital Group Help?

At Fort Pitt, we believe insurance is an integral part of a holistic financial plan, so we offer our clients in-house risk mitigation solutions. Our clients benefit by receiving advice through our fiduciary role, which means we will act in your best interest and only recommend products based on your needs.

Talk to your advisor today to find out what type of life insurance you need.



## Types of Life Insurance

### Term Life Insurance

Term Life Insurance provides coverage for the insured for a specified period of time (5, 10, or 20 years, for example) as long as the premiums are paid, and the policy is not canceled.

TYPE	DESCRIPTION
<b>Annual Renewable Term</b>	Provides a fixed amount of coverage for one year and allows the policy owner to renew the coverage each year, without requiring updated health records.
<b>Level Term</b>	Provides a fixed amount of coverage with premiums that are fixed over a certain period of time, often in 10-year increments.
<b>Decreasing Term</b>	Provides for coverage that decreases throughout the term of coverage, while the premiums remain level. Often used for a short-term decreasing liability like a mortgage.

### Permanent Insurance

Permanent Life Insurance provides coverage for the insured's entire life. If premiums are paid on time and the policy is not canceled this generally allows for a buildup of cash value.

TYPE	DESCRIPTION
<b>Whole Life</b>	Whole life policies are the oldest kind of permanent insurance, where premiums are fixed and guaranteed and remain level throughout the policy's lifetime. This coverage also provides a guaranteed cash value and guaranteed death benefit.
<b>Universal Life</b>	Universal life allows the owner after the initial payment to pay flexible premiums. The owner may change the death benefit from time to time and vary the amount and timing of premium payments.
<b>Variable Universal Life</b>	Variable universal life insurance is a form of permanent coverage that combines premium and death benefit flexibility with the policy owner being able to choose among different investment options. Values fluctuate based on market volatility.

## How do they compare?

FEATURE	TERM	PERMANENT
<b>Coverage Length</b>	Specific time if premiums are paid	Lifetime if premiums are paid
<b>Premiums</b>	Determined by age and health. Typically, lower than permanent coverage.	Determined by age and health. Initially higher than term coverage with a portion going to cash value.
<b>Cash Value</b>	Not Available	Potential for cash value accumulation on a Tax Deferred Basis
<b>Face Amount</b>	Typically, Level	Level and/or Flexible
<b>Key Advantage</b>	Provides the highest death benefit for lowest premium when need is temporary.	Provides lifetime protection combined with the potential for cash value accumulation.