

An **Educational Guide**
for Individuals



Why rent when you can own?

A comparison of term and permanent life insurance

Insurance Strategies



We'll help you get there.®

[TABLE OF CONTENTS](#)

[NEXT](#)





Protecting your loved ones with the right amount and right type of life insurance is a caring and responsible act.

Contents [Click any topic below.](#)

- 1 | A foundation of life insurance
- 2 | Owning permanent vs. renting term insurance
- 3 | Options to meet your needs today and tomorrow
- 4 | Combining whole life and term insurance
- 5 | Protecting what matters most to you

Massachusetts Mutual Life Insurance Company (MassMutual) offers both term and permanent coverage. This guide is designed to help you understand the differences between the two by comparing them to renting and owning a home.

The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While the policy allows for loans, you should know that there may be little to no cash value available for loans in the policy's early years.

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A foundation of life insurance

Determining the right amount

A sound financial strategy can be built on a foundation of life insurance. Life insurance can help you fulfill your promises to the people you care about by providing an additional financial resource when they need it most.

It is important to assess the financial needs of your family in order to determine the amount of coverage that will help protect their standard of living. Your MassMutual financial professional can help you quickly and easily determine an appropriate amount of life insurance with the help of our online tool called the Lifetime Economic ValueSM calculator.

Deciding on the right type of coverage

Once you have determined the right amount, the next step is to decide which type of coverage is right for you. There are two basic types of life insurance to choose from:

- Permanent insurance offers lifetime protection, which means that your beneficiaries will receive a death benefit no matter how long you live. Whole life insurance is one type of permanent coverage that also accumulates guaranteed cash value which can be used to help address life's opportunities and challenges.¹
- Term insurance provides temporary coverage for a specific period of time and only offers death benefit protection; there is no cash value component. Consequently, the initial premiums for term insurance may be lower than for a comparable amount of permanent coverage.

Many people find that a combination of both permanent and term coverage helps provide the protection and accumulation they need, at a price they can afford.



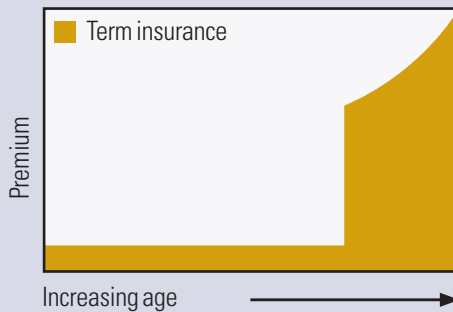
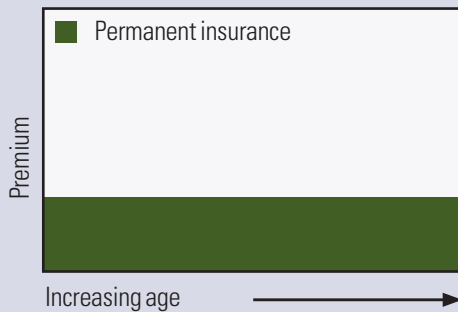
One way to understand the differences between permanent and term insurance is comparing owning a home to renting one.

¹ Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10% tax penalty.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

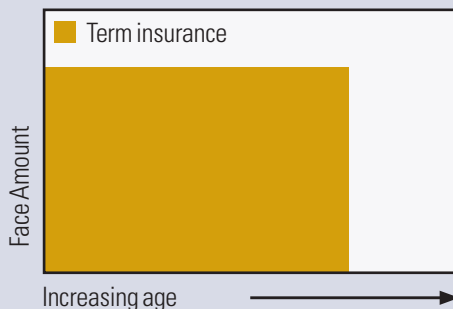
Owning permanent vs. renting term insurance

Payment



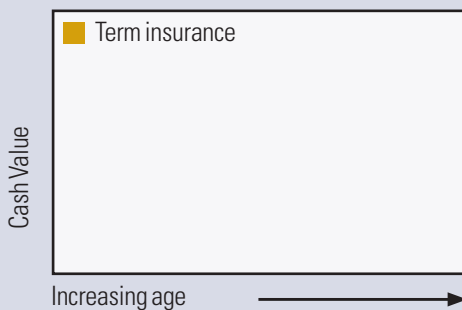
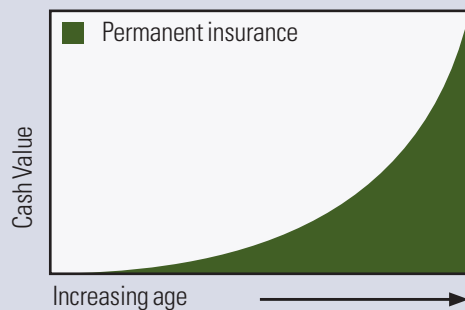
Similar to a fixed mortgage on your home, the premiums for most permanent life insurance policies remain level and do not increase over time. While term insurance premiums are often level and more affordable initially, they can increase if you choose to renew your coverage, just like rent can increase each time a lease is renewed.

Duration



Permanent life insurance, like owning a home, can be yours for life. Term insurance is temporary by nature. The cost increases each year after the initial level premium period, often making it cost prohibitive. This is similar to renting – once a lease expires, the rent can go up, and you may need to find another place to live. In addition, if you still need coverage, it may be difficult to get a new policy if your health has deteriorated.

Equity



Most forms of permanent insurance build equity on a tax-deferred basis in the form of cash value. Like the equity in a home, you can borrow against the cash value in your policy for any reason you choose.¹ In contrast, term insurance, like rental property, does not build equity because there is no cash value component.



Options to meet your needs today and tomorrow

Term and permanent life insurance offer different advantages during various stages of your life. Although term coverage can be a less expensive solution initially, you should also consider the guarantees and versatility that whole life insurance can provide. Understanding the benefits of each may help you determine how to best combine term and whole life coverage to meet your protection and financial goals.

Term life insurance:

- 1 | Provides a generally tax-free death benefit that helps protect your value as a provider for your family, or what you contribute to the success of your business. The death benefit is temporary and the policy may become cost prohibitive before or during retirement;
- 2 | Offers affordable premiums during the level premium period;
- 3 | Allows your entire Lifetime Economic ValueSM to be protected at a relatively low cost; and
- 4 | May allow you to convert to permanent life insurance for a certain period of time – without a physical, and with no additional medical questions to answer.

Many people find that a combination of both term and whole life insurance is the best strategy to help meet their protection and accumulation needs, at a price they can afford.

Whole life insurance:

- 1 | Provides a lifetime death benefit that is generally paid income tax-free to your beneficiaries. This can help:
 - Protect your value as a provider for your family, or what you contribute to the success of your business;
 - Offer additional financial security throughout retirement; and
 - Leave a financial legacy to your children or grandchildren.
- 2 | Accumulates guaranteed cash value over time which increases each year and will never decline in value.
- 3 | Is eligible to receive policy dividends² which can be used to:
 - Reduce your out-of-pocket costs; or
 - Increase the cash value and death benefit of your policy.
- 4 | Offers tax-advantaged access to cash value that helps¹:
 - Provide cash in case of an emergency; or
 - Supplement your retirement income.

² Dividends are not guaranteed.

Combining whole life and term insurance

Combining whole life and term life insurance can help meet your coverage needs as they change over time. Many people utilize both types of life insurance during their working years. If you decide to use this strategy, using a term policy that is convertible to permanent coverage can help you gradually increase your whole life insurance over time, and as your budget allows.

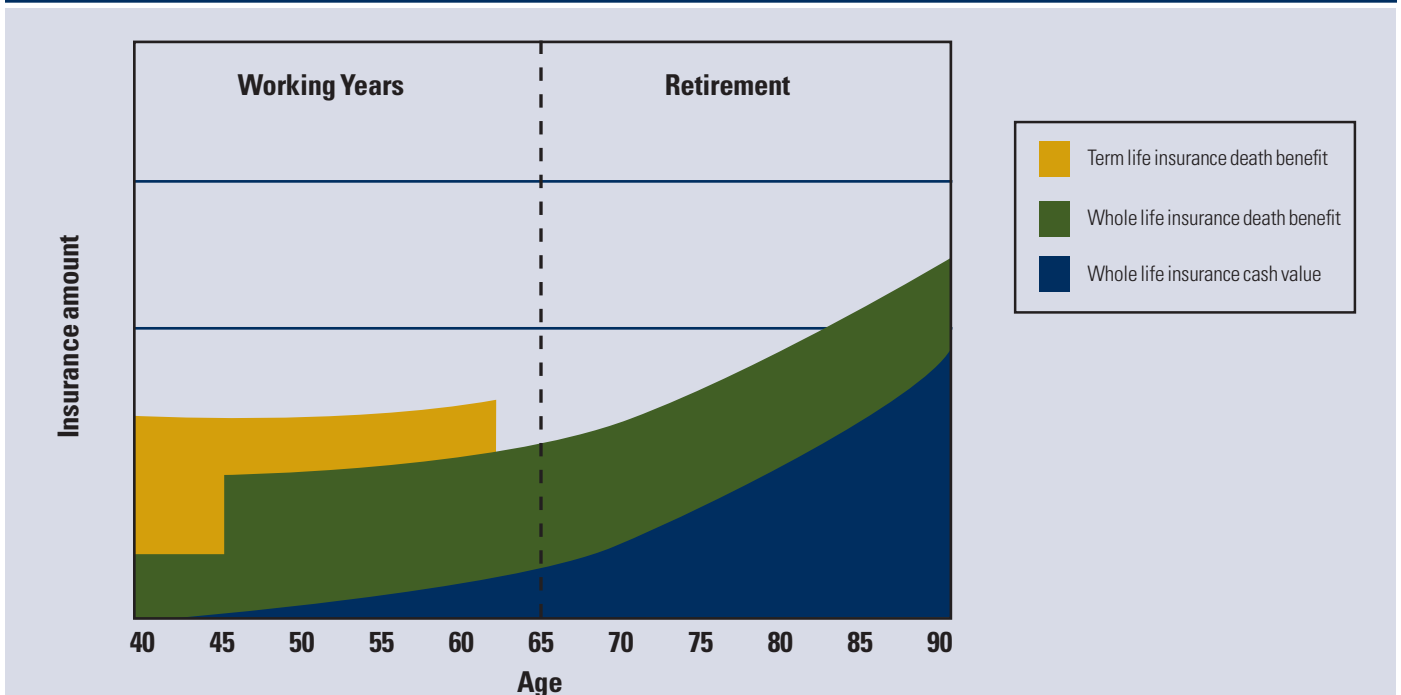
During your working years

- Coverage needs are often greatest while you are working and providing for your family.
- The earlier you buy whole life insurance, the lower the premium will be, and the sooner your cash value will begin to accumulate.
- Term insurance is an affordable way to help ensure that your loved ones are fully protected.

During your retirement

- At retirement, and after your term insurance is no longer in force, your whole life policy death benefit and cash value can be used in different ways to help you live a more secure and comfortable retirement.¹
- During the latter part of your life, your whole life insurance policy can help assure your financial legacy to your family.

Combining whole life and term life insurance to meet your changing coverage needs



This chart represents a hypothetical combination of term and whole life insurance, and includes the cash value pattern of the whole life coverage assuming that cash value is not accessed. It is not intended to represent specific products. It assumes that a 20-year term life insurance policy and a participating whole life policy are purchased at age 40, and that a portion of the term life insurance is converted to whole life insurance at age 45. All whole life policy dividends are used to purchase paid-up additional insurance.



Protecting what matters most to you

Protecting your family with life insurance is a caring and responsible act. Term life insurance can provide the temporary coverage you need, at a premium level you can afford. Whole life insurance provides permanent protection, accumulates cash value, and can help meet your financial needs over various stages of your life.

Your MassMutual financial professional can help you determine the right amount and right type of life insurance, and can answer any questions you may have.





MassMutual. We'll help you get there.®

There are many reasons to choose a life insurance company to help meet your financial needs: protection for your family or business, products to provide supplemental income and the confidence of knowing you will be prepared for the future.

At Massachusetts Mutual Life Insurance Company (MassMutual), we operate for the benefit of our participating policy owners. We stand strong in the fundamental belief that every secure future begins with a good decision. And when choosing a life insurance company – ownership, strength and stability matter.

Learn more at www.massmutual.com/mutuality

The Whole Life Legacy Series (WL-2007 and WL-NC-2007) are level-premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

Other life insurance products issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001 and its subsidiaries C.M. Life Insurance Company and MML Bay State Life Insurance Company, Enfield, CT 06082.

