

Term life insurance 101

Term life insurance guarantees financial protection for your client's family over a specific period – the term – before expiring. If your client dies before the term ends, their beneficiary receives a payout that can be used to cover funeral costs, bills, or other expenses. **Thanks to lower costs and simplicity, a term policy is the right kind of life insurance for most people.**



How much coverage is enough?

Rule of thumb

10-15x your client's income

The amount of life insurance your client gets should be enough to replace their lost income *and* cover their family's future expenses, like mortgage payments, education costs, and bills.

The DIME Method

Debts, income, mortgage, education

You can provide your client with the most accurate estimate by adding up:

- Their outstanding **debts**
- Their **income** multiplied by the number of years their family will depend on it
- The amount left on their **mortgage**
- The costs of their children's **education**

For parents

Income plus number of children

If your client is a parent, estimate a coverage amount by using the "**multiply by 10**" rule, then adding at least \$100,000 for each child they have or plan to have.

For the budget-conscious

1% of annual income

If affordability is the top priority, the 1% rule may be the right estimation method for your client. Just choose a coverage amount with annual premiums that add up to about 1% of their annual income.