LESSON 11.3 Term Life Insurance

Vocab:

Life Insurance - a protection for your family from financial burden when you die.

Term Life Insurance - life ins. that expires after a set # of years.

Beneficiary - the people that get the $.

LESSON 11.3

EXAMPLE 1

Kenny Calloway is 30 years old. He wants to purchase a $50,000, 5-year term life insurance policy. What is his annual premium?

$\frac{50000}{1000} = \boxed{50}$

$50(3.21)$

$\boxed{\$160.50}$

Annual Premiums per $1,000 of Life Insurance: 5-Year Term*		
Age	Male	Female
18–30	$ 3.21	$ 2.77
35	$ 3.51	$ 2.98
40	$ 4.25	$ 3.47
45	$ 5.42	$ 4.60
50	$ 7.59	$ 6.27
55	$11.45	$ 8.58
60	$17.19	$12.62

*Minimum amount is $50,000

LESSON 11.3

Use Figure 11.2 to complete the problems. Check your answers in the back of the book.

Find the annual premium for a 5-year term policy.

1. An eighteen-year-old female purchases a $50,000, 5-year term policy. What is the annual premium?

50(2.77) = $138.50

Annual Premiums per $1,000 of Life Insurance: 5-Year Term*		
Age	Male	Female
18–30	$ 3.21	$ 2.77
35	$ 3.51	$ 2.98
40	$ 4.25	$ 3.47
45	$ 5.42	$ 4.60
50	$ 7.59	$ 6.27
55	$11.45	$ 8.58
60	$17.19	$12.62

*Minimum amount is $50,000

LESSON 11.3

Use Figure 11.2 to complete the problems. Check your answers in the back of the book.

Find the annual premium for a 5-year term policy.

2. A forty-five-year-old male purchases a $60,000, 5-year term policy. What is the annual premium?

60(5.42)

$325.20

Annual Premiums per $1,000 of Life Insurance: 5-Year Term*		
Age	Male	Female
18–30	$ 3.21	$ 2.77
35	$ 3.51	$ 2.98
40	$ 4.25	$ 3.47
45	$ 5.42	$ 4.60
50	$ 7.59	$ 6.27
55	$11.45	$ 8.58
60	$17.19	$12.62

*Minimum amount is $50,000

LESSON 11.3

EXAMPLE 2

Maria Rita Gomez purchased an $80,000, 5-year term policy at age 30. She will be 35 years old this year.

Annual Premiums per $1,000 of Life Insurance: 5-Year Term*		
Age	Male	Female
18–30	$ 3.21	$ 2.77
35	$ 3.51	$ 2.98
40	$ 4.25	$ 3.47
45	$ 5.42	$ 4.60
50	$ 7.59	$ 6.27
55	$11.45	$ 8.58
60	$17.19	$12.62

*Minimum amount is $50,000

What will the annual premium be at age 35?

$80(2.98) = \$238.40$

What was the annual premium at age 30?

$80(2.77) = \$221.6$

How much is the increase? $\$16.80$

What is the percent increase?

$\frac{16.80}{221.6} = 0.0758$

$\boxed{7.58\%}$

LESSON 11.3

Use Figure 11.2 to find the percent increase in premiums. Check your answer in the back of the book.

3. At age 40, Julie Johnson purchases a $60,000, 5-year term policy. She is now 45 years old.

Annual Premiums per $1,000 of Life Insurance: 5-Year Term*		
Age	Male	Female
18–30	$ 3.21	$ 2.77
35	$ 3.51	$ 2.98
40	$ 4.25	$ 3.47
45	$ 5.42	$ 4.60
50	$ 7.59	$ 6.27
55	$11.45	$ 8.58
60	$17.19	$12.62

*Minimum amount is $50,000

$$\frac{\text{New} - \text{Old}}{\text{Old}}$$

$$\frac{4.60 - 3.47}{3.47}$$

0.3256

32.56%

LESSON 11.3

Use Figure 11.2 to find the percent increase in premiums. Check your answer in the back of the book.

4. Harold McDonough at age 55 purchases a $100,000, 5-year term policy. He is now 60 years old.

Annual Premiums per $1,000 of Life Insurance: 5-Year Term*		
Age	Male	Female
18–30	$ 3.21	$ 2.77
35	$ 3.51	$ 2.98
40	$ 4.25	$ 3.47
45	$ 5.42	$ 4.60
50	$ 7.59	$ 6.27
55	$11.45	$ 8.58
60	$17.19	$12.62

*Minimum amount is $50,000

$$\frac{17.19 - 11.45}{11.45}$$

0.5013

50.13%

LESSON 11.4 Other Types of Life Insurance

Vocab:

Whole Life Insurance - covers you for your entire life.

Cash Value - what the policy is worth at that time. (can borrow against it)

Limited Payment Policy - you are paid up at a certain age and don't have to pay any more.

Universal Life Insurance - a life ins. and a savings account. Earns interest.

LESSON 11.4

EXAMPLE 1

Phyllis Saul is 25 years old. She wants to purchase a whole life policy with a face value of $125,000. What is her annual premium?

Annual Premiums per $1,000 of Life Insurance					Monthly Premium
Age	Paid Up at Age 65		Whole Life		$50,000 Universal Life
	Male	Female	Male	Female	Male or Female
20	$11.75	$ 9.75	$ 8.00	$ 6.25	$ 19.00
25	$13.75	$11.50	$ 9.50	$ 7.50	$ 24.00
30	$17.00	$14.50	$11.75	$ 9.25	$ 29.00
35	$21.50	$18.00	$15.00	$11.50	$ 37.50
40	$29.75	$25.00	$19.50	$14.50	$ 52.00
45	$39.50	$32.50	$25.50	$18.75	$ 69.50
50	$56.25	$45.75	$34.00	$24.25	$ 93.50
55			$46.50	$32.25	$126.00

125(7.50) = $937.50

LESSON 11.4

Find the annual premium. Check your answers in the back of the book.

1. A 30-year-old male obtains a $70,000 whole life policy.

Annual Premiums per $1,000 of Life Insurance					Monthly Premium
Age	Paid Up at Age 65		Whole Life		$50,000 Universal Life
	Male	Female	Male	Female	Male or Female
20	$11.75	$ 9.75	$ 8.00	$ 6.25	$ 19.00
25	$13.75	$11.50	$ 9.50	$ 7.50	$ 24.00
30	$17.00	$14.50	$11.75	$ 9.25	$ 29.00
35	$21.50	$18.00	$15.00	$11.50	$ 37.50
40	$29.75	$25.00	$19.50	$14.50	$ 52.00
45	$39.50	$32.50	$25.50	$18.75	$ 69.50
50	$56.25	$45.75	$34.00	$24.25	$ 93.50
55			$46.50	$32.25	$126.00

70(11.75) = $822.50

LESSON 11.4

Find the annual premium. Check your answers in the back of the book.

2. A 40-old female obtains a limited payment policy until age 65 of $90,000.

Annual Premiums per $1,000 of Life Insurance					Monthly Premium
Age	Paid Up at Age 65		Whole Life		$50,000 Universal Life
	Male	Female	Male	Female	Male or Female
20	$11.75	$ 9.75	$ 8.00	$ 6.25	$ 19.00
25	$13.75	$11.50	$ 9.50	$ 7.50	$ 24.00
30	$17.00	$14.50	$11.75	$ 9.25	$ 29.00
35	$21.50	$18.00	$15.00	$11.50	$ 37.50
40	$29.75	$25.00	$19.50	$14.50	$ 52.00
45	$39.50	$32.50	$25.50	$18.75	$ 69.50
50	$56.25	$45.75	$34.00	$24.25	$ 93.50
55			$46.50	$32.25	$126.00

90(25.00)

$2250

LESSON 11.4

EXAMPLE 2

Suppose Phyllis Saul (from **Example 1**) wants to pay the $937.50 annual premium monthly. What are her monthly payments? How much can she save in one year by paying the premium annually?

Optional Payment Plans		
Percent of Annual Premium		
Semi-annual Premiums	=	50.5%
Quarterly Premiums	=	25.5%
Monthly Premiums	=	8.5%

$0.085(937.50) = \$79.69$ per mon

$12(79.69) = \$956.28$

-937.50

$\boxed{\$18.78}$

LESSON 11.4

Determine how much can be saved by paying annually. (Refer to Figure 11.3 and Figure 11.4.) Check your answers in the back of the book.

3. A 20-year-old male has a $100,000 whole life policy paid monthly.

Annual Premiums per $1,000 of Life Insurance					Monthly Premium
Age	Paid Up at Age 65		Whole Life		$50,000 Universal Life
	Male	Female	Male	Female	Male or Female
20	$11.75	$ 9.75	$ 8.00	$ 6.25	$ 19.00
25	$13.75	$11.50	$ 9.50	$ 7.50	$ 24.00
30	$17.00	$14.50	$11.75	$ 9.25	$ 29.00
35	$21.50	$18.00	$15.00	$11.50	$ 37.50
40	$29.75	$25.00	$19.50	$14.50	$ 52.00
45	$39.50	$32.50	$25.50	$18.75	$ 69.50
50	$56.25	$45.75	$34.00	$24.25	$ 93.50
55			$46.50	$32.25	$126.00

100(8.00)
$800

Optional Payment Plans		
Percent of Annual Premium		
Semi-annual Premiums	=	50.5%
Quarterly Premiums	=	25.5%
Monthly Premiums	=	8.5%

0.02(800) = $16

LESSON 11.4

Determine how much can be saved by paying annually. (Refer to Figure 11.3 and Figure 11.4.) Check your answers in the back of the book.

4. A 40-year-old female has a $150,000 paid up at age 65 policy that she pays quarterly.

Annual Premiums per $1,000 of Life Insurance					Monthly Premium
Age	Paid Up at Age 65		Whole Life		$50,000 Universal Life
	Male	Female	Male	Female	Male or Female
20	$11.75	$ 9.75	$ 8.00	$ 6.25	$ 19.00
25	$13.75	$11.50	$ 9.50	$ 7.50	$ 24.00
30	$17.00	$14.50	$11.75	$ 9.25	$ 29.00
35	$21.50	$18.00	$15.00	$11.50	$ 37.50
40	$29.75	$25.00	$19.50	$14.50	$ 52.00
45	$39.50	$32.50	$25.50	$18.75	$ 69.50
50	$56.25	$45.75	$34.00	$24.25	$ 93.50
55			$46.50	$32.25	$126.00

150(25)
$3750

Optional Payment Plans		
Percent of Annual Premium		
Semi-annual Premiums	=	50.5%
Quarterly Premiums	=	25.5%
Monthly Premiums	=	8.5%

0.02(3750) = $75