



**Creating a life insurance  
strategy that's right for you**

## A sound life insurance protection strategy addresses your coverage needs today, over your working life and even during retirement.

This may involve “layering” coverage - purchasing term life insurance with varying coverage periods along with a certain amount of permanent life insurance. All or a portion of the term insurance can be converted permanent coverage over time to meet your long-term protection needs. The idea is to purchase policies that, in combination, will provide an appropriate amount of life insurance protection during various stages of your life.

### Consider the following example:

Jason is 30 and recently graduated from dental school. He and his wife Laura purchased a home, and they are expecting their first child. They have a large mortgage and Jason has substantial student loans. Since Jason is just starting out and Laura plans to stop working when the baby arrives, their budget will be tight for a few years.

Jason and Laura recently met with a financial advisor, who made a number of recommendations. One was for Jason to purchase enough life insurance to protect his future income and their debt.

Their advisor proposes the following life insurance products:

- 20-year term life insurance, convertible for 10 years
- 30-year term life insurance, convertible for 20 years
- A small life paid-up at 65 whole life insurance policy
- Waiver of Premium Rider on all policies

This layering of term and whole life insurance is designed to protect Jason’s income at different stages of his career. The plan assumes that they will convert portions of his term life insurance to increase his whole life insurance coverage as their budget allows. This will help provide the coverage they need near the end of Jason’s career, and during retirement. The Waiver of Premium Rider will help protect the coverage by waiving the premiums in the event Jason becomes totally disabled and is unable to work.<sup>1</sup>

### Consider the protection that Jason’s life insurance strategy will provide over his working life.

<sup>1</sup>There is an additional premium for this rider. Eligibility for benefits based on disability as defined in the rider.

**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.**

# Jason's life insurance policies

20-Year Term



30-Year Term



Whole Life Insurance



## At age 30

Jason's protection needs are at their greatest today. He will be the only source of income for their growing family for some time, and he and Laura have substantial debt. The combination of whole life and term life insurance will provide the coverage they need.

## At age 40

When Jason turns 40, they will convert a portion of his 20-year term coverage to increase his whole life insurance. His peak earning years are still ahead of him, and they will be saving for their children's education. So Jason's total life insurance protection will stay the same. He continues to have the option to convert all or a portion of his 30 year term life policy over the next 10 years.

## At age 50

When Jason turns 50, his 20-year term coverage will end. While his life insurance protection needs have decreased, he still has a lot of future income to protect as they focus on saving enough for retirement and paying for their children's education. The plan is for Jason to use his last opportunity to convert an additional portion of his 30-year term policy to increase his whole life insurance coverage.

## At age 60

When Jason turns 60, his 30-year term life insurance policy will end. His whole life policy will provide the coverage that they need between now and when he retires. The policy will be paid-up at age 65 and may help Jason and Laura enjoy a more secure and comfortable retirement.

Overall, Jason's life insurance strategy was a cost effective way for him to get the life insurance protection that he needed while his career and family were growing. It also gave him the flexibility to address his long term protection needs with permanent life insurance as his budget allowed.



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