TEN POINT FINANCIAL GROUP

Building Generational Wealth

# The Life Insurance Buyer's Guide

How to actually pick the right policy — and avoid the 3 common traps

Life insurance is the most-mis-sold financial product in America. Most families end up over-paying for under-coverage. This guide walks through how to size your need, pick the right type, and avoid the pitches that don't fit your situation.

## Step 1 — Size Your Need (DIME Method)

Most rules of thumb (10× income, etc.) miss the mark. DIME is better.

- D — Debt. Sum of all consumer debt (cars, cards, student loans).
- I — Income replacement. Annual income × years until kids are independent.
- M — Mortgage. Current mortgage balance.
- E — Education. Number of kids × estimated cost per kid for college.
- Add the 4 numbers. Subtract existing coverage + savings. The result is your TRUE need.

## Step 2 — Pick the Type (Term vs Whole vs IUL)

The right type depends on what job the policy is doing.

- Term — Pure death benefit for 10-30 years. Cheapest. Right for most families when kids are young or mortgage is large.
- Whole Life — Permanent coverage with cash value. Higher cost. Used for estate planning, business funding, and infinite banking strategies.
- Universal Life / IUL — Permanent with market-linked growth potential. Powerful when designed correctly, fee trap when sold poorly.
- Final Expense — Small permanent policy ($10K-$25K) for funeral costs. For people who don't qualify for medical underwriting.

## Step 3 — Riders Worth Adding

Riders enhance the base policy. Some are worth it, one is usually a trap.

- Accelerated Death Benefit — Lets you access part of the death benefit if you're terminally ill. Usually free. Add it.
- Waiver of Premium — Premiums waived if you become disabled. Small cost, big value.
- Chronic Illness Rider — Access death benefit for long-term care. Powerful for combining LTC + life insurance.
- Return of Premium — Get all your premiums back if you outlive the term. Sounds great. Usually costs 50-100% more — invest the difference instead.

## Step 4 — Common Beneficiary Mistakes

Six errors that destroy good policies.

- Naming your estate as beneficiary (forces probate).
- Listing minor children directly (court has to appoint a guardian for the money).
- Forgetting to update after divorce (ex gets the money).
- Forgetting contingent beneficiaries (primary dies first !' estate gets it).
- Not aligning beneficiaries with estate plan (will says one thing, beneficiary form says another — beneficiary form wins).
- Failing to check yearly (life changes, beneficiary forms don't update automatically).

## Step 5 — The Underwriting Prep

Better prep = better rates. Get serious before applying.

- Don't apply until you've made any obvious health improvements (lost weight, quit nicotine for 12+ months).
- Pull your medical records first — know what's in them.
- Get current bloodwork done at your doctor (don't let the insurance exam be the first time).
- Choose an INDEPENDENT agent who can shop multiple carriers — each carrier has different underwriting niches.

## The 3 Sales Pitches to Be Skeptical Of

If an agent leads with any of these, get a second opinion.

- "Term insurance is wasted money." !' Usually said by someone selling whole life on commission.
- "You need permanent life insurance for tax-free retirement income." !' Sometimes true, often a Lincoln-Heritage-style oversold IUL.
- "This product has guaranteed returns." !' Banned phrase. Walk away.

NEXT STEP

# Free life insurance needs analysis

We'll calculate what coverage you actually need, shop multiple carriers, and present 2-3 honest options. Independent agency — we earn the same regardless of which carrier you pick.

**Schedule online:**
tenpointfinancialgroup.com/contact?from=guide-life

**Or call:**
+1 (586) 899-1003

Sources: NAIC, LIMRA, Society of Actuaries.