AMW GROUP

EDUCATIONAL GUIDE · LIFE INSURANCE

Whole Life Insurance
Is It Right for You?

How whole life works, what sets it apart, and the client profile it serves best, so you can decide with confidence.

AT A GLANCE

Whole Life in Plain Terms

Whole life insurance gives you lifelong protection, a premium that never changes and cash value that grows on a guaranteed schedule. It works best for people with a lasting need for permanent coverage who value certainty over growth.

Part of each premium pays for your coverage and part builds cash value, which the insurer guarantees will grow on a schedule set when you buy. Participating policies, usually from mutual insurers, may also pay yearly dividends. Dividends are not guaranteed, but they can add to your cash value and coverage.

PROTECT

A guaranteed death benefit that, in most cases, passes income-tax-free to your beneficiaries.

POSITION

A fixed premium and guaranteed cash value, so you know where your policy stands every year.

GROW

Cash value that grows tax-deferred, plus dividends that can buy added coverage over time.

HOW IT WORKS

Key Characteristics

Premiums, guaranteed values, dividends and charges vary by carrier, product and state.

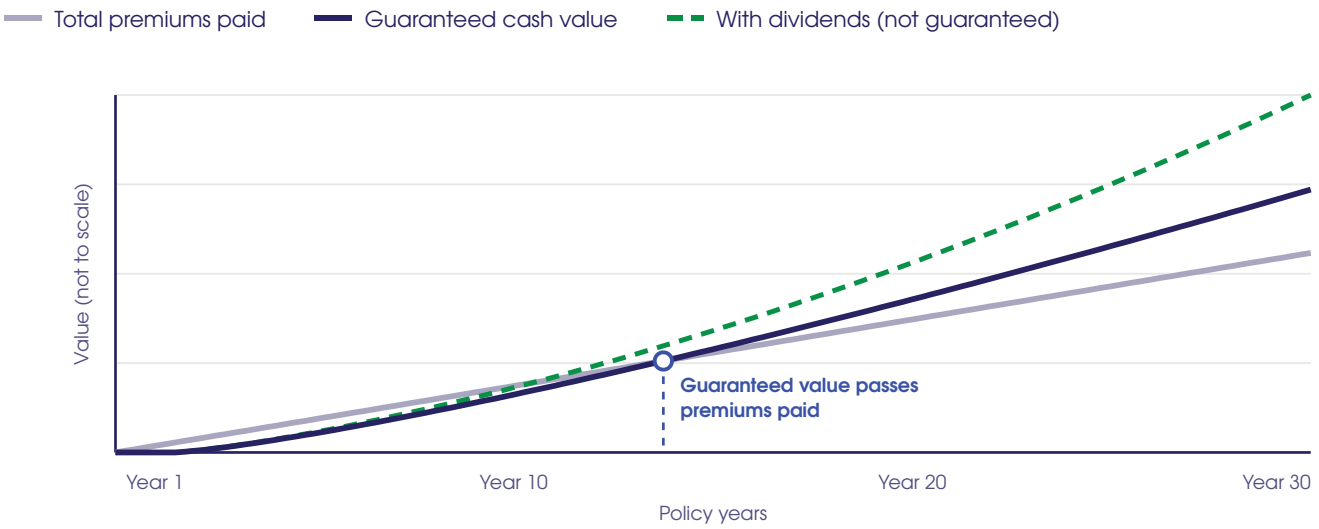
FEATURE	HOW IT WORKS	WHY IT MATTERS TO YOU
Death benefit	Guaranteed for life as long as required premiums are paid.	Generally passes income-tax-free to your beneficiaries.
Premiums	Fixed and level. Pay for life or over a set period, such as 10 or 20 years or to age 65.	Predictable; never rises with age or changes in health.
Guaranteed cash value	Grows on a schedule written into the contract when you buy.	Market drops can't reduce it.
Dividends	Participating policies may pay yearly dividends from the insurer's surplus. They are not guaranteed.	Can lower premiums, be paid in cash or buy added coverage.
Paid-up additions	Dividends or an optional rider buy small blocks of fully paid coverage.	Can speed cash value growth and raise the death benefit.
Tax treatment	Tax-deferred growth. Policy loans are generally not taxed while the policy stays in force and is not a modified endowment contract (MEC).	Can provide a tax-advantaged reserve or supplement retirement income.

FEATURE	HOW IT WORKS	WHY IT MATTERS TO YOU
Policy loans	Borrow against cash value at a rate set by the insurer; no credit check or fixed repayment.	Flexible access, but unpaid loans reduce the death benefit.
Costs	Insurance costs, expenses and commissions are built into the premium, not listed separately.	Harder to compare policies line by line.
Early cash value	Builds slowly at first while setup costs are covered. Ending the policy early can return less than you paid in.	A poor fit if you may need the money soon.
Reduced paid-up option	Stop paying premiums and keep a smaller, fully paid policy.	Keeps some coverage if your plans change.
Riders	Optional add-ons for an added cost, such as waiver of premium if you become disabled, early access to the death benefit if terminally ill, or extra term coverage.	Tailor the policy to your family's needs.
Guarantees	The strongest guarantees of any permanent policy: premium, cash value and death benefit.	They depend on the financial strength of the insurer.

HYPOTHETICAL EXAMPLE

How Cash Value Builds Over Time

Cash value starts slowly while setup costs are covered, then builds steadily. Here the guaranteed value passes what you have paid in during the middle years. Dividends left in the policy can get you there sooner, but they are not guaranteed.



For illustration only; not a projection of any product. No specific rates are assumed and values are not to scale. Actual results depend on the policy, the insurer, your age and health, and any dividends declared.

REAL-WORLD USES

Where Whole Life Shines

Lifelong family protection

Coverage that can't expire or rise in cost gives your spouse, children or a dependent with special needs certainty. A small policy on a child can lock in future insurability.

Estate liquidity

A generally income-tax-free death benefit gives heirs cash for estate costs, so no home or business has to be sold in a rush.

Business continuity

A policy can fund buy-sell agreements or key-person coverage, so your business keeps running if an owner or key leader dies.

A conservative reserve

Guaranteed cash value can serve as a steady, tax-advantaged reserve you can borrow against for emergencies or opportunities.

IDEAL CLIENT PROFILE

Who Whole Life Fits Best

The strongest candidates match most of these traits, not just one.

TRAIT	IDEAL PROFILE	WHY IT MATTERS
Insurance need	A lasting need for permanent coverage: final expenses, estate liquidity, a special-needs dependent, business succession or a legacy.	Term insurance costs less for temporary needs.
Priorities	You value guarantees and predictability over maximum growth.	Whole life trades upside for contractual promises.
Income	Stable and dependable, with room for a fixed premium.	Missed premiums can reduce coverage or end the policy.
Other savings	Retirement savings on track and an emergency fund in place.	Whole life adds to a plan; it doesn't replace one.
Time horizon	15–20 years or more, ideally for life.	Early costs need time to be absorbed.
Age and health	Younger and healthy; smaller policies can also cover final expenses.	Premiums are set when you buy, so starting earlier locks in a lower cost.
Risk tolerance	Conservative; you prefer steady growth with no market risk.	You accept modest growth in exchange for certainty.

CONSIDER ALTERNATIVES

When Whole Life Isn't the Fit

- You mainly need affordable income replacement while children are young or a mortgage is outstanding; term insurance usually costs far less.
- You aren't yet saving for retirement, lack an emergency fund, or carry high-interest debt.
- You may need the money within about 10 years.
- Your income is irregular or tight, so a fixed premium would be hard to keep paying.
- You want growth closer to the stock market; whole life grows steadily but modestly.
- The main appeal is a "be your own bank" pitch, without a clear view of loan costs and early cash values.

KNOW BEFORE YOU COMMIT

Risks We Help You Manage

Whole life's guarantees are strong, but it still carries real trade-offs. Here is how we help you stay ahead of each one.

THE RISK	HOW WE HELP
Higher premiums. Whole life costs much more than term for the same death benefit.	We compare costs side by side and size coverage to your need and budget.
Slow early cash value. Ending the policy in its early years can return less than you paid in.	We confirm your time horizon before you buy and show guaranteed values year by year.
Dividends can change. Illustrations assume today's dividend scale continues, and insurers can lower it.	We show you the guaranteed values and a lower-dividend scenario, not just the current scale.
Loan risk. Loan interest compounds. If loans grow past the cash value, the policy can end and gains can become taxable.	We plan loans conservatively and monitor balances at each review.
MEC status. Adding too much through paid-up additions makes loans and withdrawals taxable, with a possible 10% penalty before age 59½.	We design premiums and riders within IRS limits and track them as you fund the policy.
Inflation. A level death benefit buys less over time.	We use dividend options to help coverage keep pace and revisit your need as life changes.
Insurer strength. Guarantees are only as strong as the insurer behind them.	We recommend financially strong insurers and explain their ratings in plain terms.

WEIGH THE ALTERNATIVES

Compare Your Options

	TERM LIFE	UNIVERSAL LIFE	IUL	WHOLE LIFE
Coverage length	A set term of years	Lifetime, while the policy stays funded	Lifetime, while the policy stays funded	Lifetime, while premiums are paid
Premiums	Lowest to start; usually level for the term	Flexible, within limits	Flexible, within limits	Higher; fixed and level
Cash value	None	Earns a declared rate, with a guaranteed minimum	Credited from index gains, within a cap and floor	Guaranteed, steady growth; may earn dividends
Guarantees	Death benefit and premium for the term	Minimum rate; some versions guarantee the death benefit	Fewer; results depend on funding, caps and charges	Strongest: premium, cash value and death benefit
Attention needed	Low; review before the term ends	Moderate; needs periodic review	Higher; needs a yearly review	Low to moderate
Best for	Affordable protection for a set period	Flexible lifelong coverage with rate-based growth	Lifelong coverage plus flexible, market-linked cash value	Lifelong coverage with certainty and predictability

COME PREPARED

Before You Buy

Questions to ask

1. Which values in my illustration are guaranteed, and which depend on dividends?
2. What happens to my policy if dividends are lower than shown?
3. When would my guaranteed cash value pass what I've paid in?
4. How long do I pay premiums, and what are my options if I need to stop?
5. How do policy loans work, and how could they affect my death benefit?
6. How strong is the insurer, and what is its record of paying dividends?

HOW WE HELP

Let's Connect— We're Here to Help!

We help you weigh whole life against term, universal life and IUL, and we show you guaranteed values, not just projected ones, so you see the full picture.

Needs assessment

We review your income, family, savings and goals to confirm whether permanent coverage fits.

Product recommendation

We compare whole life with the alternatives and design any policy for your priorities.

Policy management

We review your policy each year so dividends, loans and coverage stay on track.

SUITABILITY CHECKLIST

- ☐ A clear need for permanent coverage
- ☐ Cost compared with term coverage
- ☐ Retirement savings on track
- ☐ 6+ months of expenses saved
- ☐ No high-interest debt
- ☐ Can pay premiums for the full schedule
- ☐ Guaranteed values reviewed
- ☐ Reviewed with your tax or legal advisor

YOUR NEXT STEP

Schedule your life insurance needs assessment with AMW Group.

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PROTECT. POSITION. GROW.

This guide is general educational information, not individual financial, tax or legal advice. Dividends are not guaranteed and are declared at the insurer's discretion. Premiums, guaranteed values and charges vary by carrier, product and state. Policy guarantees depend on the claims-paying ability of the issuing insurer. Review any specific policy with a licensed professional before you buy.

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