GLOBAL FREEDOM
INSURANCE SOLUTIONS INC.

PROTECT TODAY. SECURE TOMORROW.

UNDERSTANDING THE TYPES OF — LIFE INSURANCE

CHOOSE THE RIGHT COVERAGE. BUILD A SECURE FUTURE.

A GUIDE TO LIFE INSURANCE OPTIONS AND THEIR ADVANTAGES
SO YOU CAN MAKE THE BEST DECISION FOR YOU AND YOUR FAMILY.



TERM LIFE
Affordable protection for a specific period of time.

WHOLE LIFE
Lifelong protection with cash value that grows.

UNIVERSAL LIFE
Flexible coverage with investment options.

VARIABLE LIFE
Potential growth through investment opportunities.

INDEXED UNIVERSAL LIFE
Growth potential with market-linked interest and downside protection.

FINAL EXPENSE
Coverage to help ease the burden on your loved ones.

INFORMATION YOU NEED. DECISIONS THAT LAST A LIFETIME.

- PROTECT WHAT MATTERS MOST
- BUILD A STRONGER TOMORROW
- CREATE FINANCIAL FREEDOM
- LEAVE A LEGACY YOU CAN BE PROUD OF
- PEACE OF MIND FOR TOMORROW

~KNOW YOUR OPTIONS. PROTECT YOUR FUTURE.

BE EMPOWERED TO MAKE THE RIGHT CHOICE.

Understanding the Types of Life Insurance

A Plain-English Guide to Your Options

In our companion guide, we explored why life insurance matters. This guide answers the natural next question: what kinds are there? The industry uses a lot of names for what are really just a handful of core ideas, and the goal here is simple clarity — an informational overview, not a sales pitch — so you can recognize each type and understand its trade-offs before you ever talk with anyone about a policy.

The Two Big Families: Term and Permanent

Almost every life insurance policy belongs to one of two families. Term life covers you for a set period of time. Permanent life covers you for your entire life and also builds a savings component called cash value. Most of the "types" you'll hear about — whole, universal, variable, indexed — are simply different flavors of permanent insurance. Once you know which family you're in, the rest gets much easier. Interestingly, Americans buy more permanent policies by count, yet term still makes up roughly 72% of the total face amount (the payout value) issued — a sign of how many people use term to cover large, temporary needs.

Term Life Insurance

Term life is the simplest and most affordable type. You choose a term — commonly 10, 20, or 30 years — and pay a level premium. If you pass away during that term, your beneficiaries receive the death benefit. If you outlive the term, the coverage simply ends. There's no cash value or investment component; you're paying purely for protection, which is why it costs far less than permanent coverage.

Practical example: A 35-year-old parent with a 30-year mortgage and two young children might buy a 20- or 30-year term policy. It covers the exact window when the family is most financially vulnerable — while the children are growing and the mortgage is being paid down. By the time the term ends, the house may be paid off and the kids independent, so the need has naturally shrunk.

Whole Life Insurance

Whole life is the most traditional form of permanent insurance. It lasts your entire life, the premium is fixed and never rises, and it builds guaranteed cash value that grows at a steady, predictable rate — which you can borrow against during your lifetime. The trade-off is cost: whole life premiums can run several times higher than term for the same death benefit, because part of every payment funds both the lifelong guarantee and the savings.

Practical example: Someone who wants coverage that will never expire — perhaps to leave a guaranteed inheritance, cover estate costs, or provide for a lifelong dependent — may choose whole life for its certainty. They know exactly what they'll pay and exactly what their family will receive.

Universal Life Insurance

Universal life (UL) is permanent insurance built for flexibility. Within limits, you can adjust your premium payments and even your death benefit over time, and the cash value grows based on interest rates set by the insurer. In strong-rate years it can grow nicely; in low-rate years growth slows, and underfunding a policy can cause problems — so it needs a bit more attention than whole life.

Practical example: A business owner whose income varies year to year might value universal life's flexibility — paying more in strong years and less in lean ones — while keeping lifelong coverage in place.

Variable and Indexed Life Insurance (Market-Linked)

For people comfortable with more risk in exchange for growth potential, two permanent types are tied to the markets. Variable universal life (VUL) lets you invest the cash value in sub-accounts that work much like mutual funds: when markets do well the cash value can grow significantly, but when markets fall it can lose value, so the policy carries real investment risk. Indexed universal life (IUL) is linked to a market index such as the S&P 500, and typically offers a "floor" that limits losses and a "cap" that limits gains — a middle ground between fixed and fully invested options.

Practical example: A higher-income individual who has already maxed out other retirement accounts and wants additional, market-linked growth alongside a death benefit might consider one of these — understanding clearly that the returns are not guaranteed.

Final Expense (Burial) Insurance

Final expense insurance — sometimes called burial or funeral insurance — is a small whole-life policy designed for one purpose: covering end-of-life costs. With the national median cost of a funeral with viewing and burial around $8,300 (and cremation around $6,300), these bills can land hard on a grieving family. Final expense policies carry modest death benefits (often $5,000–$25,000), feature simplified approval with little or no medical exam, and are popular with older adults who want to spare their loved ones the cost.

Practical example: A 70-year-old who no longer needs large coverage, but doesn't want their children paying for the funeral, might take out a final expense policy — peace of mind in a small, manageable package.

Quick Comparison

Type	How long it lasts	Builds cash value?	Often a fit for
Term Life	A set period (10–30 yrs)	No	Affordable protection for temporary needs
Whole Life	Lifetime	Yes — guaranteed	Lifelong coverage + predictable savings
Universal Life	Lifetime (flexible)	Yes — interest-based	Flexible premiums and death benefit
Variable / Indexed UL	Lifetime	Yes — market-linked	Growth potential, comfort with risk
Final Expense	Lifetime (small)	Small	Covering funeral / final costs, easy approval

How to Think About Which Type Fits

A few simple questions help point toward the right family. First, how long do you need coverage? If it's tied to a temporary obligation — a mortgage, raising children, a business loan — term may be all you need. If you want protection that never expires, you're looking at a permanent type. Second, what's your budget? Term gives the most coverage per dollar, while permanent policies cost more because they build cash value. Third, do you want a savings or growth component, and how much market risk are you comfortable with? Whole life offers guarantees, universal life offers flexibility, and variable or indexed policies offer market-linked growth with added risk. Finally, is your main concern simply covering funeral costs? Then a small final-expense policy may be the most practical fit. There are no wrong questions — only the answers that match your life.

The Bottom Line

There's no single "best" type of life insurance — only the type that best fits your goals, your budget, and your stage of life. Term offers the most protection per dollar for temporary needs; permanent policies add lifelong coverage plus a savings or growth component; and final expense focuses narrowly on funeral costs. Understanding these categories is the first step. The next is matching one to your situation.

This guide is for general educational purposes only and is not individualized financial or insurance advice. Coverage features, costs, and availability vary by insurer and by individual circumstances.

Sources

- NFDA — Funeral Costs (median funeral statistics)
- MoneyGeek — Life Insurance Statistics
- Policygenius — Life Insurance Statistics & Data
- New York Life — Term vs. Permanent Life Insurance