

FINAL EXPENSE INSURANCE

No matter who you are when you come into this life or how you choose to live it, we all leave the same way. And like it or not, funerals cost money — often between five- and ten-thousand dollars. That's where Final Expense Insurance comes in. You see, the purpose of Final Expense is to cover funeral and burial expenses, and to provide additional cash for the beneficiary.

It is designed for those wanting minimum coverage — typically less than fifty-thousand dollars. Most policies are guaranteed or simplified issued and can be either term or whole life based. No medical exam is required. And little or no underwriting is performed. Of course, your premium will depend mostly on your age. And because these products are usually guaranteed issue, the cost will be two to four times more than fully underwritten term life insurance.

Here are a couple of examples comparing the cost of insuring a forty-year-old male and a forty-year-old female against that of insuring a sixty-five-year-old male and a sixty-five-year-old female for a final expense policy with a face amount of \$25,000.

Final Expense life insurance involves two major elements: permanent or term based, and guaranteed or simplified issue based. Before you apply, you need to decide which types of plans are best for you. Most permanent plans are whole life based insurance products. This means the policy is good as long as you pay your premium. The premium and death benefit are guaranteed to remain the same, and there is a guaranteed cash value. If you want coverage until you pass on, no matter when it happens, this is the plan for you.

Now, term plans are based on how long you want the policy to stay in force. Usually, you can choose between ten-, fifteen-, or twenty-year contracts. The premium and death benefit are guaranteed to remain the same for the entire contract period. And term plans are less expensive than permanent-based plans. Those likely to benefit from this product are individuals who have a serious chronic medical condition, such as Type I diabetes, a chronic heart condition, recent history of non-skin related cancer, or organ damage, and generally, people who are over sixty-five years of age.

Final expense insurance usually has a two- to three-year waiting period — for example, if the insured dies six months after policy issuance, only the premium will be reimbursed to the beneficiary. And remember, no matter how ill you are, you will qualify for these products.

