ALDERWOOD Wealth Partners

QUICK REFERENCE

LIFE INSURANCE IN A WEALTH PLAN

The cheat sheet: four policy types, five terms worth knowing, and the questions to bring to an advisor.

Most people think about life insurance once, when they buy it. In a wealth plan, it comes up again and again: covering estate costs without forcing a sale of assets, equalizing an inheritance when one child gets the business and another does not, or funding an agreement between business partners.

This page is a starting reference, not a recommendation. The right structure depends on your assets, your family, and your goals. That is exactly what a real conversation with an advisor is for.

The cheat sheet

ALDERWOODWEALTH.CA

Term life

WHAT IT IS

Coverage for a fixed period, often 10 to 30 years.

TYPICALLY USED FOR

Covering a fixed-length obligation, such as a mortgage or a young family's income gap.

TRADEOFF

No payout and no value if you outlive the term.

Whole life

WHAT IT IS

Permanent coverage with a cash value component.

TYPICALLY USED FOR

Estate liquidity or legacy planning where coverage needs to last a lifetime.

TRADEOFF

Higher premiums than term for the same death benefit.

Universal life

WHAT IT IS

Permanent coverage with adjustable premiums and a cash value component.

TYPICALLY USED FOR

Flexible estate planning where premium needs may change over time.

TRADEOFF

More moving parts, worth reviewing with an advisor periodically.

Joint last-to-die

WHAT IT IS

Covers two people, pays out after the second death.

TYPICALLY USED FOR

Estate tax liquidity planning for couples, often lower premiums than two single policies.

TRADEOFF

No payout if only one spouse dies, which changes the planning math.

Beficiary

Beneficiary
Who receives the payout.

Cash value
Savings component inside some permanent policies.

Death benefit
The amount paid out.

Premium
What you pay to keep coverage active.

Underwriting
The insurer's review before approving coverage.

QUESTIONS TO BRING TO AN ADVISOR

→ Does this fit into my broader estate plan, or does it stand alone?

→ What happens to the cash value if I stop paying premiums?

→ Is this coverage, an investment, or both, and how are the two mixed here?

→ What is the advisor's own compensation on this policy?