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Agent Reference Guide

Life Insurance Made Simple

Understand the options. Match coverage to the goal.

Life insurance can protect the people and organizations that depend on an insured person financially. Different products solve different problems: some prioritize low-cost temporary protection, while others focus on permanent guarantees, cash value, or easier underwriting.

Use this guide to compare six common approaches and identify which type may deserve a closer look.

Start with the goal

Which problem are you trying to solve?

Six product categories, organized by what the client values most.

Term

Most coverage for the lowest initial cost

GUL

Lifetime death benefit; cash value is secondary

Final Expense

Funeral and end-of-life coverage

Participating WL

Strong guarantees + long-term value

Non-Par WL

Simple permanent guarantees

IUL

Protection + flexible growth potential

Term

Term Life Insurance

Maximum coverage for the lowest initial cost

Term life insurance provides protection for a specific period of time, such as 10, 20, or 30 years. It is designed to help cover financial responsibilities that may not last forever, like replacing income during working years, paying off a mortgage, or supporting children until they become financially independent. If death occurs during the selected term, beneficiaries receive the death benefit. At the end of the term, coverage generally expires unless it is renewed or converted.

Advantages

- Typically the lowest-cost option for large coverage amounts
- Simple and easy to understand
- Flexible term periods can match a specific need
- Many policies include a conversion option to permanent coverage

Tradeoffs

- Temporary protection
- No cash value accumulation
- Renewal after the level term can be expensive
- Conversion choices are limited to the issuing carrier's available products

Best fit

✓ Large coverage need on a limited budget

✓ Income replacement during working years

✓ Mortgage, business or other temporary obligations

✓ Protection while children are dependent

GUL

Guaranteed Universal Life

Lifetime protection with predictable premiums

Guaranteed universal life is designed for people who want dependable, long-term life insurance protection without emphasizing cash value. The primary goal is to keep coverage in force for a selected lifetime duration - often to age 90, 100, 121 or beyond - as long as the required premiums are paid. Compared with cash-value-focused permanent products, GUL can provide a cost-efficient way to leave a predictable death benefit.

Advantages

- Long-term or lifetime death benefit protection
- Predictable premium structure when funded as required
- Straightforward design focused on protection
- Often more affordable than cash-value-focused permanent policies

Tradeoffs

- Little to no meaningful cash value
- Less flexible than many cash value policies
- Premium timing and funding requirements matter
- Designed primarily for death benefit, not accumulation

Best fit

✓ You want permanent protection

✓ You value a stable planned premium

✓ Cash value is not a priority

✓ You want a cost-efficient permanent death benefit

Indexed Universal Life

Permanent protection plus cash value growth potential

Indexed universal life combines permanent life insurance with the opportunity to build cash value over time. Interest crediting is linked to the performance of a market index, subject to policy-specific caps, participation rates, spreads, floors and other terms. The policy does not invest directly in the index. IUL can offer flexibility in premiums and death benefits, but it also requires ongoing review because policy charges and non-guaranteed crediting can affect long-term performance.

Advantages

- Permanent death benefit potential
- Cash value growth potential
- Downside crediting protection through a floor, subject to policy terms
- Flexible premium and death benefit options within policy limits

Tradeoffs

- More complex than other life insurance products
- Growth is limited by policy terms and is not guaranteed
- Requires ongoing monitoring and potential adjustments
- Costs and outcomes vary based on design and funding

Best fit

✓ You want protection plus accumulation potential

✓ You value premium and benefit flexibility

✓ You are comfortable with a more advanced strategy

✓ You have a long time horizon

Participating Whole Life

Strong guarantees and steady long-term value

Participating whole life is built around long-term guarantees and financial stability. It provides permanent coverage with fixed premiums and guaranteed cash value growth. The policy may also earn dividends, which can be used in several ways, including purchasing additional paid-up insurance, accumulating value, or reducing out-of-pocket premiums. Dividends are not guaranteed.

Advantages

- Guaranteed lifetime coverage when required premiums are paid
- Guaranteed cash value growth
- Potential non-guaranteed dividends
- Stable, predictable policy structure

Tradeoffs

- Higher premiums than many other options
- Less premium flexibility
- Cash value can build slowly in early years
- Best suited to a long-term commitment

Best fit

✓ You value guarantees and stability

✓ You want predictable long-term value

✓ You are comfortable paying more for stronger guarantees

✓ You plan to keep the policy long term

Non-Par WL

Non-Participating Whole Life

Simple permanent coverage with predictable guarantees

Non-participating whole life offers permanent coverage with a straightforward, predictable structure. Like participating whole life, it can provide guaranteed premiums and guaranteed cash value growth, but it does not pay dividends. The design is intentionally simpler and focuses on dependable lifetime protection with guaranteed policy values.

Advantages

- Guaranteed lifetime protection when premiums are paid
- Guaranteed level premium
- Simple, straightforward design
- Predictable cash value schedule

Tradeoffs

- No dividend potential
- Less flexible than universal life
- Typically higher cost than death-benefit-focused universal life
- Slower early cash value buildup

Best fit

✓ You want simple permanent coverage with cash value

✓ Predictability matters more than upside potential

✓ You prefer a set-and-forget design

✓ You value lifetime guarantees

Final Expense Life Insurance

Smaller coverage for funeral and end-of-life costs

Final expense life insurance is designed to help cover costs that often arise at the end of life, such as funeral expenses, medical bills, or small outstanding debts. Coverage amounts are typically smaller than traditional life insurance policies, but the application process is generally simpler. Plans may be simplified issue, with health questions and no medical exam, or guaranteed issue, which can accept applicants regardless of health history but may include a graded or limited death benefit period.

Advantages

- Designed for end-of-life expenses
- Fast, simple application process
- Easier qualification than many fully underwritten products
- Permanent coverage structure

Tradeoffs

- Lower coverage amounts
- Higher cost per dollar of coverage
- Limited features
- Guaranteed issue plans may include a waiting or graded benefit period

Best fit

✓ You primarily want funeral or final expense coverage

✓ Cash value is not a priority

✓ Health concerns limit other options

✓ You want a simpler application process

Quick comparison

Match the product to the job

This is a starting point - actual product designs vary by carrier.

Feature	Term	GUL	IUL	Par WL	Non-Par WL	Final Expense
Primary purpose	Temporary protection	Lifetime protection	Protection + growth	Guaranteed lifetime	Guaranteed lifetime	End-of-life costs
Coverage length	Temporary	Permanent*	Permanent*	Permanent	Permanent	Permanent
Cash value	No	Minimal	Yes	Yes	Yes	Limited
Premium flexibility	Low	Low	High	Low	Low	Low
Relative cost	Lowest	Moderate	Moderate-high	High	High	Moderate

*Permanent coverage depends on policy terms, funding and guarantees.

Need help positioning or quoting a case?

Thompson Agency can help compare carrier designs, underwriting paths and product fit.

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