

## Buy Term and Invest the Difference?

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Or as some agents have always referred to it: "Rent Term and Risk the Difference." One problem with this concept is that very often, the "difference" between the higher premium for the permanent insurance and the lower premium for term insurance is never invested at all. It just becomes disposable money to be spent. I don't hear much anymore about this concept. Many twenty year term policies were sold in the mid 1980's with the intention to invest the "difference."

The plan was to build an investment in 20 years so that the term insurance would no longer be needed. Many buyers now find that they still need the insurance, but cannot afford the much higher and annually increasing premiums required to continue the old policy. What's the answer for these consumers? Well, if they are still healthy they can purchase a new policy. For many of them who have lost their health, they have to find a way to pay the higher premiums or lose the coverage.

Let's look at two newer concepts for consumers who are looking for low cost life insurance:

**1. Consumers who really only need the coverage for a limited time.**

Consider Return of Premium Term or ROP. Are you showing ROP to your clients and prospects? If you're not, someone else probably will. The product is very easy to understand. Select a term period, usually 20 or 30 years. The death benefit will be guaranteed for the term period. The premium may also be guaranteed to stay level for the term period. (Some products are available with shorter guaranteed premium periods.) Most consumers believe they will still be alive at the end of the 20 or 30 years. For an additional premium, the ROP rider may be included. If the insured is still alive at the end of the term period, and the policy is still in force, all of the premiums paid (including the premium for the ROP rider) will be returned to the owner of the policy. The return is GUARANTEED and is income tax-free. Call me for more information or for a proposal.

**2. Consumers who really need coverage for more than 30 years.** Consider the newer Universal Life policies which offer flexible no lapse guarantees.

### For More Information

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First of all, be sure to show your prospect the renewal premiums for a term policy after the 20 or 30 year guarantee period expires. If you do not have those renewal premiums, we have them for most products, just ask for them. Then suggest a UL with a GUARANTEED death benefit for any period of time. The guarantee period could be 23 years, 34 years, 50 years, for the life of the insured, or any other period needed. The next step is to choose a premium payment period. These no lapse policies may be funded with premiums payable for life, or for any number of years desired. The premium payment period could be a single premium, or 10 years, or age 65, or any number of years desired. Choosing both a no lapse period and a premium payment period allows life insurance coverage to fit the needs of the consumer.

Call me at 1 (800) 966-1495, ext 7115 for more information or for an illustration. You can email me at [jim.ehrich@clientfirst.com](mailto:jim.ehrich@clientfirst.com)