

# Life Insurance 101: Understanding the Basics for Yourself and Your Family



## *Protect Your Future Today*

**When you're young and in the military, you learn to be prepared for a lot of things.** That should include how you'll provide for your family in the future. Life insurance is essential to protecting your loved ones' financial security. But which policies should you choose? How much coverage do you need? And do you need life insurance when you're young? It's time to get the answers.

### **First, Your SGLI Alone Is Probably Not Enough**

As a member of the military, you were enrolled automatically for \$500,000 of Servicemembers Group Life Insurance (SGLI), which you pay for through payroll deductions. With that in place, you may think you're fully prepared for whatever the future brings you and your family. However, most military families find SGLI isn't enough to sustain them for their lifetime after a servicemember dies unexpectedly. Not to mention, SGLI terminates when you transition out of the military. If you don't have alternative coverage in place before that happens, your family would be at risk.

### **Let's Do the Math**

A good rule of thumb is to have 20x your income in life insurance coverage. As an example: Say you're an E-5 making \$41,000 of Basic Pay per year. Multiply that by 20 and compare it to your maximum SGLI coverage of \$500,000. That would leave a \$320,000 coverage gap, without accounting for BAS and BAH your surviving family would lose.

### **Every Day, Coverage Gets More Expensive**

Mortality becomes an increasingly important topic to address as you age. Unfortunately, the older you get, the more at risk you are for having underlying health issues and, therefore, the more expensive insurance premiums can be. That's one big reason why it's smart to protect your family with a life insurance policy as early as possible, especially if you're buying permanent life insurance such as a whole life policy.

### **So, How Much Is Enough?**

Determine your family's ideal coverage with the AAFMAA Life Insurance Needs Calculator at [aafmaa.com/insurance-calculator](https://aafmaa.com/insurance-calculator). It can help you decide if you should purchase additional coverage, supplemental to SGLI or other insurance you may have, to ensure your family is truly fully protected against life's changes and unexpected events.



Scan code to  
calculate your life  
insurance needs.

## Term Life Insurance or Whole Life Insurance? The Answer Is: Probably Both.

While the primary purpose of owning a life insurance policy is to protect your family from the financial impact of your death, not all life insurance policies are the same. That's why it's important to understand the difference between term and whole life insurance and to recognize they are designed differently to meet specific needs.

Term life insurance is intended to replace your lost income should you die while still in your earning years, helping your loved ones continue to afford your home, pay the bills, and prepare for your children's future. As the name suggests, whole life insurance stays with you beyond your earning years — all the way to the end of your life, and it protects your survivors from the financial burden of your final expenses.

There are several factors you should consider as well, including your budget, your age, your health, and your goals, to get the correct coverage mix for your situation. The right choice really depends on your individual circumstances, and most military families find that they need some of both to be fully covered.

Scan QR code  
to get a quote.



## How to Supplement SGLI with Another Life Insurance Policy

- 1. Assess your needs:** Figure out how much extra coverage you need by considering debts, future expenses, and family living costs.
- 2. Research:** Look into different insurers and policies. Focus on coverage, costs, terms, and the company's reputation.
- 3. Consult with an expert:** Talk to an insurance advisor about your situation and options. Mention your existing SGLI coverage.
- 4. Choose a policy and apply:** Be ready to fill out an application and possibly get a medical exam.
- 5. Regularly check your coverage:** Once you have the new supplemental policy, review it as your life changes to ensure it still meets your needs.
- 6. Fully replace your SGLI before you transition out of the military:** Once you leave the military your options could be limited, and you don't want to have any gap in coverage.

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## Talk to Us About Your Life Insurance Options

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