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## **Some of the Financial Advantages of Life Insurance**

We all work and go about our daily lives with the best of intentions. No one plans to leave home and never return. When one of the breadwinners of a family passes away unexpectedly, it can dramatically impact plans for the future or a family's financial trajectory. Life insurance policies provide peace of mind, protect the future, and offer unique financial advantages. How can you underestimate the value of that? Life insurance can protect the future of those you care about, payoff debt, provide education for students, or act as an effective vehicle for charitable giving.

### ***Paying off Debt***

When family breadwinners pass away, families can suddenly face a massive amount of debt. Life insurance policies can be used as a means for paying off these debts. This may include payment of the decedent's final expenses, funeral costs, and any unpaid bills. (For example, paying off the mortgage on the family home for your survivors.)

### ***Tax/Probate Advantages***

Along with protecting the family from debt and securing the future, life Insurance offers some unique financial advantages in terms of financial planning. For example, monies left to beneficiaries of a life insurance policy are tax exempt and can also bypass the probate process. It's a way to protect resources from taxes and direct money to your beneficiaries that they can receive almost immediately.

There are other tax-related advantages.

Individuals expecting to be hit with estate taxes upon their death could purchase a life insurance policy to pay these estate taxes. Unfortunately, often, an individual's loved ones are left responsible for estate

tax funds. As a result, they may be forced to liquidate assets to pay tax bills. Having cash on hand to pay these taxes or other expenses, can leave family heirlooms and other important assets intact.

### ***Financing Education***

Life insurance proceeds can fund future education expenses for the insured's children or grandchildren. With the rising cost of college tuition, life insurance allows policyholders to maintain any plan or commitment to assist children or loved ones complete their college education.

### ***Equalizer***

Life insurance proceeds can be used to equalize inheritances. For example, if an individual has two children and wishes to leave his home to one, she/he could purchase a policy equal to the amount of the home's value and list the other child as the beneficiary—equalizing the value of each child's inheritance.

### ***Charitable Giving***

For those without family or who are committed to causes or charitable organizations, you can list a charitable organization as beneficiary and provide tax free proceeds to a cause that they care about. Like the previous examples, a life insurance policy allows you to control what happens to your assets once you're gone.

Every family is different in terms of their goals and financial needs. Likewise, their insurance needs are also different. There are several insurance products available that provide a range of coverage to meet your specific needs. Take time and consider your options carefully. It's important to have insurance—but it's more important to have the right insurance that fits your needs.

### **Get Help**

Having the proper life insurance can be critical to your family's future. As you are planning, you should reach out someone you trust to carefully discuss details, options, and ensure appropriate coverages are customized to your unique situation.