

# Employer Cheat Sheet for Life Insurance



Life insurance is a crucial financial tool that provides peace of mind and security for individuals and their loved ones in times of need. It serves as a financial safety net, ensuring beneficiaries are financially supported after the policyholder's death. Individuals often purchase life insurance to protect their families, and it's also a significant component of employment benefits. In fact, life insurance is one of the most common employer-provided benefits.

At least **3 in 4 American adults** have some form of life insurance,



and **1 in 4 adults** is covered solely by an employer-based life insurance policy, according to a Forbes Advisor survey.

Insurance can be complex, so this infographic highlights key terms and aspects of life insurance.

## Key Terms



### Policyholder

The individual who owns the life insurance policy



### Beneficiary

The person(s) who receives the death benefit



### Premium

The amount paid regularly to the insurance company for coverage



### Underwriting

The process of evaluating an individual's risk profile to determine insurance eligibility and premium rates



### Rider

An additional provision or amendment to a life insurance policy that enhances or customizes coverage (e.g., accidental death rider, waiver of premium riders and accelerated death benefit riders)



### Death benefit

The amount paid to beneficiaries upon the insured's death

## Types of Life Insurance

Life insurance is divided into two categories: term and permanent.

### Term Life Insurance

Potential renewal or conversion into a permanent policy after term

No cash value accumulation

Fixed-term coverage (e.g., 10, 15, 20 and 30 years)

### Whole Life Insurance

Other types of cash-value insurance include universal and variable life

Permanent coverage

Cash value accumulation over time

### Group Life Insurance

One of the most important decisions people make regarding life insurance is whether to choose an employer-sponsored policy, individual coverage—or both. Group life insurance is a cost-effective way for employees to obtain life insurance without needing a medical examination. It is often sponsored and paid for by the employer, with employees often having the option to purchase additional coverage if desired; this makes it an accessible option for employees to secure life insurance.

Life insurance is a crucial component of a comprehensive employee benefits package. By understanding related key terms, employers can provide valuable financial protection for their employees and contribute to a secure and stable work environment.

Contact us for more information.