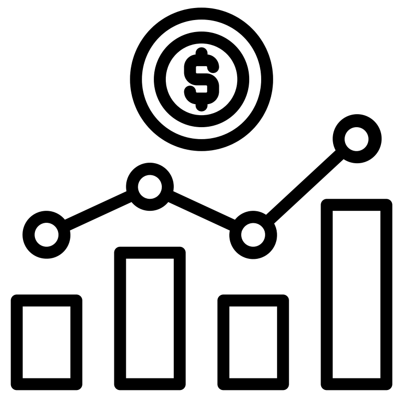
What does Liquidity refer to in a Life Insurance Policy?



What is Liquidity in Life Insurance?

- Liquidity refers to the ease of accessing cash from your life insurance policy.
- Some policies offer high liquidity, allowing convenient withdrawal of funds when needed.

Importance of Liquidity

- Primary goal of life insurance: Provide financial support to family in case of passing.
- Liquidity enables access to funds during lifetime, serving emergency or retirement needs

Life Insurance as a Liquid Asset

- Your policy qualifies as a liquid asset if it has a cash value.
- Options to access cash value: withdrawals, surrendering policy, or selling it via viatical settlement.

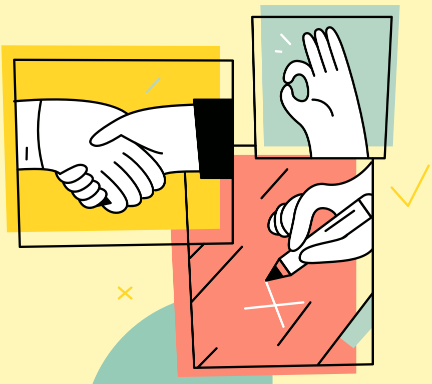
Life Insurance Options Providing Liquidity

- Permanent policies with cash value feature: whole, universal, and variable life insurance.

- Cash value grows alongside premiums, offering flexibility for borrowing when needed.

Types of Permanent Insurance and Cash Value Growth

1. Whole life insurance: Steady growth rate set by provider.



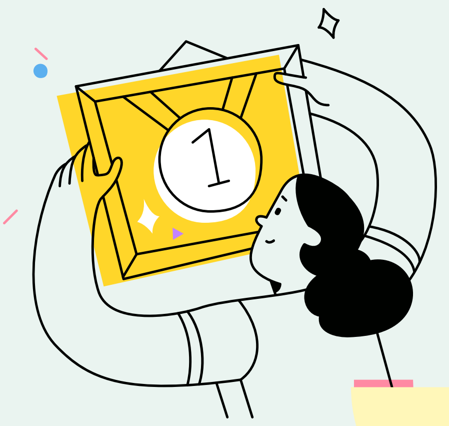
2. Universal life insurance: Interest linked to market index performance.

3. Variable life insurance: Investment funds selection with gains/losses tied to market performance.

Adding Liquidity to Term Life Insurance

- Term conversion rider: Convert part or all of term coverage into permanent policy.

- Term conversion options available for adding liquidity if needed later on.



Considerations and Final Thoughts

- Choosing life insurance with liquidity suits those able to handle expensive premiums and value cash value account.

- Permanent insurance may not be favorable due to high costs and minimal returns on cash value.
- Term life insurance coupled with investments like 401(k) or IRA may offer better long-term financial health.
- Term conversion options available for adding liquidity if needed later on.