THE REAL STORY OF LIFE INSURANCE

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Life insurance protection is the very foundation of your family's financial security. Here are just some of the many important ways that consumers can use life insurance to protect loved ones:

- Replacement of a breadwinner's income
- Financial support for a dependent spouse or children until they are financially able to support themselves
- Pay off debts ranging from the mortgage and credit cards to medical bills and final expenses
- A legacy for loved ones to help them achieve important goals throughout their lives
- As a source of income -- through low-cost or no-cost policy loans -- to fund a goal such as retirement, a college education, etc.

Depending on your age, health and other risk factors, you can provide your family with a death benefit that costs you just pennies on the dollar. That's why so many families use life insurance as a means for enhancing the value of the legacy they leave behind. Here's a quick review of the highlights of life insurance:

- It may offer a very low-cost way of providing a significant legacy to loved ones, depending on the type of coverage and how long you pay premiums.
- It is paid directly to your beneficiaries without the expense and delay of probate.
- Life insurance proceeds are tax-free to your beneficiaries, although the policy benefits may increase your estate tax liability.
- Using an insurance trust to manage your life insurance can help you avoid estate taxes and control when, where and how your loved ones use the insurance proceeds.

WHAT ARE THE TWO MAIN TYPES OF INSURANCE?

In general, life insurance coverage comes in two types: term or permanent.

- **TERM INSURANCE . . .** Term insurance covers the life of an individual (the insured) for a specific period, ranging from one year to as many as 30 years. At the end of the term, most policies offer you the chance to renew coverage as long as you are still insurable. Some policies may require you to re-qualify for coverage. Although permanent insurance policies are a bit more expensive than term products in the insured's early years, the premiums for permanent insurance remain level over time rather than increasing as you get older. In addition, many permanent insurance policies offer a savings feature which earns tax-deferred interest that you may be able to borrow against through very low-cost loans.

- **PERMANENT INSURANCE . . .** As its name implies, permanent insurance covers you for your entire lifetime, as long as premiums are paid on time. So if your health deteriorates, you needn't worry about having to re-qualify for coverage. Although permanent insurance policies are a bit more expensive than term products in the insured's early years, the premiums for permanent insurance remain level over time, rather than increasing as you get older. In addition, many permanent insurance offers a savings feature which earns tax-deferred interest that you may be able to borrow against through very low-cost loans.

WHAT ARE THE TYPES OF PERMANENT INSURANCE?

To reflect the varied needs and risk tolerance of consumers, insurance companies offer a wide range of permanent, cash value products. Among them:

- **WHOLE LIFE . . .** These products typically offer a fixed -- usually modest -- rate of return on the cash value in the policy. You are guaranteed a return of your premium and the cash value is also guaranteed. Typically, whole life is the most expensive form of life insurance.
- **UNIVERSAL LIFE . . .** These products separate the investment and the death benefit portions. There are two major types of universal life:
    - **FIXED UNIVERSAL LIFE** This type of universal life apportions your premium among the insurance carrier's investment portfolio, which may change annually. Because your cash value belongs to the company, you may lose it if the company goes under.
    - **VARIABLE LIFE** This type of universal life product allows you to allocate a portion of your premium dollars to separate accounts comprised of various sub-accounts -- such as bonds and equity funds, etc. -- many of which are managed by some of the top mutual fund companies in the country. These policies usually offer no guarantees for minimum

rates of return. Because of their investment risks, variable policies are considered securities contracts and are regulated under the federal securities laws. Although the risks are higher with this type of insurance policies than with the others, the rate of return is unlimited. And the returns are tax deferred. None of the money in this type of policy is considered the insurer's, so it is protected from the insurer's creditors and is all yours if the company should fail. *, **

WHICH IS RIGHT FOR YOU?

DMG Financial is constantly reviewing the marketplace to help determine the top insurance carriers with the best products. With all the choices available to you, your best bet is to sit down with your DMG Financial advisor to review your current situation, assess your goals for the future, and discuss your risk tolerance as an investor. Then, he or she can show you specific illustrations of the various products so you can see for your self how they will work for you and your family.

* Before investing, you should carefully consider your need for life insurance coverage as well as the charges and expenses of the variable universal life insurance contract. You should also consider the investment objectives, risks, fees, and charges of each underlying variable investment option. You'll find this information in the prospectuses for the variable universal life insurance contract and each of the underlying variable investment options, which your agent/registered representative should provide you upon request. Read these documents carefully before making a decision to invest.

** Variable life insurance is a long-term investment subject to market fluctuations and investment risk, including the possibility of loss of principal. It generally contains fees and charges which includes, but is not limited to, mortality and expense risk charges, sales and surrender charges, administrative fees, charges for optional benefits and riders, and annual contract fees. Guarantees, including guarantees associated with benefit riders are subject to the claims-paying ability of the insurance company. Surrender charges may apply if money is withdrawn before the end of the contract. All withdrawals of tax-deferred earnings are subject to current income tax, and, if made prior to age 59½, may also be subject to a 10% federal income tax penalty. Additionally, if purchased within a qualified plan, an annuity will provide no further tax deferral features. The contract, when redeemed, may be worth more or less than the total amount invested. All other benefits are available for an additional cost. It is important to weigh the costs against the benefits when adding such options to a contract.

ABOUT DMK ADVISOR GROUP, INC.

First established in 1993, the firm that would eventually become DMK Advisor Group, Inc. was created to help clients achieve their most cherished goals through personalized financial planning services and a wide range of quality financial products. Today, the firm has evolved to include a team of affiliated financial professionals from coast to coast. Working together, the advisors of DMK Advisor Group offer the expertise, planning techniques, and products to serve businesses, individuals, and families.

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