



Consumer Affairs Tabloid



Keeping you in the "KNOW"

287- CITY

Army Community Service Financial Readiness Branch

May 2009

Excerpt from: United States Department of Veterans Affairs

www.insurance.va.gov/sgliSite/calculator/documents/AComparisonTermandPermanentInsurance.pdf

A Comparison: Term and Permanent Life Insurance

Term Life Insurance

Advantages

- Initial premiums generally are lower than those for permanent insurance, allowing you to buy higher levels of coverage at a younger age when the need for protection is often greatest.

Disadvantages

- Premiums increase as you grow older.
- Coverage terminates at the end of the term.
- Renewal may be too expensive or you may no longer qualify.



Permanent Life Insurance

Advantages

- As long as the premiums are paid, protection is guaranteed for life.
- Depending on the policy, premium costs can be fixed or flexible to meet personal financial needs.
- The policy accumulates a cash value against which you can borrow (loans must be paid back with interest or your beneficiaries will receive a reduced death benefit.)

Disadvantages

- Required premium levels may make it hard to buy the amount of protection needed.

www.insurance.va.gov/sgliSite/calculator/LifeIns101.htm

Life Insurance Needs Calculator

VA's Life Insurance Needs Calculator can provide you with the estimated amount of life insurance you would need to support your survivors should you die today.



How Does the Life Insurance Needs Calculator Work?

The calculator asks for information to determine your current assets, the income your survivors will need, and your financial obligations. By subtracting your total assets from your total financial obligations and income needed, the calculator arrives at the amount of life insurance you need. In other

words:

$$\text{Financial Obligations} + \text{Net Income Needed to Support Survivors} - \text{Assets} = \text{Insurance Needs}$$

Life Insurance Needs Calculator www.insurance.va.gov/sgliSite/calculator/needsCalc.htm



Excerpt from: **Texas Department of Insurance & the Department of Defense**

www.tdi.state.tx.us/consumer/documents/redflag.pdf

Sale of Life Insurance to the Military



Many servicemembers who think they have a pure investment or savings plan later discover they actually purchased an expensive life insurance policy with a small death benefit, combined with a “side” or “accumulation fund.” The U.S. Congress has declared these “side fund” products “entirely inappropriate for most military personnel.”

Take a close look at your plan to see if any of these Red Flags apply to you:

- ☞ Were you offered free pizza, movie tickets, or some other freebie to attend a meeting on or off the installation where you received a sales pitch for insurance, investments, savings or retirement?
- ☞ Did the sales pitch focus on tax deferred savings paying a high rate of interest? Was life insurance mentioned? If so, were you asked how much life insurance you needed, or just asked how much you could afford to “save” each month?
- ☞ Were you pressured to sign up or rushed through an application without time to understand the details, ask questions or read all the information?
- ☞ Were you asked to show your CAC card or for access to your myPay account to set up payments to a bank or someone you’ve never done business with? (start an allotment to a bank you have had no prior relationship or account with for the purposes of paying for your life insurance.)
- ☞ Did they fail or refuse to give you copies of your paperwork and information clearly describing what you just bought?

If any of these Red Flags apply to you, contact your installation's Financial Readiness Office. They'll be happy to look at your program to see exactly what you have; especially if you're not sure if what you purchased was insurance, investments, or both.

Report any of the activities listed above or file a complaint with the Texas Department of Insurance by calling the **Consumer Help Line** at **1-800-252-3439** or by visiting our website at **www.tdi.state.tx.us**.



From the Files of Fort Hood's Consumer Affairs Office MILITARY SALES PRACTICES

On 1 January 2008 the Texas state insurance code was modified to protect active duty service members of the United States Armed Forces from certain dishonest and predatory practices with respect to the sale of life insurance. This code defines rules for both on and off a military installation.

Did you know that an insurance sales agent cannot knowingly offer or give anything of value to a service member with a pay grade of E-4 or below for his or her attendance to any event where an application for life insurance is solicited. This includes that free meal downtown. (The Department of the Army does not favor, sponsor, or endorse any individual commercial life insurance. Telling your soldiers of a ‘free dinner’ where you know insurance will be pitched is in violation of AR 210-7 Personal Commercial Solicitation on Army Installations and the Joint Ethics Regulations.)

For a complete set of rules go to this link, www.tdi.state.tx.us/rules/2007/0817-059.html, and AR 210-7.

Army Community Service, Financial Readiness Branch offers an Understanding Insurance class once a month or by request. This class covers life, auto, home, medical, and renters insurance. Call 287-8979 to schedule a class for your unit or family readiness group.

Back issues of the Consumer Affairs Tabloid are available on the Financial Readiness section of the ACS website at www.hoodmwr.com/acs.