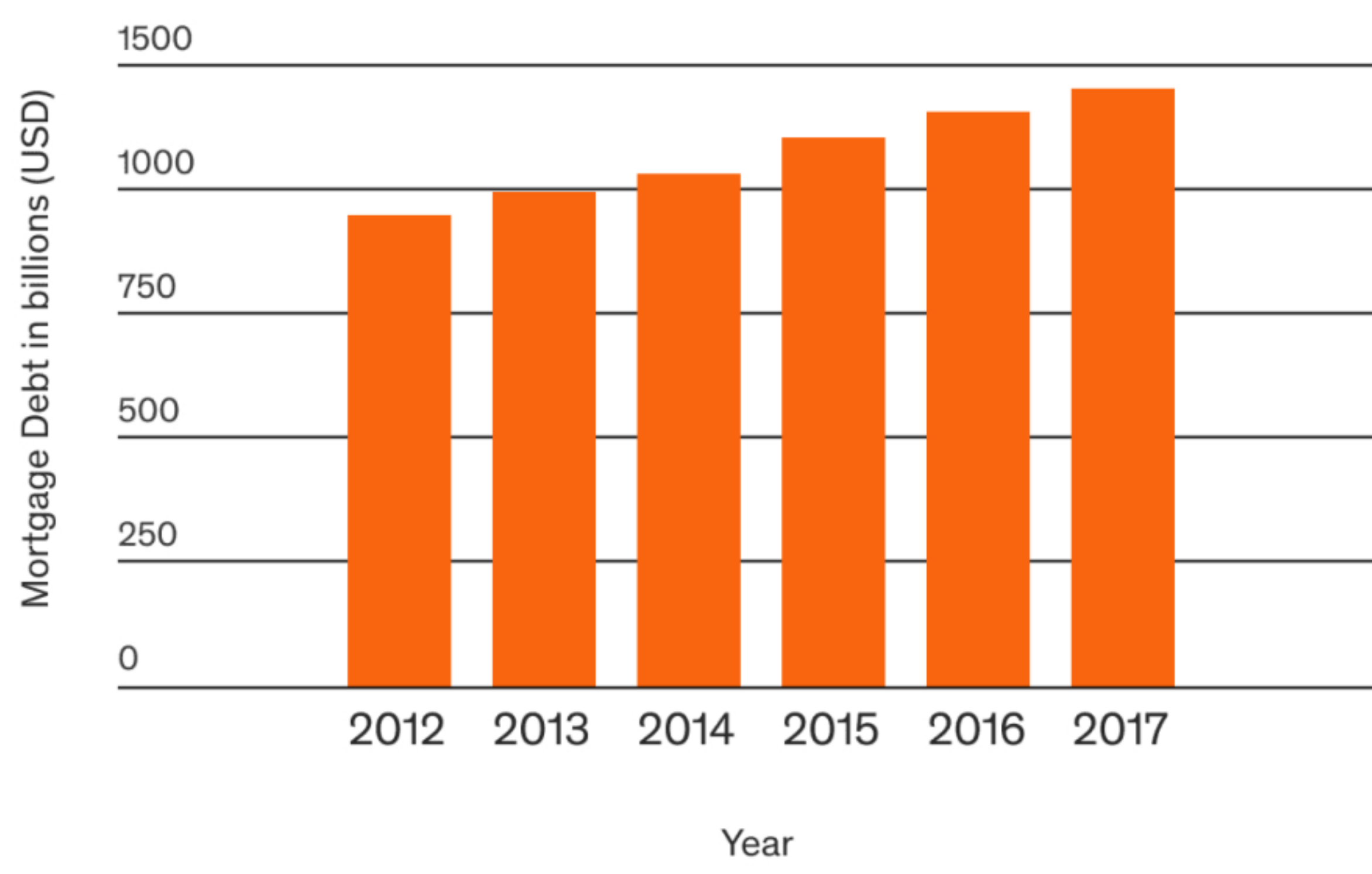


Own a home? You might need life insurance.

Owning a home can be one of the largest financial obligations you may have in life. If something unexpected happened to you, your mortgage could quickly become unaffordable for your partner, or any co-signers. That's why life insurance is a great idea for many homeowners



Mortgage debt is on the rise

According to the U.S. Census Bureau, **63% of homeowners** in the U.S. have mortgages. The average new mortgage balance in the United States in 2017 was **\$260,386**, and those numbers are on the rise. Mortgage debt in the U.S. has been steadily increasing over the past years. The more debt we're in, the harder it is on a co-signer to finish making those payments. This is why it is more important than ever to have coverage in case you weren't able to finish making payments.

Your coverage options

Mortgage protection life insurance (MPI)

MPI is designed around your mortgage debt. It is often sold during the home-buying process and its purpose is to protect your mortgage lender. If you pass away while the policy is active, the payout goes to your lender for the outstanding balance. Typically, as you pay off your mortgage and your balance owed goes down, your coverage amount also goes down. It's common for lenders to offer this coverage as part of a mortgage package.

Pros

- No medical exam
- Most people qualify

Cons

- Payout amount is reduced over time, yet premiums remain the same
- The lender receives the benefit
- Protects only your mortgage
- Often costs more than term life insurance

Term life insurance

Term life insurance provides more flexibility than MPI, allowing you to choose your beneficiary, the amount of coverage, and the length of the policy term. It provides coverage for a set period of time referred to as the "term," and is designed to protect your dependents throughout the term of your policy. Term life insurance can be used to cover a wider range of debts and expenses including your income, college tuition, medical bills, living expenses, and more.

Pros

- Covers all life expenses (up to your coverage limit during the policy term)
- Your beneficiary receives the benefit
- Rates are based on your unique life's circumstance
- Payout amount doesn't reduce overtime while the coverage is active

Cons

- Sometimes requires a medical exam

- Not all people qualify



MPI vs. Term

Mortgage protection life insurance

- **Coverage amount:** Reduced benefit over time as you make mortgage payments.
- **Coverage length:** The length of your mortgage
- **What coverage goes towards:** Your mortgage balance
- **Beneficiary:** Your lender

Term life insurance

- **Coverage amount:** Ethos policies start at \$100,000 and go up to 1.5 million
- **Coverage length:** Typically 10-30 years
- **What coverage goes towards:** Anything
- **Beneficiary:** Your choice

Term life insurance: Your best bet

A term policy typically offers the best value for many households because you can choose the coverage amount, select your beneficiaries, and choose a term that's customized to the length of your financial commitments.

Additionally, most families need to cover more than just a mortgage, which is why term life insurance can often be a better option. Even if you choose a 15-year mortgage, consider buying a longer term to provide coverage for your family through the years you expect to generate income.

When is MPI better?

The only time MPI is a better option is when you can't qualify for term life insurance. If you have medical issues, it might be easier for you to get coverage since medical exams are not typically required with MPI. If you are over the age of 60, you can also consider getting a guaranteed issue whole life insurance policy.

Life insurance is about protecting those you love, so at the end of the day, any kind of insurance is better than no insurance.

Ready to get started?
Talk to your agent today.

Troy Barrow, LUTCF | Tel: (954) 799-5501 | Email: coverage@aipsny.com