

Universal life insurance is a type of permanent life insurance that offers both a death benefit and a cash value component, providing lifelong coverage as long as premiums are paid. Its key feature is flexibility, allowing policyholders to adjust their premium amounts, payment schedules, and death benefits to meet changing financial needs. The cash value grows tax-deferred over time and can be accessed through loans or withdrawals to pay premiums or for other expenses, though this reduces the death benefit.

Key Characteristics

Permanent Coverage: Like whole life insurance, universal life provides coverage for the insured's entire life.

Flexible Premiums: You can often pay more or less than the target premium, as long as there is enough cash value to cover the cost of insurance.

Adjustable Death Benefit: You may be able to increase or decrease the death benefit amount within the policy's terms.

Cash Value Accumulation: A portion of the premium payments goes into a cash value account that grows over time, typically at a rate tied to a money market rate, a market index, or a guaranteed minimum.

Access to Cash Value: You can take out loans against or withdraw from the cash value for various expenses.