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What is Final Expense Life Insurance?




Final expense life insurance is also known as burial insurance. It is insurance intended to pay for bills at the end of one's life. These policies will insure that your family does not have to struggle to find the money for your funeral.

Additionally you may have medical bills or other debts. These funds can be used to pay any expenses that you leave behind.

If you don't want your family to have to pay for your funeral, or you are the family member who will be responsible for someone else's funeral, final expense life insurance may be a good choice. Funeral costs can be as high as \$10,000 or more. Even a modest funeral or cremation which may cost \$3,000-\$6,000 can put a strain on your finances. The average funeral cost in the U.S. is just over \$7,000.

There are several types of final expense policies. They are all permanent policies, meaning they last for your entire lifetime. Each type has different qualifications you must meet for obtaining a policy. The policy types are:

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- Universal Life Insurance
 - Whole Life Insurance (Final Expense and Graded Benefit)
 - Guaranteed Issue Life Insurance

Your health will be an important factor in determining your ability to qualify for these life insurance policies. The better your health, the more insurance you can get for your premium dollars. Final Expense policies usually have more liberal underwriting criteria than term life insurance.

Other factors that will affect your ability to qualify for insurance, which type of insurance you will want and will determine the cost are:

- Your age
- Are you male or female?
- Do you use tobacco? Or not?
- Amount of insurance you want
- Your medications

Let's look at each of the policy types. We will explain how the policy works, who can get it, what the underwriting requirements are to qualify.


Your situation will determine which of these policies will fit your needs and best fulfill your goals.

Universal Life Insurance Policies for Final Expenses

Universal life insurance policies last for your entire lifetime. They are very flexible policies and can be structured to fit your objectives. Our preferred choice for final expenses is usually a Guaranteed Premium Universal Life (GPUL) policy. The policy can be structured with no cash value accumulation, therefore keeping the premiums as low as possible. If you can qualify, this policy will give you the most insurance per premium dollar.

An independent agent is your secret weapon here. As each company has slightly different underwriting guidelines, your agent will determine which insurance company is likely to look on your personal situation in the best light. This insight can help you not only get approved, but get the best pricing as well.





These policies require full underwriting. That means you will have to have a paramedical examination. The examiner will take blood and urine samples, blood pressure, height and weight, etc. They will question you about your health and medications and may do some memory questioning. There is no disrobing.

The insurance company will review your application, exam, lab reports and will order medical records from your doctor(s). They will check databases for your medications and the Medical Information Bureau. After gathering all of this information they will decide if you qualify for the policy. The rating you receive will determine the price of your policy. These policies are available up to and including age 90.

For GPUL policies, the lowest face amount is \$25,000. As these are fully underwritten policies, some companies have special programs where you can receive an improved rating. [Click here](#) for more information on these special programs. Your independent life insurance agent is the best resource to help you determine if you qualify for any of these programs. If you do, your premium savings can be substantial.

Even if you don't qualify for the special programs, this is still the least expensive option if you want \$25,000 or more of coverage, AND you are healthy enough to get a fully underwritten policy. To learn more about underwriting [click here](#).

Whole Life Insurance Policies- Simplified Issue and Graded Benefit for Final Expenses


Whole life insurance policies also last for your entire lifetime. They accumulate cash value and therefore are generally a bit more expensive than a GPUL with no cash accumulation. However, one advantage is that they are available for face amounts as low as \$2,000 all the way up to \$40,000.

Final expense whole life policies are generally simplified issue products. This means they do **not** use full underwriting. There is no medical exam. You have to be able to answer “no” to a number of health questions to qualify. An application must be signed and a telephone interview is often required where they will ask you the same questions as on the application on a recorded line.

Your premium may also be affected by these:

- Are you male or female?
- Do you use tobacco or not?


To qualify for Simplified Issue Whole Life (SIWL) there are a number of health questions you must answer. Each company has slightly different questions and you may find you will qualify with one company but not another. This is a good



reason to talk to an independent life insurance agent to help you find the right company for you. In general you must not have any of the following to qualify:

- Be hospitalized, in a nursing home or on hospice care
- Confined to a wheelchair or bed
- Use oxygen
- Have ever tested positive for AIDS
- Have congestive heart failure
- Need an organ transplant
- Had insulin shock, diabetic coma, amputation from diabetes
- No stroke, angina, heart attack or heart surgery for the past 18 months
- No internal cancer, melanoma, leukemia, dementia, Alzheimer's Disease, liver or kidney failure or systemic lupus in the past 24 months
- No MS, ALS, epilepsy, COPD or Parkinson's Disease in the past 24 months






The insurance company will check databases for medications and the [Medical Information Bureau](#) as well. There are medications that will disqualify you as well. It is easier to qualify for these underwriting requirements than for a Guaranteed Premium Universal Life Insurance Policy. These policies are generally available from age 50 up to and including age 85.

The premium will never change for the life of the policy, even if your health changes significantly. It is guaranteed to remain level and the face amount will remain level too. Face amounts are from \$2,000 up to \$40,000. If you want more insurance than one company offers you can purchase policies from multiple companies.

If you can't qualify for the SIWL policy, you may qualify for a graded benefit policy. This is where the death benefit is phased in over two or three years. For example (every company has different rules):

- If the insured dies in year 1 of the policy, the beneficiary will receive 30% of the death benefit
- In they die in year 2, the beneficiary will receive 70% of the death benefit
- In year 3 and after the beneficiary will receive 100% of the death benefit
- If they die from an accident, the policy will pay 100% of the death benefit at any time (even during the graded period)



The face amounts may be lower than those for Simplified Issue Whole Life.

If you qualify for the Simplified Issue Whole Life policy, that is your best option of these type of policies. If you can't qualify, a Graded Death benefit policy is likely to be less expensive than the last option which is a Guaranteed Issue Life Insurance Policy.


Guaranteed Issue Life Insurance for Final Expenses

If you can't qualify for any of the other insurances we have discussed, you can still purchase insurance!

Guaranteed Issue life insurance policies have absolutely no underwriting requirements. This policy should be considered only if you can't qualify for any of the previously mentioned types of policies. Here's how Guaranteed Issue Life Insurance policies work:

- Generally there's a one page application with your personal information.
- Everyone is approved.
- With no underwriting involved, the policy can be put in force usually in a day or two.



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- The policy affords no insurance coverage for the first two years if death is due to illness. If the insured dies during this time the premiums paid are returned to the beneficiary with interest. If the insured dies from an accident during the first two years the full face amount is paid out.
 - Once the two years have passed the policy will payout the full death benefit.
 - The maximum face amount is \$10,000 to \$20,000.

The cost for Guaranteed Issue life insurance is higher than Guaranteed Premium Universal Life insurance and Simplified Issue Whole Life insurance. However, it is still an affordable final expense policy and will give you and your family the protection you desire.




How Do I Know Where to Apply?

We know that life insurance can be complicated and confusing. We think it's important for you to understand what your options are, what you are purchasing, and how it protects your family.

Talking to an independent life insurance agent is going to make your decisions much easier. If you have some idea of how much coverage you want to purchase, great. If not, you can discuss this with your agent. If you know how much you want to spend your agent can tell you how much coverage that will buy. To know which kind of life insurance you are likely to qualify for, your agent will need to be aware of your health history.





If you want \$25,000 or more coverage, your lowest cost will be a Guaranteed Premium Universal Life (GPUL) insurance policy. If you can qualify, then the question is which company do you use? Again, your agent will help you make that decision based on your health, medications, and circumstances.

If you can't qualify for a GPUL, then a Simplified Issue Whole Life is your next best bet. Again, which company to go to will depend on your circumstances as the questions are worded differently and you may qualify for one and not another.

An independent life insurance agent is going to make your life insurance choices easy. They will help you with the decisions, paperwork and getting the policy placed in force. Then you can relax and know that your final expenses are taken care of and you and your family will have peace of mind.



Let Us Know How We Can Help!

For more than 20 years, LifeNet Insurance Solutions has helped those in need of life insurance protection to obtain affordable coverage. As agents for most major national insurance companies, our aim is to provide you with the best possible experience. We do this by providing you with

- Outstanding service
- Clearly helping to define your objective
- Suggesting ways to lower your premium
- Providing you with the knowledge to make an informed purchase

We're easy to find

Our website: www.lifenetinsurance.com

Our phone: 800-698-7033



The Final Expense Life Insurance Handbook

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