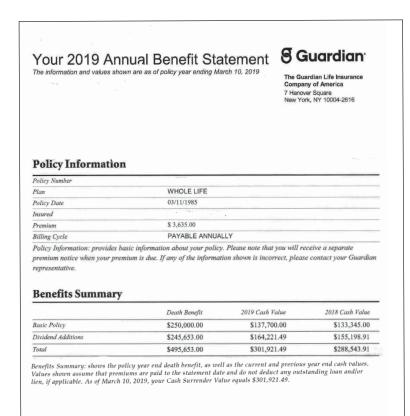
Life Insurance

This is an annual benefit statement for a mature whole life policy purchased from a mutual life insurance company in 1985. I include this information to demonstrate what I think are some of the long term favorable attributes of a whole life policy. Life insurance is in an asset class that is more similar to bonds than stocks. In some respects, the life insurance appears to me to be better than bonds because there is no interest rate risk with the life insurance as is a part of any bond investment.



As of 2019 this policy has been in force for 34 years. The annual premium has been paid every year and all policy dividends have been reinvested. The long-term value of this type policy is shown below:

Annual Premium is \$3,635

Original Face Amount is \$250,000.

34 annual premiums paid = \$123,590

Current income tax free life insurance benefit is \$495,653 (as of 3/11/2019)

Current annual policy dividend is \$5,977 (Dividends can be used to reduce premium or taken in cash. However, this policy has been reinvesting dividends every year. This can be changed in the future.)

Current policy cash value grows income tax deferred and is \$301,921.

Last year the policy anniversary cash value was \$288,543.

The tax deferred increase in cash value this past year was \$13,378.

The point of this message is not to say that this type of a life insurance policy is the best investment in the world. No. But, the point is to demonstrate that a good whole life policy will get better as time passes and the results would be considered by many to be favorable and worthwhile. Term life insurance is much less expensive and may be more appropriate in many circumstances. I do not suggest that one should make great sacrifices to purchase a permanent life policy. However, if one can afford a combination of whole life and term life the long term result could create a more satisfying insurance plan.