AdvisorServe®
Independent. Objective. Trusted.

Your Term Policy Has an Expiration Date.

Your options don't have to.

When most people buy life insurance, they choose a term policy — coverage that lasts for a set number of years, usually 10, 20, or 30. It's an affordable way to protect your family during your working years. But here's what few people think about at the time of purchase: what happens when the term ends? The answer depends almost entirely on one phrase buried in your policy — the **convertibility provision**. Whether that language is strong or weak could be worth far more than you realize.

WHAT "CONVERTIBLE" ACTUALLY MEANS

A convertible term policy gives you the right to trade in your temporary coverage for **permanent, lifelong coverage — without taking a new medical exam or answering any health questions.**

By the time your term is ending, you may be older and your health may have changed. Normally, buying a new policy at that point would require a full medical review — and if anything has changed, you could face much higher costs or even be turned down.

Convertibility locks in your right to keep coverage, no matter what.

NOT ALL POLICIES ARE EQUAL

Some policies offer strong conversion rights. Others quietly limit them:

- Conversion only allowed in the first few years of the term
- Conversion right ends at age 65 or 70, regardless of when your term ends
- Restricted to a narrow or unfavorable permanent product
- No conversion right at all — the policy simply expires

A strong policy lets you convert at any point during the full term, into a broad selection of permanent options.

THREE REASONS A CONVERSION RIGHT IS WORTH PROTECTING

1 YOUR HEALTH CHANGES.

Life is unpredictable. A diagnosis or condition that develops in your 50s or 60s could make new coverage expensive or impossible to obtain. Convertibility means your original health profile is **locked in for life** — no new medical review, no surprises.

2 YOUR NEED FOR COVERAGE MAY GROW.

Maybe your estate grew larger than expected. Maybe you want to leave something behind regardless of when you pass. Permanent coverage never expires, and convertibility is what gives you access to it — on your own schedule.

3 YOU MAY BE ABLE TO SELL THE POLICY.

A life insurance policy is personal property, and in many cases it can be sold through a **life settlement**. Buyers want permanent policies. A term policy with no conversion right has little life settlement value. A convertible one may be worth real cash, even if you no longer need the coverage.

QUESTIONS ABOUT YOUR COVERAGE?

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WHAT IS A LIFE SETTLEMENT?

A life settlement is the sale of your life insurance policy to a licensed third-party buyer for a lump sum — **more than what the insurance company would pay you to cancel it, but less than the full death benefit.**

The buyer takes over premium payments and eventually collects the death benefit. You walk away with cash you can use now. Note that life settlement proceeds may have tax implications; consult a qualified tax advisor.

Life settlements are most commonly used when someone **no longer needs coverage, can no longer afford the premiums,** or has found a better use for the money.

WHY CONVERTIBILITY IS THE KEY

Life settlement buyers require permanent policies. A term policy nearing expiration has little or no value to a buyer — the coverage will disappear soon. But a term policy with a **strong conversion right** can be converted to permanent coverage first, and then sold. That right — which typically costs nothing extra at purchase — is what creates the asset.

QUESTIONS TO ASK ABOUT YOUR CURRENT POLICY

? Can I convert at any point during my term, or only in a limited window?

? Does my conversion right end at a certain age?

? What permanent products can I convert into?

? If I convert, could the policy later have value as a life settlement?

IMPORTANT DISCLOSURE

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