

What Type of Life Insurance Policy is Best?

It really depends on your needs, and the better you understand the different types of insurance, the easier it will be for you to decide which type of policy is best for you.

This is a brief explanation of the types of insurance policies that may be available to you. Before making a decision, be sure to discuss the details with your agent, or review a life insurance buyer's guide and product guide which will contain more detail on the features and benefits for a particular product.



Permanent life insurance offers the potential to accumulate cash values tax-deferred

Types of Life Insurance

- **Term** insurance is often considered the lowest cost life insurance, and if your insurance need is only temporary, that may be true. Term insurance provides protection for only a limited number of years and generally does not offer the opportunity to accumulate cash value.
- **Whole Life** insurance offers guaranteed premiums,¹ death benefit and cash value. Policy values have the potential to be enhanced through dividends² paid by the insurance company.
- **Fixed Universal** life insurance offers a flexible premium with an adjustable death benefit^{3,4} and credits a fixed interest rate to the cash value within the policy.
- **Indexed Universal** life insurance offers premium flexibility^{3,4} and an adjustable death benefit with the ability to earn interest based on the change in value of a major market index.
- **Variable Universal** life insurance offers premium and death benefit flexibility and offers the potential for market-type returns on cash value growth.

Products issued by

National Life Insurance Company® | **Life Insurance Company of the Southwest®**

Experience Life®

¹ Guarantees are depended upon the claims-paying ability of the issuing company.

² Dividends are not guaranteed.

³ An increase in coverage may require additional underwriting.

⁴ It is possible that coverage will expire when either no premiums are paid following the initial premium, or subsequent premiums are insufficient to continue coverage.

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Variable contracts are sold by prospectus. For more complete information, please request a prospectus from your registered representative. Please read it and consider carefully the variable product's objectives, risks, charges and expenses before you invest or send money. The prospectus contains this and other information about the investment company.

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The Accelerated Benefits Rider for Chronic Illness is not available in California



What Type of Life Insurance Policy Is Best?

Tendencies of Individuals who buy:

Term Insurance	Whole Life Insurance	Fixed Universal Life	Indexed Universal Life ⁵	Variable Universal Life
Are conservative to moderate	Are conservative	Are somewhat conservative	Are somewhat moderate	Are moderate to aggressive
Need coverage for a temporary period of time	Want guaranteed coverage for life	Are willing to give up some guarantees for the potential of additional interest. Offers a guaranteed minimum interest rate and a current crediting interest rate that is set by the company and which is subject to change.	Willing to give up some guarantees in exchange for the potential for higher interest crediting based on changes in a major market index.	Want control over investment decisions within their insurance policy and are seeking equity investment returns. They understand the risk of the equity marketplace and the possible loss of principal invested.
Want a guaranteed premium	Want a guaranteed premium for life	Want the lowest premium outlay for a given death benefit but recognize that more premiums may be needed to keep the policy in-force at a later date.	May want to fund their policy at the maximum limits in order to seek a greater potential for cash value accumulation.	Wants to fund their policy at the maximum limits to seek a greater potential for cash value accumulation.
Are focused on death benefit protection and are willing to forego the opportunity to build cash value	Are focused more on death benefit protection than cash value accumulation	Are focused on death benefit protection but also seek cash value accumulation for future supplemental income. ⁶	In addition to death benefit protection, are focused on cash value accumulation that could be accessed for future goals, such as supplementing retirement income, through policy loans and withdrawals. ⁶	In addition to death benefit protection they are focused on long-term cash value accumulation that could be accessed for future goals, such as supplementing retirement income, through policy loans and withdrawals. ⁷

⁵ Unlike a traditional universal life (UL), the policyowner may receive zero interest on their cash value allocated to the indexed account if the index performs poorly. However, with most designs, the premiums are protected and guaranteed⁸ to grow over time, and the owner of an indexed universal life (IUL) may experience better interest crediting than a traditional UL during periods when the market performs well. IULs do not directly participate in any stock or equity investments.

Most IULs permit owners to participate in only a stated percentage of an increase in an index, and also impose a “cap rate” that represents the maximum annual account value percentage increase allowed to policy owners. For example, the interest credit for the indexed account of an IUL might be defined as 70% of the rate of increase in the S&P 500 Index[®] over each one-year period (the participation rate), with a maximum interest rate that could be credited of 10% (the cap.) IULs typically do not provide for participation in the dividends accumulated on the securities represented by the index. Most IULs have surrender charges that are assessed during the early years of the policy if the policy is surrendered by the owner. An investment cannot be made directly into an index.

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⁶ Policy loans and withdrawals reduce the policy’s cash value and death benefit and may result in a taxable event. Surrender charges may reduce the policy’s cash value in early years.

⁷ Variable life insurance contract holders are subject to investment risks, including the possible loss of principal invested. Investment return and principal value will fluctuate with market conditions so that shares, when redeemed, may be worth more or less than their original cost.

⁸ Guarantees are dependent on the claims-paying ability of the issuing company.

Living Benefits

Optional Accelerated Benefit Riders,⁹ offered at no-additional cost, can provide access to your death benefit during your lifetime, in the event of a qualifying Terminal, Chronic or Critical illness.

These riders are available on all our product lines. If you have a term policy and decide to convert to permanent coverage, your ABRs may be converted as well.

Once you meet the eligibility to accelerate your death benefit, the use of benefits are not restricted (except in MA)¹⁰ and may be used for any expense, including:

- Medical expenses
- Additional Care
- Home renovations
- Business Expenses



Take the steps to protect those who financially depend on you...

talk to
your agent
today.

⁹ Payment of Accelerated Benefits will reduce the Cash Value and Death Benefit otherwise payable under the policy. Receipt of Accelerated Benefits may be a taxable event and may affect your eligibility for public assistance programs. Please consult your personal tax advisor to determine the tax status of any benefits paid under this rider and with social service agencies concerning how receipt of such a payment will affect you, your spouse and your family's eligibility for public assistance. Riders are optional and may not be available in all states or on all products.

¹⁰ The uses of ABR benefits are not limited with the exception that ABR proceeds for chronic illness in the state of Massachusetts can only be used to pay for expenses incurred for Qualified Long-Term Care services. Qualified Long-Term Care services are defined as the necessary diagnostic, preventative, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care service that are required by a chronically ill individual and are provided pursuant to a plan of care prescribed by a licensed health care practitioner.



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