

Money Saving Tips - Buying a Term Insurance



1. Buy a Term Insurance when you are young

Many people feel that they do not need to buy Life or Term Insurance when they are young. However it makes sense for people who try to lock in as much protection as they can at a young age especially when they are still healthy. With no pre-existing conditions, you can lock in at a substantially good premium rate when you purchase at a young age for Life or Term Insurance.

2. Buy a Term Insurance when you are healthy

To improve your risk class, you can consider quitting smoking. Generally, non-smokers enjoy a lower premium rate than smokers. Keeping yourself physically fit may also help you to lock in a good premium rate.

3. Buy the right Term Insurance coverage

Always remember that the primary goal of having insurance is to provide financial protection for your family and dependents. So as a general rule of thumb, the life insurance cover should be 3 to 5 times of your annual salary.

If the purpose of buying Term Insurance is to sustain your dependents should you pass away during the term, you will need to consider how many years is sufficient to see through the years of your children's education or at least until they are financially independent. You may also wish to consider how much is sufficient to cover your spouse's living expenses. From there, you can decide on whether a 10, 20 or 30 year term is sufficient. Selecting long term of insurance which does not cater to your needs may seem inappropriate and may result in paying higher premiums.

5. Decide on your payment mode options

Most insurance companies offer a few options for premium payment - monthly, quarterly, half-yearly or annual. Insurance companies may also offer discounts for annual payment mode since administrative cost may be lower. Thus, paying your premiums via annual payment mode may help you save some money.

6. Review your policies periodically

Circumstances may change your needs over the years, e.g. Getting married, having a child, tendering for an aging parent. Thus, It is advisable to review your insurance policies every few years to ensure that you are paying the right premium for the right coverage.

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