



Department of Veterans Affairs Insurance Service



VALife
Veterans Affairs Life Insurance

Whole Life vs Term Fact Sheet



Is VALife Insurance Right for You?

VA now offers a new **guaranteed acceptance** whole life insurance program called Veterans Affairs Life Insurance (VALife). If you are considering purchasing life insurance, VA wants to make sure you understand what makes whole life insurance different from term life insurance. **Please Note:** VALife does not offer waiver of premiums.

Here are the general features of whole life insurance compared to term life insurance:

| Whole Life | Term Life |
|---|--|
| <p>Provides protection that stays in force for an individual's entire life as long as premiums are paid.</p> <p>Why VALife may be important for you: You have peace of mind in knowing your loved ones will always be protected when you die.</p> | <p>Provides protection for a limited amount of time such as 10, 15, or 20 years; or up to a certain age, such as 80, as long as premiums are paid.</p> |
| <p>Builds cash value over the life of the policy.</p> <p>Why VALife may be important for you: VALife provides cash value after the first two years of enrollment. The cash value builds over the life of the policy and is available for use.</p> <p>For example, a Veteran signing up at age 50 for \$10,000 in policy coverage under VALife will build \$4,822 in cash value in 20 years.</p> | <p>Typically provides no cash value, but may offer lower premiums initially, especially at younger ages. Generally will go up every five years as you age.</p> |

*The table provides information about general differences between whole and term life insurance. For specifics about Veterans Affairs Life Insurance (VALife), visit: <https://www.va.gov/life-insurance/options-eligibility/valife/>

| Whole Life | Term Life |
|--|--|
| <p>Premiums are generally fixed for the life of the policy.</p> <p>Why VALife may be important for you: Your premiums are based on your age when you enroll and once locked-in, will not increase.</p> | <p>Premiums are set for a fixed term, but then increase.</p> <p>For example, rates on some term policies go up every five years as one ages.</p> |
| <p>Provides death benefits as well as the cash value accumulation that builds during the life of the policy.</p> <p>Why VALife may be important for you: Your policy will build cash value after the initial two-year enrollment period. If you pay the premiums until your death, your beneficiary can use the death benefit to settle obligations or cover other expenses (e.g., medical bills, funeral costs) when you die.</p> | <p>Provides death benefits only. No cash value. No interest earned. No possibility of dividends.</p> |

Advantages of Buying Whole Life Insurance in your 20s, 30s, or as soon as you are eligible

There are advantages to buying whole life insurance at younger ages:

- **Lock in a price discount that you'll keep for the rest of your life.** People in their 20s and 30s have access to the best life insurance rates available. Buying whole life insurance when you are younger locks in these lower fixed monthly premiums and reduces the total amount you'll spend on life insurance over the course of your lifetime.
- **Stick to a savings plan.** Even when your funds may be a little tight, putting money toward a whole life insurance policy that is building cash value forces you to set aside some savings each month — money that you may have otherwise spent.
- **Grow wealth over time that can help pay for life's expenses.** With whole life insurance, you build cash value. Some whole life insurance policies let you borrow against your policy, or you can surrender your policy entirely, to access cash value funds down the road for important life events. You might one day use the money you save to help pay for your wedding, make a decent down payment on a house, or to help with tuition costs for your children.
- **Lean forward in planning for your family's future.** Unfortunately, people in their 20s and 30s do pass away, often unexpectedly – in car accidents, unfortunate events, or unforeseen illness. Whole life insurance can give you peace of mind knowing that your parents, spouse, or other loved ones will not have to struggle financially to pay for your funeral and other final expenses in the event of you pass away.

*It is important for recipients of life insurance proceeds, who seek financial counseling services, to do so from a credible source.