



## **iQuestions Faculty, Ron Blue**

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Question:

*In regard to insurance, should I buy term or whole life?*

Answer:

Many times, you'll receive solicitations in the mail for credit life insurance or mortgage insurance—or when you take out a credit card or you take out a mortgage—the lender will offer to you really cheap insurance that will pay off your credit card bill or your mortgage in the event of death. This “really cheap insurance” is only really cheap in appearance.

If you would compare buying a term policy—for example, on your own, compared to buying the mortgage insurance or the credit life insurance—what you will find is that you will probably pay literally twenty- to fifty-times more for credit life insurance or mortgage insurance than if you would buy a straight-term policy on your own. So, you do need life insurance to cover the debts that you have, but the best way to get that life insurance is to buy an individual policy, and then assign the beneficiary rights of that to the creditor.

Don't ever fall into the trap of buying credit life or mortgage life insurance separate from your own insurance program. Buy your own insurance and then assign the benefits to the lender or to the debtor.