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When is Converting Your Term Life Policy into a Whole Life Policy a Good Idea?

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A term life policy is generally meant to provide you with the coverage you need for a specific period of time – anywhere from 10 to 30 years.

The idea behind buying a term is that your financial responsibilities reduce as you get older, and you might not need life insurance coverage after a certain age.

This is, however, not the case with everyone. Your financial needs could change at any time and when they do, you might need lifelong coverage. This is precisely where the convertibility option comes into the picture.

Converting Term Life into Whole Life

If your financial needs change during the course of your term policy, you can have it converted into a whole life policy. **The option is available for everyone who owns a Sagicor Sage Term policy.**

There are many reasons why you might want to convert a term life into a permanent life plan.

- You have a family member who is financially dependent on you – a special needs child or a disabled spouse. With a permanent life policy, you can make sure you don't out live your coverage.
- You have a large estate and want to provide your heirs with the funds they need to pay state and federal estate taxes. You can work with your tax and legal advisors to set up an irrevocable life insurance trust that can help provide your beneficiaries with the money they need for taxes and other such liabilities.
- You are still carrying debt (credit cards, mortgage, personal loans, and so on) and want to defray some or all of the debt burden so it is not passed on to your family in the event of your death.
- You want to leave a legacy for your family.

Why Convert a Term Policy Instead of Buying a Permanent Life Policy?

Now, you might be wondering why you should convert a term life policy into a whole life or universal life policy instead of purchasing a permanent life policy after your term life policy expires. The short answer to your question is – your health condition.

If you buy a 30-year term life plan at the age of 35, you would be 65 when it expires. At that point, if you decide that you need lifelong coverage, you must apply for a new policy. Now, there are a couple of risks when applying for a new policy at the age of 65.

- Your mortality risk increases as you get older.
- You are more likely to have health problems, which increases the risk of a variety of diseases as well as your overall mortality risk.

As a result, the [cost of your life insurance](#) could increase.

If you, on the other hand, have cancer, neurodegenerative disease, or other serious health problems, you might not get approved at all. Your only option might be a simplified issue or a guaranteed issue policy, whose death benefit might not be sufficient to cover your financial needs.

In such a scenario, converting your existing term life into a permanent plan is the best choice for you, as you are not required to go through any medical exam.

The ‘No Exam’ Clause

The biggest advantage of converting a pure term policy into a whole life or universal life policy is that there may be absolutely no need for a lab test or physical examination. You can request to have your term life plan converted into a permanent life plan of your choice and get approved quickly.

The best part is that you will be assigned the exact same risk class that you were assigned at the time of applying for your term life policy. This is not

possible with a new policy, as you are likely to be assigned a higher risk class owing to your age and health condition and charged accordingly.

This is why many people prefer to change their term life into a permanent life rather than going through the drill of applying for a new policy, undergoing medical exams and phone interviews, and waiting for weeks on end to know the results.

Sage Term Policy from Sagikor Life Insurance

The Sage Term policy from Sagikor Life Insurance is designed to meet your insurance needs at different stages of your life.

When you are young, you can buy a policy with a substantial coverage amount to make sure your insurance needs are covered. As you get older, you can convert it into a permanent life policy – without subjecting yourself to physicals or lab tests – and enjoy lifelong coverage.

If you have any questions regarding this policy, visit the [Product Solutions](#) section of our website or contact your licensed insurance representative for more details.

This article was written by Jonathan Fritz, CEO of [noexam.com](#) and [term life insurance expert](#).

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