OAK RIDGE FINANCIAL
The Oak Ridge Financial Services Group, Inc.

Life Insurance and Annuities

Life Insurance:

Term Insurance - Term insurance is often used to provide specific protection for a specific period of time (i.e. 10 years) and requires the least initial cash outlay. Term insurance is generally purchased by those with a temporary need for life insurance, or by those with limited budgets. A yearly renewable term is also available. The premiums will change each term, generally increasing after each renewal. Death benefits are paid to the beneficiary if the insured dies while the policy is in force, but no benefits are paid upon expiration of the policy or if the insured dies after the policy expires. Term insurance may be appropriate for specific needs, including the needs of some business owners."

Permanent Life Insurance and Whole Life Insurance - Permanent Life Insurance is used to provide protection over the course or your entire lifetime. Because the policy is permanent; cash value will accumulate in the policy, allowing you to withdraw or borrow money from the policy as long as it is in force. Whole Life Insurance is a type of permanent insurance that does not have to be renewed and will not expire as long as premiums are paid. The face amount of insurance and the premium is fixed and does not vary. Whole Life Insurance has three facets: death benefit, premiums, and dividends. The death benefit is guaranteed by the insurance company and the cash value increases every year. Premiums are generally due at the end of each year. Policy dividends are often paid out but not guaranteed. They are able to be used to pay the premiums if necessary. This type of insurance appeals to those who are seeking a level premium, a fixed death benefit, and a cash value.

Tax Deferred Annuities:

Annuities are designed for long-term investing, to meet long-range goals such as retirement. Annuities are not suitable for short-term goals because substantial tax penalties and surrender charges may apply if you withdraw your money early. In addition, withdrawals prior to age 59 ½ may be subject to a 10% IRS penalty. All guarantees are backed by the claims-paying ability of the issuing insurance company.

There are two forms of Annuities:

- Variable Annuity - Variable Annuities are contracts in which you decide how to invest the contributions. Therefore, the risk is transferred to the investor (rather than the insurance company) to maintain and increase the value of the portfolio. As such, the annuity's value may be worth more or less than the original amount invested. A wide range of underlying investment options are available including stock and bond subaccounts. Your earnings and payments will fluctuate depending on the performance of the subaccounts you select, and may be more or less than the original amount invested.
- Fixed Annuity - Fixed Annuities are contracts in which you receive a guaranteed interest rate and the risk remains with the insurance company.