



# FINANCIAL Insights

July

## What to Know About The World

Microsoft founder Bill Gates recently wrote a blog column outlining the three most important facts that people should know about our world today. It turns out that there were actually quite a number of facts, but they were related to three basic categories of human existence.

First the bad news. According to the University of Oxford's OurWorldInData.org, 5.6 million children die each year from a variety of causes. That's 11 deaths a minute, or 15,500 deaths per day.

Another fact: the global fertility rate today is 2.5 children per woman. That means the world's population grows by 1% a year, which is almost certainly unsustainable over the long term, given our planet's limited resources.

The third fact: One-tenth of all the people in the world are living in extreme poverty—on the equivalent of \$1.90 a day. With those limited resources, they barely have access to the basic necessities of life, like food and shelter, education and safe drinking water.

Shouldn't we do something about these awful statistics? As it happens, there's also good news embedded in Gates' three facts. As recently as the 1950s and 1960s, more than 20 million children were dying each year, so the child mortality rate has actually fallen dramatically due to medical advances and increasing global prosperity. We have a long way to go erasing the pain and tragedy of child mortality, but we have already come a long way and are making continuing progress.

The same is true of population growth. Since 1960, the world's fertility rate has actually fallen in half, and so

too has the rate that our world's population is increasing. If we continue on our present course, the total number of people living on this planet will stabilize and, potentially, start declining in the second half of this century.

What about extreme poverty? That, too, is falling—dramatically. In 1990, roughly a third of all people in the world—1.86 billion of them—lived on less than \$1.90 a day. Twenty-five years later, that number has fallen to 706 million.

Child mortality, poverty and fertility are all at unacceptably high rates today, and we should certainly not stop the battle to lower them. But it's also important to recognize that we're making real progress on all these fronts—and there's every reason to think that we can continue to do so into the future. Bill Gates thinks that it's important to remember the challenges, but also that the world is becoming better despite what you see in the headlines.

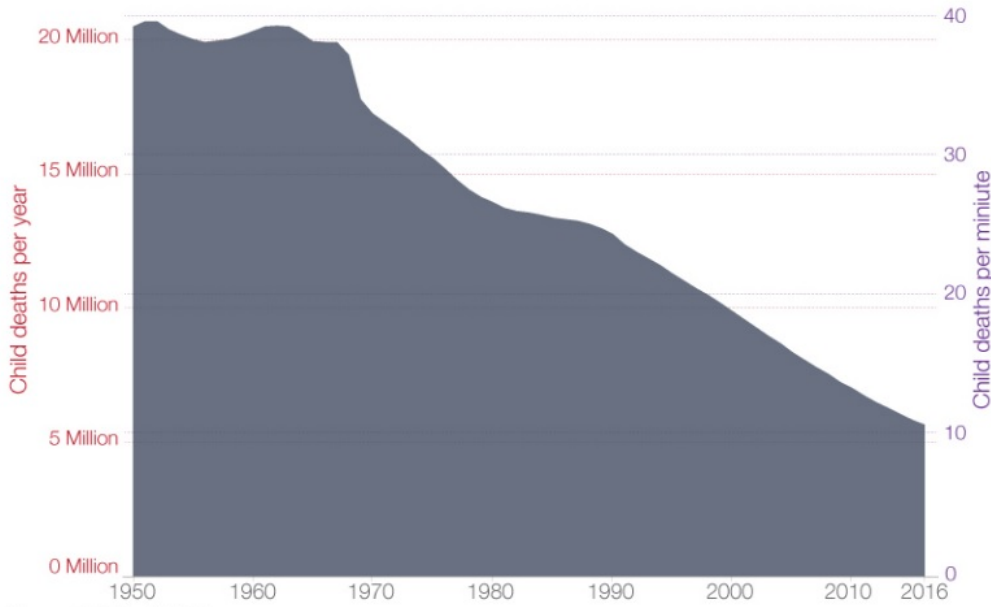
- Bob Veres

Source:

<https://www.gatesnotes.com/Development/Max-Roser-three-facts-everyone-should-know>

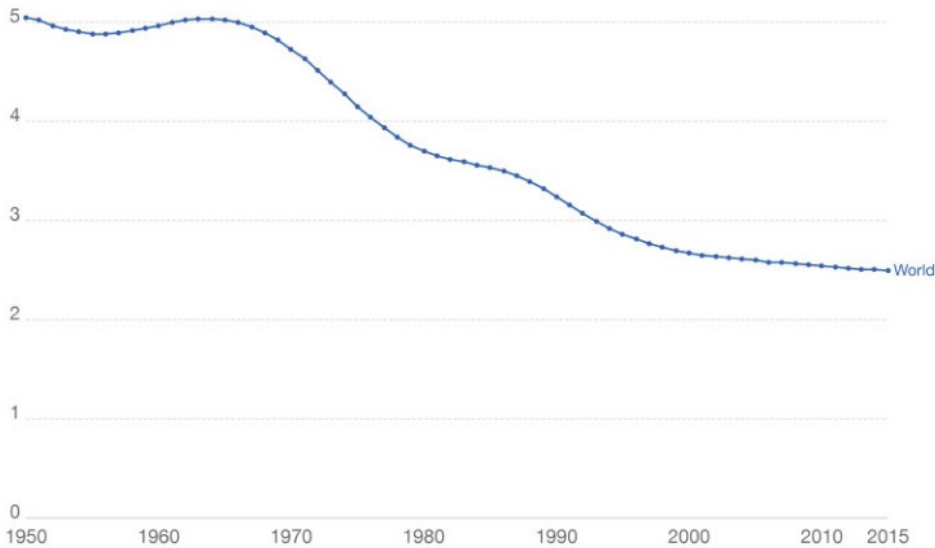
# Child deaths globally – per year and per minute

Number of children, born alive, who died before they were five years old globally.



Data source: UN (IGME) and World Bank

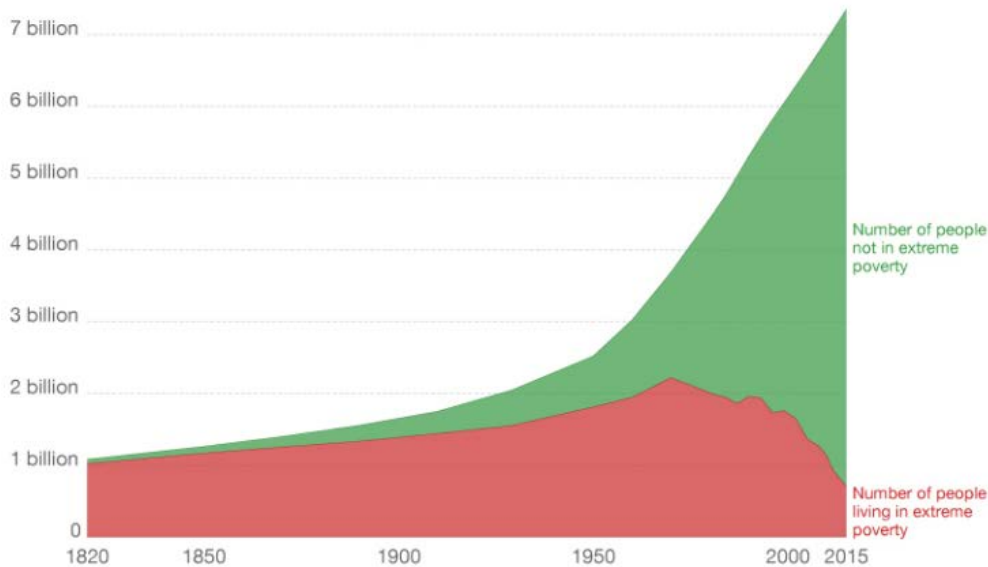
## Children per woman



Source: UN Population Division (2017 Revision)

OurWorldInData.org/fertility-rate • CC BY-SA



## World population living in extreme poverty, 1820-2015

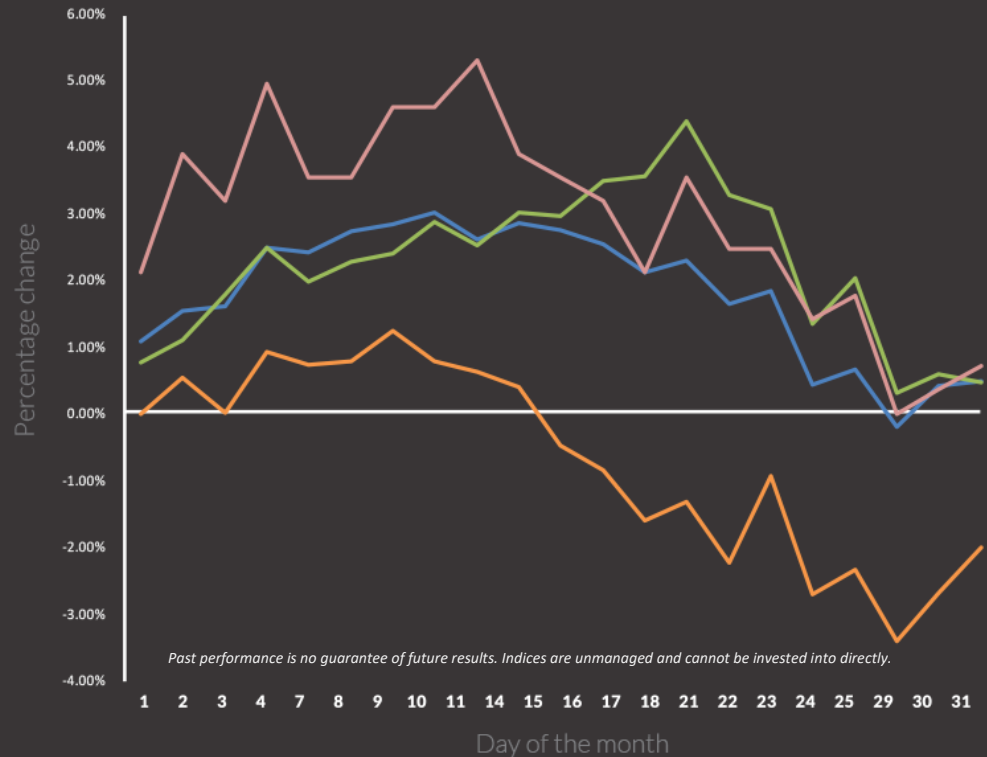


Source: World Poverty in absolute numbers - OWID based on World Bank (2016) and Bourguignon and Morrisson (2002)  
OurWorldInData.org/extreme-poverty/ • CC BY-SA

# The market at a glance

## June

 <b>U.S. Large Cap</b> (S&P 500)	<b>2,718.37</b> (0.48%) ▲
 <b>U.S. Mid/Small</b> (Russell 2000)	<b>1,643.07</b> (0.47%) ▲
 <b>International Large</b> (NYSE International 100)	<b>5,480.06</b> (-2.00%) ▼
 <b>U.S. Treasuries</b> (U.S. 10-year Treasury yield rate)	<b>2.85</b> (0.71%) ▲



## The market in action

- The Dow Jones Industrial Average made the decision this month to remove General Electric Co. from its index, replacing it with Illinois-based pharmacy chain Walgreens Boots Alliance Inc. The decision is largely attributed to the need for greater representation of the U.S. economy's consumer and healthcare sectors within the index.
- The American Civil Liberties Union delivered a petition and a letter from 17 investors to Amazon this month imploring the retail giant to forego future business opportunities that would deploy its image recognition technology for government use. The Orlando police department – one of two pilot cities leveraging the technology – announced it would not be immediately renewing its contract with Amazon shortly thereafter.
- Share values for drugstore mainstays Walgreens, CVS Health, and Rite Aid all dipped this month after Amazon announced the purchase of PillPack, a company specializing in the packaging and distribution of medication for individuals with chronic conditions and multiple prescriptions.
- Harley-Davidson Inc. faced more growth challenges this month with share values sinking after the iconic motorcycle manufacturer announced the European Union's 25 percent tariff levy would increase the cost of each bike by roughly \$2,200. The company said it would still avoid raising any suggested retail or wholesale prices.
- Comcast Corporation announced this month that they are no longer throttling users who consume substantial amounts of their network's bandwidth. The announcement came shortly after the FCC abandoned legal protections against content discrimination tactics enacted by internet service providers.

# Life Insurance: Term, Whole, and Universal

Buying life insurance is a way for an individual to protect their dependents from unpaid liabilities and uncovered expenses in the event of their own death. The benefits of a life insurance policy can be unclear and may lead to challenges when trying to determine which policy is the best for different situations. In this article, we will examine each of the types of life insurance, what they cover, and when individuals typically use them.

## Term vs. Permanent

All life insurance falls under one of two categories: term and permanent. Term life insurance only covers a pre-set amount of time, whereas permanent life insurance can cover the duration of the insured's life.

## Term Life Insurance

Term life insurance is a policy that lasts for a relatively short period of time—usually 10-20 years—and comes with a death benefit. Once the term ends, policies can typically be renewed, though usually at a higher cost (because the policyholder is older and inherently comes with higher health risks). Applicants usually need to pass a medical examination to qualify for term life insurance.

Term life insurance is typically the most affordable type of life insurance because it has a limited duration and no cash value that can be accessed. If the policyholder dies within the term, then beneficiaries will get a payment that they can use to cover lost income or to protect themselves from liabilities, such as a mortgage or outstanding personal debt, or from large expenses such as college tuition. While this makes term life policies an efficient way to mitigate the biggest financial problems caused by early death, their temporary nature prevents them from being used in most long-term estate plans.

## Whole Life Insurance

Whole life insurance is a type of permanent life insurance that guarantees a death benefit for the duration of the policyholder's lifetime, provided that all premium payments are made. Due to the lifelong coverage period, this policy is better equipped for estate planning and charitable giving strategies than term life insurance. While most whole life policies feature fixed premiums that will not increase over time, their premiums are much higher than those for

term life. This is because whole life insurance both provides a death benefit and accumulates a useable cash value.

A whole life policy's cash value can be used to produce dividends for its policyholder (typically at a predetermined rate) or can be borrowed against if the policyholder is in financial need. It is important to note that insurers put restrictions on borrowing against a policy and that any withdrawals will decrease the policy's cash value.

## Universal Life Insurance

Universal life insurance is another type of permanent life insurance that typically acts as a more flexible version of whole life. You are able to choose the length of guaranteed protection and the schedule for premium payments in advance. Both are guaranteed to remain unchanged (unless you choose to change them) so long as the premiums are paid on time and in full. As with whole life insurance, universal life provides both coverage and a cash value, so its premiums will tend to be higher than those for term life. However, universal life insurance policies typically offer more control over their cash value than whole life policies. Universal life insurance policyholders can increase their premiums to boost the policy's cash value or can use their accumulated value to cover premium payments. To qualify for most universal life insurance plans, individuals must pass a medical exam.

## Variable Life Insurance

Variable life insurance, which is a variation of either whole or universal life insurance, permanently offers a death benefit to a beneficiary in the event of the policyholder's death. However, variable life insurance offers the ability to change premiums to adjust the amount of coverage. Like other forms of permanent life insurance, variable universal life insurance takes a portion of the premiums and invests them in a tax-deferred account. The investments are allocated in mutual-fund-type accounts and are therefore subject to market volatility, which will likely affect the total cash value of the account.

Insurance can be an important part of a comprehensive financial plan. However, different individuals have varying needs, and no single policy will be most appropriate for everyone. Ask your trusted financial advisor how a life insurance policy can best be integrated into your financial planning.

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