

## 4 tips on how you can monitor a life insurance policy loan

Life insurance policy loans can be a great option for policyholders who need quick access to cash. However, it's important to remember that a policy loan is a loan and will have to be paid back with interest. As a policyholder, it's essential to understand the ins and outs of taking out a policy loan and how to monitor it. Here are four tips to help you monitor your life insurance policy loan:

### 1. Keep track of your loan balance and interest rate

It's essential to keep track of your loan balance and interest rate. This will help you understand how much you owe and how much interest is accruing on the loan. You can monitor this information by reviewing your policy statement or contacting your insurance company directly. By keeping track of this information, you can ensure that you're making timely payments and not falling behind on your loan.

### 2. Set up automatic payments

One of the best ways to ensure that you're making timely payments on your policy loan is to set up automatic payments. This way, you won't have to worry about missing a payment or falling behind on your loan. You can usually set up automatic payments through your insurance company's website or by contacting their customer service department.

### 3. Understand the impact of missed payments

If you miss a payment on your policy loan, it can have significant consequences. Not only will you be charged a late fee, but the loan balance and interest rate will continue to grow. Additionally, if you continue to miss payments, your policy could lapse, and you could lose your coverage. It's important to understand the impact of missed payments and make every effort to make your payments on time.

### 4. Consider the impact on your death benefit

One of the most significant drawbacks of taking out a policy loan is the impact it can have on your death benefit. When you take out a policy loan, the loan amount and interest will be deducted from your death benefit. This means that your beneficiaries will receive less money when you pass away. It's important to understand the impact of a policy loan on your death benefit and to make sure that it's the right option for your financial situation.

In conclusion, taking out a life insurance policy loan can be a great option for policyholders who need quick access to cash. However, it's important to monitor the loan balance and interest rate, set up automatic payments, understand the impact of missed payments, and consider the impact on your death benefit. By following these tips, you can ensure that you're making

informed decisions about your policy loan and that you're taking the necessary steps to monitor it.