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THE COLOR OF MONEY

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Free Life Insurance, and No, There's No Catch

You've probably heard that nothing in life is free. But sometimes you can get something for nothing.

For example, MassMutual Financial Group, one of the nation's largest life insurance companies, is actually offering something free to low-income working parents.

Under its LifeBridge program, MassMutual is writing term life policies at no cost for families earning \$40,000 or less. The company has promised to pay the premiums for 20,000 policies nationally, each with a \$50,000 death benefit.

Each LifeBridge policy — one per household — has a 10-year term and must list the insured's children as the beneficiaries. If the insured parent or legal guardian dies during the 10-year period, the \$50,000 benefit per policy will be applied toward the education of the children named as beneficiaries. The money is put into a trust administered by the MassMutual Trust Co. on behalf of the children. The trust will pay the educational expenses directly to the educational institution the children attend.

Various types of schools qualify for reimbursement, including, but not limited to, preschools, private schools, vocational schools, community colleges, universities, art and music schools and graduate schools. Some of the expenses covered include books, tuition and room and board.

Mark Di Giorgio, director of public relations for MassMutual, said the LifeBridge program is part of MassMutual's effort to merge its corporate philanthropic efforts in education with its main corporate agenda, insurance. The LifeBridge program was introduced in September 2002 and has been rolled out nationwide on a state-by-state basis. It is available in 46 states plus the District. The policies are not yet available in New Mexico, West Virginia, Maine or

South Dakota. The company is working on approval in those states, Di Giorgio said. So far MassMutual has written 3,650 policies. The company hopes to issue 20,000 policies by Dec. 31, 2007.

I wondered why the policies haven't been snapped up by the many low-income families who don't have life insurance. Part of the answer is that, with no advertising budget, the company has been relying on community and nonprofit groups to get the word out about the program, Di Giorgio said.

But there's more.

"This is a population of people who are accustomed to bait-and-switch schemes," Di Giorgio said. "They are accustomed to people offering one thing and giving them another. Many free offers are burdened with small type."

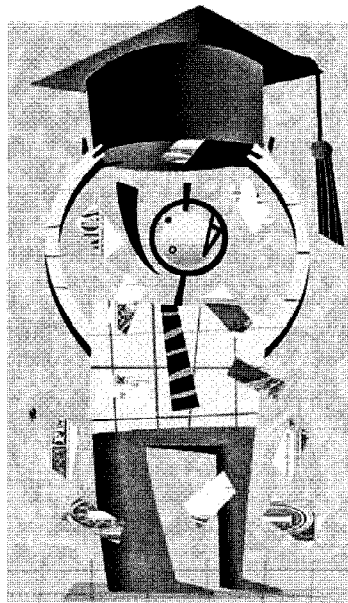
You should be skeptical about free offers. But in this case, there's nothing to lose. Even though the policies are for just 10 years and \$50,000, it's better than no insurance at all.

"There is no small type in this offer," Di Giorgio said. "This is an absolutely 100 percent free offer."

To be eligible for the free term life insurance, applicants must be:

- Age 19 to 42.
- Permanent, legal U.S. residents.
- The parents or legal guardians of one or more dependent children under age 18.
- Employed — either full- or part-time — with a family income of between \$10,000 and \$40,000 on the most recent income tax return.
- In good health, as determined by MassMutual's underwriting guidelines.

Now, the "good health" clause is defined as not having heart disease, cancer or HIV; not abusing drugs or alcohol; not having been treated for drug or alcohol



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use in the past 10 years; and not having been convicted of "driving under the influence" within the past five years. To qualify for the insurance, workers have to take blood and urine tests.

"This may be one of things that scare people away from the program," said Sara Krulwich, financial services representative for West Financial Group, a MassMutual agency based in Bethesda. "But the company is simply trying to offer this insurance to people who would normally be eligible for insurance except that they can't afford it, and then make sure that the proceeds are used toward education."

Even if you aren't in great health, if you meet the other criteria you should apply for the insurance, Krulwich said. You may still qualify for a policy.

Potential policyholders also must provide a copy of their most recent federal tax form 1040 or 1040A (used to confirm income), most recent pay stub (used to confirm working status), Social Security numbers for their children or dependents under 18, and proper identification, such as a driver's license.

"What is being asked of them is nothing different than anyone who wants to buy life insurance," Krulwich said.

Here's another plus under the program: Children covered under the term policy have until age 35 to use the money held in trust. If the money is not used by the children after a parent's death, it is donated to one of five scholarship programs selected by the parents. Those programs are the United Negro College Fund, Hispanic Scholarship Fund, National Achievers Society Scholarship Fund (an Urban League fund), the Achievement Foundation Scholarship Fund and the Community Foundation of Western Massachusetts.

If you're interested in this program or know someone who could benefit, call MassMutual toll-free at 800-272-2216. You can also call Krulwich's company, at 888-817-7877.

And, by the way, the agents writing the policies are doing the work pro bono. No commissions are paid for these policies. Sometimes free is really free.

Michelle Singletary discusses personal finance Tuesdays on NPR's "Day to Day" program and online at <http://www.npr.org>. Readers can write to her at The Washington Post, 1150 15th St. NW, Washington, D.C. 20071. Send e-mail to tosingletarym@washpost.com. Please note that comments or questions may be used in a future column, with the writer's name, unless a specific request to do otherwise is indicated.