

# IT'S YOUR LIFE

## The Differences Between Cash Value and Cash Surrender Value

Permanent [life insurance](#) policies, such as whole life or universal life, often include two important terms: cash value and cash surrender value.

### What is Cash Value?

Cash value is the amount your policy builds over time through premiums and interest. A well-funded policy typically grows a higher value over time. This gives you more flexibility for loans, withdrawals, or future policy adjustments.

Cash value is the portion of your policy you can borrow against. You can also use it for other benefits while the policy remains active.

### How Does Cash Value Differ From Cash Surrender Value?

Cash surrender value is the amount you get if you cancel the policy before you receive [death benefits](#). This amount is usually the cash value minus any surrender charges, outstanding loans, and fees.

### What are Surrender Charges?

Surrender charges are fees applied when you end your policy early, especially within the first several years. These charges help the insurer recover upfront costs and reduce the payout you receive. Over time, surrender charges often decrease and may eventually disappear.

### Essentially:

- Cash value is the total savings your policy has accumulated.
- Cash surrender value is the amount you receive if you cancel the policy early.

Understanding these terms may assist in managing your policy effectively. This knowledge allows you to make informed decisions about borrowing, surrendering, and maintaining your coverage. Contact your Federated® [marketing representative](#) today to start a conversation about policy management to help ensure your coverage aligns with your goals.

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