

when life gives you insurance...



Though it's neither sexy nor exciting, life insurance is a valuable safety net for protecting the people you love and who rely on you for their general well-being. Unless you're single with no dependents, everyone needs it.

According to the Insurance Barometer Study by Life Happens and LIMRA, only 47% of women have life insurance coverage compared to 58% of men. Since COVID-19, more Americans are buying it, yet 41% say they don't have sufficient coverage, including 44% of women. Even more alarming is that 4 in 10 families say they would face financial hardship within six months if the primary wage earner died. For 1 in 5, it would be within just one month.

LIMRA research indicates that people who own life insurance are more likely to feel financially secure. Nearly two-thirds of insured Americans feel economically secure, compared with less than half of those uninsured.

If you're a stay-at-home mom, you need life insurance. If you're pregnant, you need life insurance. You still need it if you've survived a serious illness – and you can still get it.

A life insurance payout would help cover the costs of caring for your children, spouse, or parents if something happened to you. It can also pay funeral expenses, mortgage payments, college tuition, and more.

What type of life insurance is best for you?

Term life insurance policies last for a specific number of years, such as 10, 20, or 30 years, and if you don't die within the time frame specified in your policy, it expires with no payout. With most term policies, the death benefit and your insurance premiums are guaranteed to stay the same throughout the term.

Whole life insurance lasts your entire life and typically includes a cash value component, which you can borrow against while you're still alive. Premiums remain the same for as long as you live, and the cash value account grows at a fixed rate. The death benefit is guaranteed unless you take out large cash value loans. Most whole life insurance policies allow you to earn dividends based on the company's financial performance.

The benefits of whole life insurance are better, but the cost is higher.

How much does life insurance cost?

For a 30-year-old female, a 20-year term life policy averages \$229 annually, compared to \$358 for a 30-year term and \$4308 for whole life.

For a 50-year-old female, a 20-year term life policy averages \$654 compared to \$1137 for a 30-year term and \$8,347 for whole life.

Most people choose term life insurance because it's more affordable. Those who choose whole life insurance can afford higher premiums and either want to leave money to their heirs or need to provide for a lifelong dependent like a child with disabilities.

If you can, take advantage of your employer's group life insurance benefit. It will likely only pay one to two times your annual income, but it can supplement your policy.

How do I know how much I need?

For starters, add up the debts and expenses you need to cover, like mortgage and college tuition. Subtract the amount you already have to cover these costs, such as existing life insurance and college savings. The difference is an estimate of how much life insurance you need.

Be sure to shop around for the best product, rate, and customer service. It's not a one size fits all proposition.

What if I already have life insurance?

It's important to review your policy every two years in case significant life changes occur. Your coverage needs may shift, as may your income. You may determine you want to switch from a term policy to a whole policy to take advantage of the cash build-up feature. And term policies have to be renewed, so it's prudent to stay aware of your timeline and policy values and benefits.

Bottom line, when life gives you insurance, take it.

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