LIFE INSURANCE FOR

Life Stages

Agents should review their client's life insurance needs every five years, because in every stage of life, coverage is a necessity. In an April 2018 study, one in five people with life insurance said they don't have enough, so a checkup can go a long way.[1]

Let's review the life insurance needs at each life stage.

Single Adults

Single adults tend to neglect the need for life insurance since they have no one financially depending on them, but life insurance is important even at this stage of life.

IN THIS STAGE

- Life insurance can cover the cost of unpaid college loans, credit card debt, or a mortgage.[2]
- Covers cost of a funeral.
- Purchasing life insurance when you are young equals much lower rates and guaranteed insurability in the future.

PRODUCTS Term insurance | Cash-value life insurance

Newly Married

When one life becomes two lives, life insurance becomes much more important, as someone is now sharing in both your income and debts.

IN THIS STAGE

- A death will leave the surviving spouse fully responsible for the remaining debt.[3]
- A life insurance calculator can help determine the right amount of insurance that would be needed in case of a sudden loss of income.
- Life insurance proceeds can help if you are caring for an aging parent.

PRODUCTS Term life insurance | Term/permanent life insurance combination product

Parents

As a parent, providing for your child as they grow, and in the future, becomes one of your client's highest priorities.

IN THIS STAGE

- Your life insurance needs to pay for the child's care for 18 years or more, if you include the cost of college expenses.[4]
- Life insurance can help cover the loss of that parent's income. The remaining parent will need enough coverage to pay bills until the children are adults.
- Both parents should have life insurance in place, not just the primary breadwinner.

PRODUCTS Term life insurance | Riders covering a disability or critical illness

Children

Parents should also consider purchasing life insurance for their children while they are still young.

IN THIS STAGE

- Many parents believe that their children will outlive them, and the cost of a funeral for a child is not something most parents have budgeted for.[5]
- Purchasing cash-value permanent life insurance for children can provide tax-free assistance to fund college, a first home, or car.
- Cash-value permanent life insurance locks in extremely low rates, and can allow a significant cash value to accrue into adulthood.

PRODUCTS Traditional whole life products | Index universal life products

Business Owners

Life insurance should be considered in addition to business insurance.

IN THIS STAGE

Life insurance covers any debts the business has acquired in the event of the death of an owner.[5]

PRODUCTS Key person life insurance | Cross-purchase agreement

Starting Over

Unfortunately, not all families remain intact throughout an entire lifetime. In the event of a divorce, remarriage, or the addition of children or step-children later in life, life insurance needs may change significantly.

IN THIS STAGE

- Beneficiaries on policies currently in place should be reviewed during a major life change such as these.[6]
- Divorces may be ordered by the court to purchase life insurance to cover the cost of child support payments.

PRODUCTS Term life insurance | Permanent life insurance

Empty Nesters

Once children are grown and have moved out on their own, clients at this stage may not need as much life insurance as they once did.

IN THIS STAGE

- Income protection is still important, along with final expense protection for any outstanding debts.[7]
- Clients should review their coverage and consider permanent coverage or term conversion possibilities.

PRODUCTS Whole life policy | Permanent products with long term care riders

Retired

At this stage, cash value from current life insurance can come into play for supplemental retirement income.

IN THIS STAGE

- Life insurance proceeds can provide lost social security income replacement for a surviving spouse, or a legacy to pass onto their children and grandchildren.[8]
- Retirees may consider purchasing a lower death benefit policy once their mortgage is paid and their overall debt is lower.

PRODUCTS Permanent life insurance policy

Sources:

[1] "2018 Insurance Barometer" | LIMRA.com, 09 April 2018.
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[8] "Life Insurance for Retirees: For Some It Makes Sense." CNBC.com, 30 April 2014.
[9] "The Howe and Whys of Life Insurance for Children." Forbes.com, 27 January 2016.

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