

The High Cost of Not Having Life Insurance

Too many families and small business owners overlook the foundational financial planning step of getting sufficient life insurance protection in place.

According to LIMRA, about 48% of U.S. families are significantly underinsured, and about 37 million Americans have no life coverage in place at all. One in five families with children living in the home is underinsured.

For those who have life insurance, the amount in place is too often inadequate: On average, most families' coverage is about \$200,000 short of their actual needs. The average family with life insurance has only enough to cover about three years of lost income and expenses.

For surviving family members, a lack of life insurance sets them up for a series of devastating blows to their financial security and lifestyle. Not only are they at risk of losing a loved one and provider — a parent, husband or wife — they also lose every paycheck and every pay raise and promotion that loved one would have earned throughout the rest of their working life.

The cost of underinsuring

Without adequate life insurance in place, surviving family members are also at risk of losing the family home, losing prospects for a college education, and being forced to move to a less desirable school district.

At the same time, a recent survey found that more than six in 10 Americans don't have enough savings to cover an unexpected \$500 expense. One in three has no savings at all.

But families have significant expenses to contend with when a loved one dies, including final medical expenses, which are often high, as well as burial and funeral costs and the cost of travel to memorial services. Put together, the unexpected death of a loved one — especially a breadwinner — can stretch most family finances to breaking point.

Insuring the non-working spouse

Don't overlook the need for life insurance for stay-at-home spouses, either. Many families vastly underestimate the contributions a stay-at-home parent makes to the household.

On top of funeral and burial costs, the surviving parent often wants to take some extended time off work to spend with grieving children, or to travel to visit family. Once they go back to work, they may need to arrange for childcare services or after-school care, depending on the ages of the children.

They typically incur more expenses from eating out, as busy professional single parents have less time available to prepare home-cooked meals. The surviving parent may want to arrange for housecleaning services and pay for a surprising number of services that the deceased stay-at-home spouse provided.

The right amount of life insurance on a non-breadwinner is a personal decision and varies widely — but the more thought people put into it, the more they realize they need it.

Fortunately, term life insurance can be affordable even for families just starting out, provided they are in good health.

The key: Don't put it off. Putting off the decision saves very little money — and you risk waiting too long. A severe medical issue can make it difficult or impossible to get insurance at any price, so the sooner you get protection in place, the better.

To get started, call us today.

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