

Think You No Longer Need Life Insurance?

You may want to think again.

You may feel your need for life insurance has passed and that your savings and investments, along with Social Security, will take care of whatever lies ahead. In fact, these misconceptions prevent many from purchasing or maintaining the insurance coverage they need.

Myth 1: I don't need life insurance once my children are self-supporting and my mortgage is paid off.

Perhaps, but if you died today, your spouse would still be faced with daily living expenses. And what if your spouse outlived you by 10, 20 or even 30 years? Would your financial plans, without life insurance, enable your spouse to maintain the lifestyle the two of you have worked so hard to achieve?

Myth 2: I'll have enough money saved by the time I die to pass something along to my children and grandchildren.

Maybe that can be achieved through long hours on the job and prudent management of your family's finances. But what if you don't live long enough to achieve your wealth-creation goals? Or what if an extended downturn in the economy negatively impacts your investments? Life insurance can create an instant estate, allowing you to leave a legacy for future generations or to fund a favorite charity or cause.

Myth 3: I thought I would need life insurance to help pay estate taxes, but that's no longer a concern.

Even if you're not currently subject to a federal estate-tax liability, there's no guarantee that will always be true. Tax laws can change very quickly. But even if they don't, there are many other reasons to maintain life insurance coverage later in life. When you die, life insurance can pay for things like state estate taxes, outstanding debts, probate costs and funeral arrangements, allowing your loved ones to focus on their grief and not concerns about money. It can also be used to equalize an estate among your heirs, or for business-succession purposes.

Myth 4: Life insurance costs too much to buy when I'm older.

While it's true that life insurance costs more the older you get, that doesn't necessarily mean that it's out of your price range. For example, a healthy, non-smoking, 55-year-old man can buy a 20-year, \$500,000 level-term policy for roughly \$2,000 a year. For a healthy 55-year-old woman, the annual cost is about \$1,500. So if you have an ongoing need for coverage, don't assume that you can't afford it. In most cases, an insurance professional can help you find a policy that fits your needs and budget.

