

PROTECTION PLANNING: LIFE INSURANCE FACTS

Who needs Life Insurance?

There is a very good chance that you do. If you are married, in a committed relationship or are single, you most likely need Life Insurance. If someone depends on you financially, you probably need Life Insurance. It goes without saying that Life Insurance is designed to cover expenses tied to funeral costs and temporary income replacement for the loved ones you leave behind. It can help ascertain that certain life goals are not suddenly rendered unattainable in your absence. It can keep another jarring life change (downsizing, employment, lifestyle) at bay while your family, spouse, children, etc. adjust to life without you.

It's not about how much Life Insurance you need, but how much your family needs if you aren't here.

LIFE INSURANCE FACTS

- Over 80% of people overestimate the cost of Life Insurance, but depending on your circumstances it could cost around \$1 a day.
- Term Life Insurance provides protection for a specific period of time—the “term”—and is designed for temporary circumstances.
- Permanent Life Insurance offers lifelong protection, and you can accumulate cash value on a tax-deferred basis. There are four main categories of permanent life insurance- whole, variable, universal, and variable universal.
 - Living Benefits & Access to Cash- A policy's cash value can be surrendered, partially or totally, for cash that can be directed to other important uses like a child's (or grandchild's) education, a business opportunity or supplemental retirement income. It is also possible to borrow or withdraw funds from your insurer at relatively low interest rates.
 - If at anytime you need to stop paying premiums, the cash value can keep your insurance protection in force for a period of time.
 - Cash value accumulates on a tax-deferred basis, similar to assets in most retirement and college savings plans.
 - As long as you don't allow your policy to lapse, you have coverage for life and won't need to worry about being unable to afford coverage should your health deteriorates.
 - With many policies premiums remain constant and stable over your lifetime, whereas with term insurance premiums often increase as you age.

Did you know... the death-benefit proceeds of a Life Insurance policy are almost never subject to federal income taxes.

RETIREMENT & LIFE INSURANCE

If your children are on their own and your mortgage and debts are paid off, you might feel your need for life insurance has passed. But if you died today, your spouse or partner could outlive you by 10, 20, or even 30 years. Would they have to make drastic lifestyle adjustments to make ends meet or adequately adjust to their new reality? Adequate Life Insurance coverage can help widows and widowers avoid financial struggles in retirement.

HOW MUCH DO YOU NEED

The most important part of buying Life Insurance is determining how much you need. A good rough estimate for coverage is 8x – 10x your salary, but this may be too much or too little depending on your individual circumstances. The simplest equation to calculate your Life Insurance needs is to subtract your spouse's earnings, savings, investments and Life Insurance you already own from your current and future financial obligations.

MORE TO KNOW

We have a helpful booklet with further details on what you want to know about Life Insurance. Adding Life Insurance to your Protection Plan is as easy as contacting the team at LBDIAS to answer three questions (that's about five minutes!) to get started.

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