

## **Life Insurance, A Benefit for the Living**

Life insurance is often overlooked by individuals in all facets of life. With that being said, many of us still know it is critical to have life insurance. In the past few years, I have had 3 people in our neighborhood that have passed away, all during their working years and all 3 had dependent children. I knew these individuals well and 2 of the 3 had a decent amount of life insurance in place. The one that didn't put the surviving spouse in a very stressful situation and they were forced to sell their home and have benefit events to help with immediate expenses. That certainly could have been prevented with proper, affordable life insurance in place. These events spurred me to review our own coverages, and my wife and I have made adjustments as a result.

Those of us in our working years often are able to establish some life insurance through our employers or secured privately outside of work, or both, to make sure our loved ones are properly financially protected in case of an accident or illness that results in death. It is not an easy topic to discuss or review but, again, it is extremely important to those that we may leave behind.

We tend to put effort and focus into insurance plans like health, dental, auto and home, but life insurance also deserves its due attention and review. Each individual has a unique potential need for life insurance. There is no one right answer on the amount of coverage or policy type. The balance of this article will look at what is life insurance, why it is important to most of us and some interesting statistics. This may serve as a catalyst to help you review your specific situation and how to address it, again, to look out and protect your family in case of an unforeseen loss of life to you or a loved one.

### **What Is life Insurance?**

***Investopedia defines life insurance as follows:*** Life insurance is a protection against the loss of income that would result if the insured passed away. The named beneficiary receives the proceeds and is thereby safeguarded from the financial impact of the death of the insured.

***In a broader review by Investopedia,*** the goal of life insurance is to provide a measure of financial security for your family after you die. So, before purchasing a life insurance policy, you should consider your financial situation and the standard of living you want to maintain for your dependents or survivors. For example, who will be responsible for your funeral costs and final medical bills? Would your family have to relocate? Will there be adequate funds for future or ongoing expenses such as daycare, mortgage payments and college? It is prudent to re-evaluate your life insurance policies annually or when you experience a major life event like marriage, divorce, the birth or adoption of a child, or purchase of a major item such as a house or business.

### **Why is life Insurance Important?**

Life insurance that is properly reviewed and put into place in an affordable fashion through your employer and/or privately outside of work provides the designated beneficiary, a spouse or other family members, the funds to comfortably take care of a significant portion, if not all, of the bills and future needs so the family members that are left behind have a stable, sound and secure future to continue on with their lives and future aspirations.

At TRICOR Insurance, we work to engage with our school district clients and their faculty and support staff to promote the review of all of their insurance needs. We work to help understand the complexities of what the benefits cover, and help individuals discern what they can "self-insure" and what are the other areas where it does make sense to have an insurance policy in place to properly reduce the financial risk. Again, everyone's situation is different due to age, health, marital status, spouse/partner working or not, individual lifestyle, qualified and liquid assets, short and long-term liabilities and current monthly expenses.

### **How life Insurance is typically accessed?**

Many individuals are able to secure some basic group term life insurance through their employer and that typically ranges from a flat \$50,000 to 1 or 2 times annual earnings. Many employees also have access to “buy-up” voluntary life coverage through their work up to a specific level with no medical questions or exam. This too varies from employer to employer on what is made available. If your school district does NOT have a Voluntary Life Insurance “buy up” option, we here at TRICOR strongly recommend that you have your Benefits broker/consultant bring to the district that option so that the district’s employees may have that made available to them, if they so choose to participate. At TRICOR, we have gauged the employee’s interest by working with the district with a simple online secure survey. This quickly and efficiently lets the district know exactly what the interest level is for them. We also like to provide the district and their employees some general information on how to review their own life insurance needs and learn more about how to access available life insurance both from work and privately outside the workplace. Approximately 40% of our own staff has a combination of employer-paid, voluntary life insurance through the workplace and life insurance placed privately outside of work. Life insurance secured through work alone is often not enough to address the needs of the average citizen. Securing additional life insurance privately online or through a licensed life insurance agent is a way to put in place the coverage that is needed. A typical rule of thumb is to have approximately 8 to 10 times your annual income in life insurance, again this varies by individual. Most of this coverage is put in place with Term Life Insurance where the policy is designed to pay a specific face amount covering a specific period of time (like 10, 15 or 20-year period). Several other types of policies available are often called Permanent Life Insurance or life insurance with a savings or cash value component with them. We recommend that individuals consult a licensed professional and thoroughly understand each policy type before making a purchase. Like mentioned before, each individual has a unique set of needs and circumstances.

### **What are some of the statistics on life insurance?**

Sources: 2016 Insurance Barometer Study conducted in partnership with Life Happens and Limra. 2015 Life Insurance Awareness Month <http://www.limra.com/liam/>

- 3 in 5 people own some type of life insurance, and another 34% report a likelihood of making a purchase within the coming year.
- 51% of consumers would still choose to meet with someone in person before making a purchase.
- 86% of all those surveyed mentioned they would agree that most people would require some amount of life insurance coverage.
- Those with no life insurance think it’s 3 times more expensive than it actually is.
- Average cost on take-out food per month is \$75. Average cost on life insurance is \$30.
- 1 in 5 people wished their spouse or partner had life insurance or more of it.
- 1 in 3 women believe they don’t have enough life insurance.

**Important Disclaimer:** The supporting statistics in this article were obtained from the 2016 Insurance Barometer Study conducted in partnership with Life Happens and Limra and the 2015 Life Insurance Awareness Month <http://www.limra.com/liam/>. We strongly recommend speaking with a licensed professional for an assessment of your individual needs before making a life insurance purchase.



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