

Life...Insured

by vcmorris - Thursday, August 13, 2009

<http://thethinpinkline.com/2009/08/13/lifeinsured/>

Life insurance isn't the easiest topic to discuss, but making sure you have adequate coverage could be the most responsible thing you do. Life insurance is the cornerstone of sound financial planning.

If you have a spouse, children or any dependents, life insurance can help them survive financially if you were to pass away. But, marital status is just one of many factors to consider when determining your need for it. If you're a single adult, you should consider life insurance, too:

- If you have children or provide support for a parent or grandparent. Your death could bring serious financial hardship to them. Life insurance can provide a continued stream of income for dependent loved ones.
- If you have a jointly held mortgage or other loans held with a cosigner. Your death would leave the cosigner responsible for the entire debt. Life insurance could cover these debts.
- If you are at risk genetically for any serious medical condition. It makes sense to buy life insurance while you are young and healthy. Purchasing life insurance after you develop a health condition could be difficult, or even impossible.

For couples, some of the reasons why life insurance matters:

- It will replace your income for dependents.
- It will pay final expenses such as your funeral and burial costs, probate and other estate administration costs, debts and medical expenses not covered by health insurance.
- It allows you to create an inheritance for your heirs because even if you have no other assets to pass to your heirs, you can create an inheritance by buying a life insurance policy and naming them as beneficiaries.
- It will pay federal and state "death" taxes so that your heirs will not have to liquidate other assets or take a smaller inheritance.
- It could allow you to make significant charitable contributions because by making a charity the beneficiary of your life insurance, you can make a much larger contribution than if you donated the cash equivalent of the policy's premiums.

Some life insurance policies could also allow you to create a source of savings for your heirs. Some types create a cash value that can be borrowed or withdrawn on the owner's request. A cash-value type life insurance policy can create a kind of "forced" savings plan.

The Insurance Information Institute is a great resource to find out how much insurance you need, which product is right for you and how to choose an insurance agency. The website is www.iii.org.

No one wants to think about death but thinking about life insurance *now* will help your dependents survive - financially - if something happens to you.

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Here's to your health and wealth.

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