

Five Common Life Insurance Myths

Myth #1: Only Breadwinners Need Life Insurance Coverage

The non-working spouse provides vital caregiving services, such as child care, taking children to their doctor's appointments and after school activities, shopping for groceries and clothing, and managing other home-related tasks. While the family's income is essentially uninterrupted by the passing of the non-working spouse, there are suddenly significant new expenses in the family budget to replace the services the non-working spouse provided. A family insurance plan should take into account the financial and non-financial contributions of both spouses and anticipate the new expenses faced by the surviving parent/spouse.

Myth #2: I'm Young So I Don't Need Life Insurance

None of us like thinking that death may come at a young age, but you can never predict when a fatal accident might happen or a fatal illness might strike. It can happen at any age. Young people are more likely to have small children, big mortgages, and little savings. If a young spouse or single parent suddenly passes away, the loss of the income poses a financial burden and potential financial disaster for the family. Life insurance, especially group term or individual term life insurance, provides an affordable way to make sure your family's financial well-being is protected.

Myth #3: Life Insurance is Expensive

Life insurance probably costs less than you think. There are many options for life insurance that can be affordable for just about anyone. Group term and individual term policies are affordable and provide coverage when it is needed most.

Myth #4: Buy Life Insurance Once and You Are Set

As your life evolves, so will your personal and family financial needs. The amount of coverage you initially bought several years ago may no longer be enough for the changes in your life. You may have purchased a new home, had a new baby, remarried and now have a blended family, or become empty nesters. Whenever there is a life changing event, we recommend that you reassess your life insurance needs to make sure the coverage fits your current financial needs.



Myth #5: I Only Need Life Insurance When My Kids Are Young and My Financial Obligations Are the Greatest

You should have coverage during these times. When you are older, you may still have insurance needs and may be more interested in a permanent death benefit. You may want to leave a legacy to your heirs or charities, have a dependent with special needs whom you want to make sure is financially protected, or want to make sure your spouse has enough money to cover his/her long term care needs. A permanent life insurance policy is often a good choice. It provides lifelong protection, accumulates cash value that can be borrowed against or withdrawn (this may affect the death benefit and have tax consequences), and provides available coverage levels that are higher than group term policies. GEBA recommends that you meet with your insurance advisor to evaluate whether or not a permanent life insurance policy meets your financial needs.