

Ladies: Don't be Uninsured or Underinsured

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ACCORDING TO THE 2021 INSURANCE BAROMETER STUDY BY LIFE HAPPENS, a nonprofit that encourages life insurance ownership, and LIMRA, a financial services trade association, just 47 percent of women own life insurance compared 58 percent of men. The figure also represents a decline of 10 percent insurance ownership by women in recent years.


Why are fewer women buying life insurance? According to the study, only 22 percent of women consider themselves knowledgeable about the subject, compared to 39 percent of men. A lack of knowledge can lead to a lack of confidence about how much or what type of insurance to buy as well as a fear of being taken advantage of. There are also misconceptions about insurance as an expense with 80 percent of women overestimating the cost of life insurance.

DO WOMEN NEED INSURANCE?

Despite these obstacles and perceptions, women need insurance. More working women are earning more than ever; many are the primary breadwinners in their families. Life insurance can help make up for the loss of that income, to make ends meet and provide for other important family goals such as children's education.

Stay-at-home moms need coverage, too. A surviving spouse, now a single working parent, would need financial resources to do the work of the stay-at-home mom, to manage the household and cover additional expenses, including the cost of hiring help. Would the family need a housekeeper, nanny, or caregiver to help with the children and household responsibilities? Should mom return to the workforce eventually, having purchased life insurance at a younger age would mean the premiums to protect the family from future loss of income would be less expensive than had they waited until later in life to buy.

Single women also need to consider life insurance coverage. While no one else may be relying on their income, a life insurance policy can be used to build savings for



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retirement, cover final expenses and debts, even provide a legacy for family, friends, or a favorite charitable organization.

Statistically, women live longer than men, which translates into needing a sufficient nest egg for a potentially long retirement and life. Whether single or married, breadwinner or not, insurance as an investment can build wealth to be used to cover retirement living expenses and late-in-life caregiver costs.

WHAT KIND OF INSURANCE SHOULD YOU BUY?

There are two main categories of life insurance: term and permanent. Term life insurance provides a fixed death benefit amount for a certain “term” or number of years. The premium payments may be guaranteed as level, the same amount over a specified number of years, or they could increase as you age. The policy does not accumulate cash value and your term ends when you stop paying the premiums.

Permanent life insurance is intended to provide coverage for your entire life and includes a cash value component. Because it builds cash value, you pay a higher premium than term life for the same amount of death benefit. There are several types of permanent life insurance, including whole life, and various forms of universal life. Whole life has level premiums, a guaranteed death benefit as long as premiums are paid, and guaranteed rates of growth in cash value. Like whole life, a universal life policy offers cash value and lifetime coverage benefits, but also flexible premiums that can be adjusted to accommodate your life circumstances. There are types of universal life policies where the cash value is tied to market performance, either as indexed or variable options, and gains are not always guaranteed. Some universal life policies include long-term care coverage.

It is possible to combine different types of life insurance, that is, to customize your coverage. And there are other forms of specialized life insurance, such as burial expense insurance and mortgage or credit life insurance, that are tied specifically to their purposes.

NEXT STEPS AND RECOMMENDATIONS

Here are a few suggestions for getting started toward owning the insurance that will best meet your needs and address your goals:

- Assess how much insurance you need. Don’t just use a multiple of income, but consider your financial goals and what resources you need to meet them.
- Sign up for the maximum amount of group term life insurance and optional supplemental term insurance if one or both are offered where you work. The premiums will be less expensive than buying the coverage on your own. Some employers also allow you to purchase term life insurance on your spouse.
- Group coverage is most often not enough. If you’ve established a greater need than the group policy can provide, work with an insurance professional to determine the

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right mix of term and cash value life insurance — whole, universal life, variable universal life — to meet your insurance needs and budget.

- When you apply for insurance, the professional you have chosen to work with should be able to identify any potential red flags or road blocks related to your health history, your career, or lifestyle that could suggest using a particular insurer that would be friendlier than others to your circumstances.

We can help. If the plethora of insurance agents, insurance companies, and types of policies seem confusing, or you need help determining the amount of coverage you should get, or you have existing policies that may no longer be appropriate to address your needs or goals, contact us. I and many of my colleagues here at HBKS Wealth Advisors are insurance-licensed Certified Financial Planners. As we are independent, that is, do not represent any particular insurance companies, we can help you review and understand your many life insurance options.

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