Too Old to Need Life Insurance? Think again…

Most people realize the importance of having life insurance coverage when they are newly married, when they have a mortgage, when they are in business with partner(s), when they are raising small children, when they are a single parent, etc. Some people think that once their mortgage is paid off, once their kids are out on their own, they no longer need life insurance coverage. Not necessarily.

Of course, each person's needs and goals are unique, I do acknowledge that. However, most don't realize the many benefits provided in a life insurance policy. First of all, ALL insurance policies, whether they are life insurance, health insurance, long term care insurance, or homeowners insurance, provide many dollars of coverage for a few pennies. Did you catch that analogy? It's very true. That's why you might have heard the saying "insurance provides protection for pennies on the dollar".

I've often heard people say that they spend too much money on insurance premiums. However, I have never heard a beneficiary say they received too much money in proceeds. As a matter of fact, ask any widow and she will tell you the same. Ask a surviving spouse with children, they will tell you that they sure could have used more coverage (for college tuition, income replacement, to pay off debts, and many other reasons).

There are many different types of life insurance policies. The most basic and most inexpensive is term insurance. It is good for a certain period of time. It could be 10 years, 20 years, or even 30 years. The premiums stay level for the full duration of the "term". Many of these are "convertible" to a Cash Value plan, which lasts throughout your lifetime. There are different types of Cash Value plans, too. For this discussion, we will not delve into the differences. What I will say about these plans, and its extremely important, is that they have "living benefits". What are living benefits you ask? They are the benefits that are available to you while you are alive. In other words, you don't have to die for someone to benefit from your policy. You can benefit from your policy in numerous ways.

One of the living benefits is terminal illness. If one is diagnosed as "terminally ill", you can accelerate the death benefit/face amount while you are alive. You can use the money to pay for experimental procedures that may not be covered by your health insurance, or you can use the money to take the whole family on a special trip, to spend precious time together.

One of the living benefits is chronic illness. If you are like most people over 40, you have not planned for your, and your spouse's long term care needs in the future. Let alone your parents and in-laws needs. This is a serious issue. ***Seventy percent of people over the age of 65, will need long term care at some point.*** **That's 2 out of 3!!** Our chances of needing long term care are greater than not needing it. Our chances of needing long term care are greater than having one's home destroyed in a fire, and greater than being in a car accident. As an example, a large portion of the face amount can be "accelerated" to pay for your long term care needs. Remember, long term care (services) are custodial services for the activities of daily living, which we take for granted. These are bathing, dressing, eating, toileting, getting in and out of a chair, and walking.

Like all insurance, you must purchase the protection before you have the need. Once you've had a fire in your home, its too late to get homeowner's insurance.

Say your parents are in their 60s or 70s. They lapsed their life insurance because they felt they no longer needed it. When one of them passes away, the household income is greatly affected. Do you know that once a spouse passes away, one social security check is lost, too? For instance, the surviving spouse will get the social security benefit of the higher amount. Supposing his monthly social security check was $2000, and her monthly security check was $1200. Husband passes away. Wife would lose her monthly benefit of $1200, but would continue to receive her late husband's benefit for the rest of her lifetime. In this particular case, that is a loss of 38% of the household Social Security check. Were you aware that Social Security is a guaranteed lifetime annuity? It pays you for the rest of your life. Had they kept their life insurance policy in tact, the surviving spouse would be the beneficiary of a death benefit, to help make ends meet, to continue to stay in the same home, if so desired… To be able to continue in the lifestyle prior to the loss of a loved one.

Leaving a Legacy. Another reason to keep life insurance in force in "the golden years" is to leave a legacy. ***One can leave a legacy to one's grandchildren, alma mater, or one's favorite charity.***

Lifetime Income. A permanent policy builds cash value. If done properly it can provide supplemental retirement income, which may also be tax free income. In the past many people had "pensions". A pension would provide guaranteed income for the rest of one's life. Many companies have replaced their pensions with 401k plans, shifting the burden to the employee rather than the employer, thus saving the company money.

It doesn't cost anything to get a quote. Call us today for a free quote!!

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