

INSURANCE *Life Insurance Awareness Month*

LIFE INSURANCE ROADMAP: Understanding Life Insurance at Different Life Stages

September is Life Insurance Awareness Month and there is no better time for a short refresher.

Life insurance is important at all stages of life. It can act as a risk management tool or an investment, depending on the type of policy. Review your plan with your agent every few years to keep up with changes in your family status, income, and needs.

Life Insurance Basics

Life insurance can provide financial protection for loved ones should you unexpectedly die. It comes in two main forms: term insurance and whole life insurance.

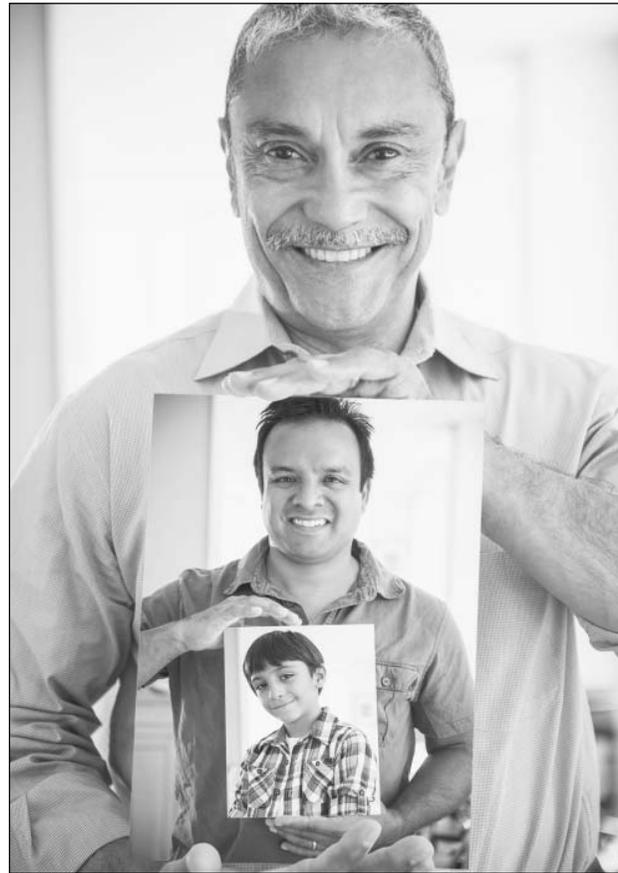
Term life insurance will pay out if you die during the policy term. This type of policy may be appropriate if you are the primary wage earner for your family. Term policies are typically written for 10, 20, or 30 years. This type of life insurance is typically less expensive in your younger years than whole life insurance.

Whole life or permanent life insurance builds cash value and pays a death benefit, and is more expensive than term insurance. The cash value is the accumulation of premiums collected minus expenses and charges.

If you can't afford whole life insurance right now but think you may want it in the future, consider a term life insurance policy with a conversion option that will let you switch to a whole life policy for a fee when you are ready.

Under 18

Historically, purchasing a life policy for a child was intended to pay for burial expenses if the child passed away prematurely. More recently, life insurance policies for children are marketed as



investment products. Even though the policy grows in value each year, there may be better investments for your needs. Check with your agent or financial advisor for the plan that is right for you.

Young Adults

Twenty-somethings are among the groups least likely to purchase life insurance. Consider debts that may exist for young adults. If a young person dies unexpectedly and someone has co-signed a loan (student loans, for example) with him/her, the co-signer becomes responsible for the debt. A policy that covers the amount owed to lenders can protect loved ones from financial burden if something unforeseen happens.

Term life insurance is low-cost and covers the policyholder for a set period of time. A 20-year pol-

icy can cover you while you build a family. Average policies run around \$160 a year for a 20-year term with \$250,000 of coverage for a healthy 30-year-old. Conversely, permanent/whole life insurance costs more but will cover for your lifetime and may provide an investment component.

If you have a whole life policy with cash value, you can borrow money from it up to the amount of the surrender or loan value. Do this with caution as the amount you borrow reduces the face amount of the policy. Unlike a conventional loan, you don't have to pay a policy loan back, but you will be charged interest. Do your research to make sure you know the actual cost of borrowing from your whole life policy.

Established Adults

As an established adult in your 40s or 50s, you may be paying for your children's college and looking for more coverage. If your house is paid off and your kids are financially independent, you may not need coverage. As you get older, life insurance becomes more expensive. Reach out to different insurers to see what plan is best for your needs.

Also consider purchasing more coverage through your employer-sponsored policy. If you know you'll be retiring in the next few years, start to look for other policies as you'll lose coverage if your job situation changes. Also check if you can transfer the policy when you retire.

Consider if you have alternatives to life insurance, such as savings accounts or other investments that can help take care of funeral and burial expenses. You may no longer need as much, or any, life insurance as you age.

Retired

If you have retired, you will no longer be covered by a previous employer's term life insurance policy. Make sure to contact your company to update your beneficiaries. Also, make sure to provide your beneficiaries with your policy information including company and policy number.



Wyoming Department of Insurance
<http://doi.wyo.gov> / 1 (800) 438-5768

This public service announcement is presented and paid for by the insurance companies licensed to do business in Wyoming in cooperation with the Wyoming Insurance Department. For more information on the state's insurance companies, including financial information, visit the Insurance Department website's "Company Financial Information" section.