



Frequently Asked Questions

About Life Insurance

Who needs life insurance?

If someone depends on you, you probably need life insurance. If you were to die today, life insurance would provide cash to your dependents that can help meet everyday living expenses, pay down the mortgage, finance longer-term goals like education and retirement, and generally maintain their quality of life.

If I'm not married and don't have kids, do I need life insurance?

Maybe not. You only need life insurance if someone will suffer financially when you die. If you don't have anyone in your life that fits this criteria, then you don't need life insurance right now. However, you'll definitely need to revisit this issue if you get married, have children, or assume some financial responsibility for other family members like your aging parents or maybe a niece or nephew.

How much life insurance do I need?

While there's no substitute for evaluating one's needs with the aid of a qualified insurance professional, a rule of thumb is to buy life insurance equal to ten to twenty times your annual gross income. To get a sense of how much coverage you need, you can visit the Life Insurance Needs Calculator at the Insurance Matters web site: www.whyinsurance.org.

What are the different types of life insurance?

There are many kinds of life insurance, but they generally fall into two categories: term insurance and permanent insurance. Term insurance provides protection for a specific period of time (the "term") and pays a benefit only if you die during the term. In contrast, permanent insurance provides protection for as long as you pay the premiums (and no loans, withdrawals or surrenders are taken). Because it is designed to last a lifetime, permanent life insurance accumulates cash value and is priced for you to keep over a long period of time.

What should I do if I think I need life insurance?

Start by finding a qualified insurance professional. Ask your friends, family or other trusted advisors for a recommendation, or visit www.life-line.org/agentlocator and use the search function to find advisors in your area. A good insurance advisor will help you evaluate your family's current and future financial obligations and determine what amount and type of insurance will allow them to maintain their quality of life in the event of your premature death.

