



Four Life Insurance Myths for the Young Family

For young couples just getting started, the future can seem boundless. Yet with new commitments, such as buying your first home or having children, comes the responsibility of making sure your loved ones will be provided for financially, no matter what life may bring. When you die, life insurance can help your loved ones maintain their standard of living and keep their plans for the future on track. So don't let these misconceptions stop you from getting the coverage you need.

MYTH NO. 1: I only need life insurance if I'm the primary breadwinner.

Whether you bring home the largest paycheck in your household or a smaller one, your family relies on your income, and it would be missed if something were to happen to you. Even if you don't work outside of the home, you probably need life insurance. Stay-at-home parents perform valuable services such as childcare, cooking, housecleaning and household management, which can be costly to replace.

MYTH NO. 2: If I still need protection when the term policy ends, I can always renew the policy.

Term life insurance is popular with young families, as it typically offers the greatest coverage for the lowest cost. Term insurance provides protection for a specific period of time (the "term"), and needs that will disappear over time, such as a mortgage or a child's education. However, many families realize that even after the kids are grown and the mortgage is paid off, their need for insurance continues—to provide income for a surviving spouse, eliminate debts, pay taxes, etc. Because premium increases with age, renewing your policy when the term expires can be very expensive. Moreover, poor health may make renewal impossible.

MYTH NO. 3: I only need term life insurance.

Term life insurance makes sense for many young families because their need for coverage is great and their budgets are often limited. But that doesn't mean it's the only type of insurance you should consider. Permanent insurance policies provide a death benefit as well as other unique features such as lifelong protection and the ability to

accumulate cash values on a tax-deferred basis, similar to assets in most retirement-savings plans. You can access the cash values for important uses like a child's education or a business opportunity.* If these features appeal to you, it might make sense to buy a large face amount term policy, giving you the death benefit protection you need, and combine it with a smaller permanent policy. When your budget permits, you can gradually increase your permanent insurance coverage.

MYTH NO. 4: I can get a better rate of return if I invest my money elsewhere.

While the most important reason for any life insurance purchase is to provide protection for your family, permanent insurance policies provide you with the ability to accumulate cash values that grows over time and can be borrowed against or withdrawn.* And contrary to what many people believe, long-term rates of return on cash values are generally comparable to relatively low-risk investment products. Because understanding rates of return can be difficult, the best way to find the right solutions for your needs is with the help of an insurance professional.

* Withdrawing or borrowing funds from your policy will reduce its cash value and death benefit if not repaid.

Learn more at www.lifehappens.org/youngfamilies.