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## **Don't Bet Your Life on These Insurance Myths**

Did you know that 68 million Americans do not have life insurance?<sup>1</sup> Even people with insurance often have significantly less coverage than they may need to help ensure a secure financial future for their families.



Learning about common life insurance misconceptions can help you make one of the most important decisions for those you leave behind.

### **Myth: "I probably won't need life insurance."**

Even if your children no longer depend on your income, life insurance can be used to help cover final expenses that may otherwise fall on survivors. Estate taxes, medical costs, and funeral expenses can quickly consume any assets that might go toward a legacy. Life insurance proceeds can also help fund a grandchild's college education or be donated to a favorite charitable organization.

### **Myth: "I only need to replace two or three times my annual income."**

Many people believe that multiplying their income by a certain number is a good rule of thumb for figuring out how much life insurance coverage to own. But consider how long the death benefit would last for a spouse with a long life expectancy. You also may want to think about a policy amount that is large enough to provide a stream of income for your beneficiaries without having to tap into the principal amount.

### **Myth: "I'm too old to obtain life insurance."**

The insurance industry has responded to growing consumer demand by offering more life insurance options for older Americans. At middle age, you might even want to consider replacing a large, expiring term life insurance policy with permanent life insurance, which generally remains in force throughout your lifetime, as long as the premiums are paid. Although permanent insurance usually costs more than term, it provides an opportunity to build cash value, and you might not need as large a death benefit at age 55 as you did at 40.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable.

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges, as well as potential exclusions and limitations. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Whether you have an existing policy or are considering a new one, it's a good idea to review your life insurance needs on a regular basis. It almost never makes sense to wait where life insurance is concerned. For more information on how insurance and other financial solutions can fit into your overall financial plan, contact **Jason M. Woodward, J.D.** today at (603) 264-7550 or [financialattorney@gmail.com](mailto:financialattorney@gmail.com).

1) Life and Health Insurance Foundation for Education, 2008

## LIVING LONGER

The life expectancy for an American born in 2004 was nearly 30 years longer than it was for a child born in 1900.



Source: National Center for Health Statistics, 2007