



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 to make 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. But common misconceptions often prevent young families from purchasing the life insurance they need.

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

Whether you bring home the largest paycheck in your household or a smaller one, your family relies on your income to maintain its quality of life, 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 buy a term policy and find that I still need protection when the term ends, I can always renew the policy.

Term policies are quite popular with many young families, and for good reason: They typically offer the greatest coverage for the lowest cost. Term insurance provides protection for a specific period of time (the "term"), and can be ideal for people who feel they have 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 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 a qualified insurance professional.

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

LIFE INSURANCE ISN'T FOR THE PEOPLE WHO DIE. IT'S FOR THE PEOPLE WHO LIVE.

When Michael Rausch was just 1 year old, his mom, Julie, was diagnosed with a malignant brain tumor. The news devastated his father, Bill, and severely affected the concrete business he and Julie ran together. Sadly, the company failed shortly before Julie's death. But the story doesn't end there. Life insurance meant Bill was able to restart the business and provide a secure and loving home for Michael.

Are you prepared should the very worst happen? Without adequate life insurance, your financial plans may be just a savings and investment program that dies when you do. Consult a qualified insurance professional to help you create a plan that will continue to provide for the ones you love.

**LIFE
HAPPENS**
A NONPROFIT ORGANIZATION

Life Happens is a nonprofit organization dedicated to helping consumers take personal financial responsibility through the ownership of life insurance and related products. For more information about life insurance or tips on finding a qualified insurance professional, visit www.lifehappens.org.

Michael Rausch