

5 misconceptions about life insurance (and the truths you need to know).



Most of us don't spend much time dealing with life insurance; it's a "get it and forget it" kind of product. And since life insurance often seems complicated, it's not surprising that we get some of the details wrong. Here are five misconceptions that many people have about life insurance – and the truths to set them straight.

Misconception #1: Young, single people don't need life insurance.

The Truth: Being young, healthy and single isn't a reason to skip life insurance. In fact, it's a great reason to get it. If you qualify now while you're in good health, your policy can follow you throughout your life, even if you develop health issues later.

Misconception #2: Life insurance is expensive.

The Truth: If you want to make your beneficiaries multi-millionaires, then yes, you'll need to pay more for life insurance. But you can get a still-generous \$500,000 policy for as little as \$16 a month. You could spend more than that on lattes.

Misconception #3: Term life insurance is always a better choice than whole life insurance.

The Truth: While term life insurance is the more practical choice for many people, whole life does offer advantages. One major advantage: Your health at the time the policy is issued will determine the terms of the insurance for the rest of your life, no matter what health problems you may develop in the future. Depending on your family medical history, this could be a significant benefit.

Because every policyholder is different, no one kind of life insurance is “always” better than another. That’s why we recommend discussing insurance decisions one-on-one with your independent agent.

Misconception #4: Only the family breadwinner(s) needs life insurance.

The Truth: Stay-at-home moms and dads may not get paid, but that doesn’t mean their services aren’t valuable. Daycare alone can cost as much as college tuition. Insure.com estimates the 2019 market value of a stay-at-home parent’s services (childcare, housekeeping, transportation, etc.) at \$71,297. The bottom line: Only Mom and Dad accept hugs and kisses as payment for childcare and housekeeping, so back them up with plenty of life insurance coverage.

Misconception #5: I have a policy at work. I’m covered!

The Truth: Employer-provided life insurance is a nice benefit, but it’s usually limited to 1 to 2 times your yearly salary (unless you supplement it by paying more). That might not be enough to cover living expenses for your spouse and family, or future college costs for your kids.

Another drawback of employer-provided insurance: If you lose your job, you lose the insurance, leaving your family unprotected while you scramble to replace it. A private policy follows you and your family for life, and only you can terminate it.

Want to know how much life insurance you need? You can get a general idea with our life insurance needs calculator. We also recommend discussing it in person with an agent, to take all your unique needs into account.