

Know Your Life Insurance Needs: Do You Have Enough?

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Your needs for life insurance coverage will vary throughout your lifetime depending on a wide variety of factors including how many dependants you have and how much debt you carry. As your life changes, so does your need for life insurance. Knowing how much you need at each stage of your life will make sure that you have protected your loved ones from a financial burden. While your needs are highly individual, there is some common ground for people in each stage of life.

Single Young Adults, No Children

This is the group most likely to believe that they don't require any life insurance at all, and the group least likely to have a policy in force. But to think that because you don't have any children or a spouse to think about you don't need to carry life insurance could be a costly mistake for your family left behind.

Even young adults without any dependants need a method of paying for final expenses. Funerals are very expensive, and the cost may be difficult for your family to manage. And it's not only the funeral expenses to consider. If you carry debts including school loans or other loans, life insurance can make certain those debts are paid off and don't wind up on the shoulders of a family member.

At this stage in life your life insurance needs may be on the lower end, but it's also important to note that buying a larger policy than you currently need could benefit you later. While you are young and healthy is the best time to lock in a low premium on a good policy.

Married, with Children – and a Mortgage

Even if you don't have kids and simply have the mortgage, your life insurance needs have changed at this point in life. A couple who have made the big investment of purchasing a home should make sure that they have enough life insurance – both of them – to ensure that the other person isn't left unable to pay the mortgage. It's common for the main breadwinner to have the larger policy, but in households where income is equal matching policies or even a joint policy are considerations.

Kids are another important consideration. The more children you have, the more money you will need to provide for them if something happens to you. Consider things like university education on top of the money that the spouse left behind will need to raise those kids. Remember that even if one person is a stay at home parent with no income

to replace, if that person were to pass away there would be child care costs to contend with. Life insurance for both parents providing for the needs of the children is a smart choice.

Couples with children tend to carry a lot of debt in terms of mortgages, car loans and credit cards. Paying these off for the people left behind is a big part of the life insurance calculation.

Empty Nest and Retirement

Once the kids are gone and you are entering the retirement years, the need for life insurance might not be as high as it once was. You no longer need to worry about providing for your children, and might even have your mortgage paid off. That doesn't mean you no longer require life insurance however – only that you might need less. There are still final expenses to consider, and if you are on a fixed income, support for the surviving spouse.

If you have taken on a universal or whole life policy earlier in life, you hopefully won't have to worry about making any changes and can continue the coverage as is. But if you had a term life insurance policy which expired, you might consider choosing a smaller policy that fits into your budget better. It's important to remember that the earlier you get a policy in place, the less you can expect to pay on the premiums in most cases.

You may fit into one of these common categories in whole or only in part, but no matter what your circumstances, odds are good you need a life insurance policy. The best way to ensure that you have the coverage you really need is to take the time to review your options with an insurance professional. An expert can help you to go over the particulars of your needs beyond the basics that apply to everyone. They can examine your financial situation, look at your debts and your dependants and determine who much you need to have to cover your financial obligations and care for your family the way you would like to in the event of a tragedy.