

The Powerful Benefits of Life Insurance

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September is Life Insurance Awareness Month (LIAM) and the perfect time to emphasize the importance of life insurance with your financial advisor. Life insurance is a simple answer to a very difficult question: *How will my family manage financially when I die?*

Benefits of Life Insurance

Life insurance can provide powerful benefits. For instance, life insurance proceeds can:

- ✓ Pay for funeral costs
- ✓ Help pay the bills and meet ongoing living expenses
- ✓ Pay outstanding debt
- ✓ Continue a family business
- ✓ Finance future needs such as your children's education
- ✓ Protect a spouse's retirement plans

At the end of 2013, individual life insurance protection in the United States totaled \$11.4 trillion dollars. While this seems like a large amount, in reality it amounts to less than \$40,000 for each man, woman and child in the United States. Even worse, many do not even have that coverage, as more than 40% of Americans have no individual or group insurance coverage.

Types of Life Insurance

The basic feature of a life insurance policy is the death benefit which is the lump sum payment that your beneficiary will receive in the event of your death. The types of insurance are as follows:

Term insurance provides protection for a specific period of time (the "term") and is for temporary circumstances, i.e. 10, 15, 20, 25, 30 years, etc. Term insurance offers the greatest amount of coverage for the lowest initial premium. There is no cash value with term insurance. However, the policy can also be converted to a permanent policy.

Permanent insurance offers protection for your lifetime and has cash value. Premiums are higher than term insurance. The types of permanent insurance are Whole Life, Universal Life, and Variable Universal Life.

Don't have life insurance? You're not alone.

80%¹
of Americans
say that
life insurance
is something
most people
need

44%²
own an
individually
purchased policy

¹Life Happens and LIMRA Insurance Barometer Study, 2014

²LIMRA, Household Trends in U.S. Life Insurance Ownership, 2010

How do you calculate how much life insurance you may need?

One way to answer this question is to determine the following:

- 1) How much money will my family need after my death to meet immediate expenses such as funeral expenses, debts, taxes, medical bills, etc.? Plus,
- 2) How much money will my family need to maintain their standard of living over the long run?

The best way to figure out the amount and type of life insurance that makes sense for your situation is to meet with your financial advisor and have a discussion to weigh your options.



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