

Ten Reasons to Consider Life Insurance as You Age

Many men and women who are approaching or already in their retirement years think, “The last thing I need is more life insurance!” At their age, family needs often are on the decline. Plus, between Social Security, pension benefits and a nest egg that’s ready to hatch, their financial picture probably looks comfortable.

But all too often life insurance needs don’t necessarily end; they simply change. When raising a family, life insurance provides protection to your loved ones with the guarantee that your income will be replaced if you die prematurely. That’s why life insurance is recognized as one of the most cost effective ways to help ensure a family’s financial security.

As you get older, life insurance continues to be a valuable tool. Life insurance can benefit you and your family by helping to:

1. *Cover final expenses.* Life insurance can provide funds to settle your estate and prevent the need to liquidate assets to pay final expenses and death taxes. Many people believe that, since their estates are under a certain size, there will be few if any expenses when they die — but this is rarely the case.

2. *Reduce estate shrinkage.* At death, regardless of the size of your estate, there will be settlement costs. As a rule, the smaller the estate, the greater the percentage of shrinkage, because debts and liabilities must be paid. Plus, there may be probate costs and state death taxes. The result can be a serious loss of assets to a surviving spouse or other heirs. Life insurance can help counter that estate shrinkage.

3. *Ensure spouse's financial security.* Life insurance can help guarantee the financial security of your spouse by providing a lump sum payment or ongoing income. At your death, there may be a change in pension benefits and/or Social Security benefits. Life insurance can help replace that lost income, and often makes the difference between a questionable financial future and security for a surviving spouse.

4. *Preserve your estate.* Life insurance can preserve your estate for your heirs, leaving funds intact for a surviving spouse, children or grandchildren.

5. *Provide cash values.* Life insurance can provide living benefits for you and your spouse. A permanent life insurance policy can build cash values. This money can be used as a security fund to meet emergencies or to generate ongoing income while you are alive.

6. *Pass on more to your heirs.* Proceeds are not subject to income taxation, so your beneficiaries receive 100 percent of your proceeds. Plus, proceeds can sidestep the probate process and pass immediately to your heirs.

7. *Provide tax savings.* Life insurance provides tax-sheltered growth. The cash value in your policy accumulates on a tax-advantaged basis, and earnings are not taxable as current income. As a result, you can have both a growing asset and tax savings.



8. *Make emergency funds available.* Life insurance provides access to cash at any time through cash value loans. You can let the money accumulate or begin tapping into it for emergencies, income supplement, grandchildren's education funds, or other opportunities. The choice is yours.

9. *Keep your funds safe.* There are no minimum distribution requirements on the cash values. Unlike with a qualified retirement plan, life insurance cash values can remain in the policy until your death.

10. *Qualify for a living benefit.* _____, the Living BenefitSM will allow you to use your life insurance to pay for certain nursing home care, organ transplants or terminal illness expenses.

How much life insurance do you need?

The chart below shows one example of the income each amount of life insurance proceeds can generate. For example, based on the assumptions provided: \$200,000 in proceeds will provide \$10,000 a year (\$833 a month) in supplemental income, while still leaving the entire principal amount untouched to be passed on to your loved ones.

Annual Income Needed	Life Insurance Needed
\$ 20,000	\$ 400,000
\$ 25,000	\$ 500,000
\$ 37,500	\$ 750,000
\$ 50,000	\$1,000,000

Premise: The principal earns 5 % after taxes; interest only is withdrawn each year; the principal remains intact for emergencies or eventual distribution to heirs.

Do you need additional life insurance? That's a question only you can answer. However, it is important to review your needs and consider life insurance as one of your options.