

Insurance Matters

Life Insurance And Your Financial Health

by John Addison

(NAPSA)—When it comes to protecting your family, a life insurance policy can be one of the most important financial instruments you may ever own. Unfortunately, many people get uncomfortable when it comes to discussing life insurance and calculating how much coverage is enough. As a result, they may leave their family at risk.

How Much Is Enough?

Many people are underinsured or carry no insurance. In fact, it's estimated that one-third of Americans have no life insurance at all.



Addison

While experts usually recommend purchasing a policy that is six to 10 times your gross annual income, the average policy is much less, equal to about 3.5 times a household's annual income.

To help you get a better understanding of just how much coverage your family might need, here are some fast facts about life insurance:

• **What is it and what are you paying for?**—At its core, the purpose of life insurance is to protect a family against the loss of income due to the premature death of the “breadwinner.” Another way to look at it is that you are paying for a substitute income.

• **Who needs it?**—While some turn to different kinds of life insurance policies as a way to build wealth, the basic purpose of life insurance is to serve as a way

to replace income in the event of an untimely death. Anyone who has people who depend on him or her for income support should have life insurance.

A wise insurance purchase can mean the difference between maintaining a family's standard of living and a dramatically different lifestyle for those left behind.

• **What is term insurance and how does it fit into the scheme of things?**—Term insurance is strictly for income substitution and is often favored by younger families that are still building wealth through investment and savings. By design, it lets young families buy more coverage for their premium dollars than other types of insurance.

Remember, with term insurance, you are paying for coverage and coverage alone. It does not accumulate a cash value over time in the same way other types of insurance—such as universal life—can.

• **Is having more than one policy a good idea?**—Buy one policy and put the entire coverage amount into that one policy. Multiple policies mean multiple fees and could cost more.

Learn More

Financial professionals at Primerica have created a guide that can show you how to take control of your financial life. To get a copy of “How Money Works,” write to Primerica, 3120 Breckinridge Blvd., Duluth, GA 30099. ATTN: Corporate Relations, or call (770) 564-6329. For more information, visit www.primerica.com.

• *John Addison is co-CEO of Primerica.*