

# Life Insurance: Why It Matters Now More Than Ever

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# Why is Life Insurance Important?

Do other people rely on you financially?

- Not about the risks, it is about the consequences
  - Insuring possessions verses insuring people
- Not just covering debts, also protecting lifestyle
  - Maintaining standard of living



# How Much Do I Need?

Remember that LIFE happens:

Liabilities (debts)

Income Replacement

Final Expenses

Education Funding



What does this acronym not account for?

# How Can It Benefit My Loved Ones?

Life Insurance Provides a Death Benefit to:

- Replace your paycheck
- Pay off your mortgage
- Pay off your student loans
- Pay for college
- Provide your family with an inheritance and pay estate taxes
- Make a charitable contribution
- Complete your retirement plan



# What About My Life Insurance Through Work?

## Group Term Life

- Employees receive a multiple (usually 1x-4x) of their annual salary up to a capped amount
  - For example, 1x annual salary up to \$50,000
- Part of benefits package so no out of pocket expense
- Death benefit is tax free up to \$50,000
- Can change beneficiary & convert to permanent life upon departure

Is that enough coverage for you and your family?

# What About Life Insurance Through Work That I Pay For?

## Voluntary Life

- Employees opt-in to this coverage and premiums are deducted from payroll
  - Can easily add spouses or partners and children to the plan
- Often requires no evidence of insurability (EOI) up to a certain amount of death benefit but some plans may require medical underwriting
- May be available year round within limits
- Premiums usually increase every 5 years and they are often not as affordable as purchasing an individual policy
  - Tends to favor employees who are older, not healthy, and smokers
- Tied to your employer

# What Kind of Life Insurance Does Lincoln Offer?

## Individual Life (Term or Permanent)

- Employees apply for this coverage and premiums are drafted from account
  - Can easily add children (child rider) but not spouses to the plan
- Always requires some level of medical underwriting
  - Accelerated underwriting (no health exam) may be available
- Available year round but rates increase once you pass your half birthday
  - Maximum amount of death benefit based on insurable interest
- Premiums are locked in for the term or for the rest of your life and they are usually more affordable than voluntary life
  - Tends to favor employees who are younger, healthier, and non-smokers
- Not tied to your employer

# Is Voluntary Life or Individual Life Better?

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- It depends on you and your loved one's priorities, goals, and needs
  - Weigh pros and cons of each option
  - Remember that individuals are not commodities
  - Have a conversation with your financial advisor



# What About Life Insurance During COVID-19?

- Life Insurance **does cover** COVID-19
  - Insurer **can not** change your premiums
  - Exception would be policy that only covers a specific situation or condition
    - Examples: Accidental Death & Dismemberment (AD&D) and Cancer Policies
- You can still get Life Insurance during COVID-19
  - Even if you had COVID-19!
    - May take longer & could require additional paperwork
  - Some carriers eliminate options for older adults
    - Usually people age 80 and older

# Questions?



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