From Two Incomes to One… and The Value of Live Insurance

How to Adjust to the Loss of an Income Provider

Most families depend on two incomes to make ends meet. If your spouse died suddenly, could your family continue to meet all their financial obligations—from paying rent or the mortgage, to daily living expenses? Could your family continue their standard of living on a single income? Would your plans for the future stay intact?

Almost thirty percent of Americans say that it would only take one month to feel the financial impact from the death of a wage earner. The economic challenges of this day and age often requires two incomes to meet overall family expenses, so the loss of a spouse and income provider can lead to financial trouble. With the death of an income producer also comes possible lost time at work from the remaining spouse to manage the home.

Life Insurance Provides Real Options

The good news is that life insurance rates are low and there are many different kinds of products from which to select. A question we often get is, “How much life insurance do I need?” The answer to that depends on your individual situation, but the general guideline of a place to start is a life insurance limit of at least ten times your annual gross income. For example, if you earn $50,000 per year, your family would need to replace somewhere close to that amount. A $500,000 life policy could return $45,000 to $50,000 annually, depending on interest rates.

Don’t rely solely on the life insurance offered by your employer. Many employers offer their employees some sort of group life insurance. But this amount of coverage is usually not enough, and group life insurance policies are not portable, meaning that if you leave your job, you can’t take your life insurance coverage with you.

So, maybe you’re starting to see the need for life insurance … right? Don’t put it off! The younger you are when you get insurance, the lower the cost and the easier it is to get approved.