Five Situations That Indicate a Need for Life Insurance

According to LIMRA's 2021 Insurance Barometer Study, 39% of insured individuals wish they purchased their life insurance policies at a younger age. For many policy owners, a major life event spurs their decision to purchase a policy. Some situations, in particular, may indicate that you should consider buying (or evaluating any existing) life insurance.

1. Getting Married

When you get married, you may share finances with your spouse. Whether you have a one- or two-income household, there are shared living expenses. Purchasing two life insurance policies – one on each of your lives with the other listed as the beneficiary – ensures that you will be able to support each other financially even if something tragic happens.

Life insurance is especially important if you plan to make large purchases together, like a car or home. These debts will still need to be repaid even if one of you passes away, which could put the surviving spouse in a financial bind. Material considerations in choosing your coverage amount include your salaries, the amount of debt you have acquired, and your assets. Knowing you have enough coverage in place can provide peace of mind for years to come.

2. Welcoming a New Baby

Each time you add to your family, it means that someone else is relying on you for financial support. According to a **report released by the USDA**, the average American couple will spend between $12,350 and $13,900 annually on raising a child.* By the time a child reaches adulthood, raising them will have cost over $220,000 – not including the cost of higher education.

Purchasing a term life insurance policy to cover child-related costs as well as the cost of higher education can ensure that your child's standard of living is maintained even if something were to happen to you while they were young. Once your child is out of the house, has graduated from college, and is no longer relying on you financially, that specific need for life insurance coverage may lessen.

Note that if you have a **child with special needs** who is a lifelong dependent, you may be better served by a permanent insurance policy. This type of policy will pay a death benefit upon your death no matter when it occurs, and you can designate the beneficiary of your policy to be a Special Needs Trust with instructions on how to financially care for your child.

Read more: **Why a Stay-at-Home Parent Needs Life Insurance**

3. Deploying

Military service is hazardous and deployments can be dangerous. If you are headed to a combat zone, purchasing life insurance beyond what is offered by SGLI (only $400,000) may provide your family with a modicum of comfort, helping to lessen the fears that come with knowing that you may face hazardous conditions. SGLI premiums are waived during deployment, which could free up additional money for other policies. However, after deployment, SGLI premiums resume. Note that while many life insurance companies will not insure deploying individuals because of the risk involved, Navy Mutual has no active duty service restrictions and will not deny coverage due to service.

Having a policy outside of SGLI can also ensure that you maintain life insurance coverage after you leave the military. Your SGLI coverage will not convey when you separate – though you generally have 120 days after separation before your coverage is lost. During this time – and for an additional year afterward – you can convert your SGLI to Veterans' Group Life Insurance (VGLI), though you will need to complete a medical exam to qualify if applying after 240 days of retiring or separating. That said, VGLI increases in price every five years according to age (e.g., you would pay $132 per month for $400,000 of coverage when you are 50 years old, but $240 per month when you turn 55). Navy Mutual offers affordable **term life coverage** you can keep through age 85 and **Guaranteed Issue Flagship Whole Life**, a permanent life insurance option offered exclusively to servicemembers who recently separated from service and their eligible family members.

Read more: **Why You Need Life Insurance Beyond SGLI**

4. Accruing Debt

When you make large purchases, you may do so as an individual, or you may make them jointly with another person by having both of your names on the mortgage, for example, sharing a credit card, or cosigning on a loan. If you make purchases jointly, you both own the resulting debt.

If you have debt that will be inherited, it's important to consider life insurance coverage in at least the amount of debt you have, so that your survivor will not be financially burdened.

> **Note:** Federal student loans are generally discharged upon the death of the student. Many private student loans, however, do not offer death discharges. If you had a loved one act as a cosigner on a private student loan, they could be on the hook for making future payments. Talk to your loan servicer(s) to learn more about their policies.

5. Caring for Aging Family Members

Your children are not the only people who might be relying on your income. If you have aging parents, grandparents, or other family members you support, your life insurance coverage and **beneficiary designations** should reflect that.

Remember that your family members do not have to live with you for them to rely on you for support. If you help with grocery shopping or pay for home health care or a nursing facility for members of your family, your income makes a difference and would be missed. If you provide support like taking your loved one to their doctor's appointments, helping clean their home, or cooking their meals, these are all services that would have to be replaced in your absence – and those services cost money.

Regardless of when you purchase life insurance, it is a sound investment in your future and the future of those you love. Life insurance may seem complicated, but our representatives make it simple. If you need help determining what products would best fit your needs, you can call us at **800-628-6011** or **schedule an appointment** at your convenience.

*****The most recent *Expenditures on Children by Families* report was released in 2017 using data from the 2011-15 Customer Expenditure Survey.