Can You Have Multiple Life Insurance Policies?

Many people only have one active **life insurance policy** at any given time throughout their life. Life insurance is often offered through an individual's employer and some do not see the need for additional coverage beyond what they have obtained through work. Group life insurance coverage may be provided through Servicemembers' Group Life Insurance (SGLI) for military personnel, Veterans' Group Life Insurance (VGLI) after separating from service, or in connection with a civilian employer. In some cases, one policy can be enough to sufficiently cover a person's needs. In others, though, a single life insurance policy may result in too little coverage or **not provide enough protection** as a family's needs change.

One of the main reasons an individual may choose to purchase multiple life insurance policies is to align coverage amounts with the beneficiaries' actual needs over time. For example, mortgage debt typically declines over time as the loan is paid off and the expenses associated with raising children increase at their birth and then decline as they approach adulthood. Understanding the differences between policy features can help you decide how much coverage is necessary to protect your family and whether you need multiple policies.

Can you have multiple life insurance policies at one time?

Yes, you can have multiple life insurance policies that are all active at the same time. Life insurance provides a safety net for those who depend on you for financial support. You could use multiple policies to:

- **Create staggered temporary protection over time:** Instead of buying a single policy with a large death benefit to provide for your family's expenses, two or more term life insurance policies with different face amounts and term lengths could provide long-term coverage with the right *amount* of coverage when you need it. For instance, if purchased at the same time, a 20-year policy could get your kids through college and a 30-year policy could cover your outstanding mortgage during the last 10 years of those two temporary liabilities. These policies overlap only for the duration of your children's education when your combined expenses are the highest. Polices expire – and are not renewed – as your financial obligations decline. Essentially, staggering coverage ensures that your family gets the highest combined death benefit if the insured were to pass away young, and a smaller death benefit as time goes on and the beneficiaries' asset levels have increased.

- **Cover long-term care and health needs:** Many permanent life insurance policies offer features similar to those provided by long-term care insurance, typically in the form of an accelerated death benefit that becomes accessible if the insured requires long-term care due to a chronic illness or disability in the future. It may be wise to consider at least one policy with long-term care features should the need arise; if it doesn't, the policy's death benefit remains intact to be distributed to your beneficiaries as expected. Long-term care insurance is mandatory for individuals who live in Washington State; learn more here.
- **Allow for changes**: You might want to consider purchasing additional life insurance coverage when your financial situation changes dramatically. Instigating events may include having a child, starting a business, getting married or divorced, buying a home, and more. The more financial responsibilities you have and the more people you care for, the more protection your family needs. While it may be possible to increase the death benefit on your current policy, increases may be subject to proof of medical insurability and coverage may be capped (e.g., SGLI and VGLI offer only up to $400,000). Pricing for any type of individual life insurance coverage increases with age, so locking in coverage when you are young is optimal, since you can always reduce coverage in the future. It may also be more cost-effective to purchase a new term policy for the length of each life event, like a policy that lasts from your child's birth until their college graduation, instead of relying on a single policy to cover everything.
- **Access specific riders:** Riders are policy add-ons that allow you to access non-standard features. Common riders include guaranteed insurability or paid-up addition riders (which allow you to purchase additional coverage within a specified time period without undergoing a medical exam), child benefit riders (which provide an additional death benefit for dependent children if they pass away below a certain age), and return-of-premium riders (which may refund all or a portion of premiums paid if the insured does not pass away during the policy term). Not all policies offer all riders, so diversifying your policies may allow you to access the riders you want for specific amounts of coverage during the time frame(s) you need them.

Every family is different, and by extension, so are their life insurance needs. While one permanent policy may work for one family, multiple term policies may work for another. If you are considering multiple life insurance policies, consider the following:

- **Pricing:** Buying multiple policies each with a lower death benefit than the combined value of all may be less expensive than buying a single large policy. For instance, having three $500,000 policies with 10-year, 20-year, and 30-year terms may be cheaper than a single $1.5 million policy. However, insurance premiums increase with age, so purchasing your policies when you are young and healthy will have the largest impact on your pricing.
- **Flexibility:** You may have the ability to purchase additional life insurance after getting married, having children, or making other significant life changes; similarly, you can decrease your coverage by letting term policies lapse. Conversion options may allow a low-cost temporary product to be transitioned to permanent protection at certain points within

the term; starting small to establish a final expense solution and then ramping up your coverage as your needs change allows you to align your life insurance to your budget.

- **Coverage:** Your coverage needs may both increase and decrease over time. For example, as you grow your family and have more people to support, your life insurance needs increase. When your children move out and become self-sufficient, your needs may decrease. Your needs may increase later in life if you decide to start a business, in which case you may want to up your coverage to satisfy a startup loan. With multiple life insurance policies of varying lengths and start times, your family will be protected, but the death benefits will only reflect your present needs. As those needs change over time, you determine whether to allow expiring policies to lapse without renewing them or, if your health allows, to apply for more coverage.

Having multiple life insurance policies can help you meet different financial goals and maintain protection for your family over a wide variety of life events. A single, permanent policy can do the same thing. Whichever is best for your family, we are here to help.

Our representatives can help you determine what type of policy or policies would be ideal to protect your family. Call **800-628-6011** to talk to a team member or **get a quote** today.