

Life Insurance and Your Growing Family



Getting married, starting a family, and transitioning out of the military are all exciting times in your life, but they also bring with them major changes. Changes like these affect your life insurance needs going forward. Servicemembers' Group Life Insurance (SGLI) might be more than sufficient when you are young and single, but as you start your family and take on new obligations, your needs change. Choose a military-friendly life insurance plan that meets your current needs while also giving you flexibility to adjust your coverage. Your coverage does not have to – nor should it – be the exact same throughout your life.

When to Reassess Your Needs

In general, it is a good idea to review your needs and coverage amount at least annually. This ensures that major life events (the birth of a child, a home purchase, or a new financial obligation) are accounted for in your future coverage. Developing a habit of annually reviewing the terms of your home, car, life, and disability insurance coverage can prevent anything being left to chance.

Set aside some time specifically to evaluate whether and how your life insurance needs have changed after any major life events.

The most important events to account for are marriage and parenthood. There is nothing more meaningful than growing your family. As difficult as it is to think about now, it is important to make sure that your family will be taken care of if anything were to happen to you or your spouse. That means purchasing an amount of military-friendly life insurance that not only matches your family's minimum needs today, but considers the loss of income, the loss of future income, or the cost of providing for



child care in the future. Each new family member will have needs that your life insurance policy will have to cover.

That said, a growing family is not the only reason to reevaluate your life insurance coverage. Other life events that merit examining your coverage include buying a house, transitioning out of the military, and retiring. For example, term life insurance may have been the right choice to supplement SGLI while you were deploying, but you may want to transition to a permanent military-friendly life insurance policy as a long-term estate planning solution.

Determining Your Needs as Your Family Grows

There are many ways to determine your current life insurance needs. Some of the most popular methods include:

- **Income Multiple:** This is a rough calculation to offset some number of years of future economic benefit, such as multiplying your current salary by 10.
- **Human Life Value:** This is the present value of your after-tax future expected income for the duration that you would have otherwise contributed to the family finances.
- **Needs Approach:** This involves offsetting current or planned debts that the beneficiary could not or would not be able to handle on their own – typically this involves a mortgage balance, present value of future education expenses for children, one or more new vehicle purchases, and a lump sum for the survivor's ancillary expenses.

At Navy Mutual, we find that the Needs Approach is the most helpful for our Members. It allows you to choose the military-friendly life insurance coverage that will protect the ones you love without paying for coverage that they do not need.

The basic calculation to determine the right amount of coverage through the Needs Approach is as follows:

Financial Obligations – Non-Retirement Assets = Necessary Coverage

1. Add up all outstanding financial obligations including mortgage payments, tuition for your children, and living expenses for your family.
2. Subtract the value of your assets, including only the assets that will be available for liquidation should you pass.

The resulting number is the amount of money that would take care of your family's needs if anything were to happen to you. This is the number that should stay top-of-mind as you delve into figuring out the right military-friendly life insurance policy that works for your family.

Navy Mutual's Life Insurance Needs Calculator

The all-encompassing Needs Approach may seem complex, but Navy Mutual's free and easy-to-use [Basic Life Insurance Needs Calculator](#) will painlessly guide you through the process. This tool walks you through clear questions to gauge your situation and narrow in on the key factors and elements that make up your current financial obligations, projected obligations, and non-retirement assets.



Once you have determined your preferred needs assessment method, our team of experienced sales representatives will help you tailor a military-friendly life insurance policy that is right for you. When you are ready to set up a plan that protects your growing family's tomorrow, [schedule an appointment](#).