

Why a Stay-at-Home Parent Needs Life Insurance



People don't often think about the dollar value of their everyday household contributions, especially those who do not hold traditional jobs or act as stay-at-home parents. But, according to a [Salary.com study](#) in 2018, the contributions of a stay-at-home parent top \$160,000 per year. Given this number, we recommend that stay-at-home parents seriously consider obtaining a life insurance policy to protect the value of this contribution.

People often associate life insurance with their jobs and their salaries, and this is a good way to think about life insurance at a basic level. However, stay-at-home parents don't have an actual salary that they contribute to family finances. Instead, they contribute their time and put it toward childcare, education, and household responsibilities. And, as mentioned above, their time is worth quite a bit – and therefore is worth protecting.

Consider the contributions of a stay-at-home parent: They do most of the grocery shopping, make lunches, and cook dinners. They make doctor and dentist appointments, provide childcare, and act as the family taxi. Stay-at-home parents are often in charge of doing the laundry, cleaning the house, and making sure that chores get done. It is certainly more work than a full-time job.

Replacing these contributions would be very expensive if the stay-at-home parent were to pass away unexpectedly. Of course, not all responsibilities would need to be outsourced; the surviving parent can make lunches and do laundry, but the surviving spouse doesn't have the ability to quit their job to take full-time care of their family. Without the stay-at-home parent, the survivor's income is even more crucial. For this reason, childcare and education are the top contributions that should factor into a life insurance calculation.

To estimate the cost of replacing a stay-at-home parent's contributions:



1. Add up how much it would cost to pay others to perform the household services performed by the stay-at-home parent that will not be assumed by the surviving parent.
2. Add up how much it would cost to pay others for childcare *per child*.
3. Add up how much it would cost to educate each child (private school, higher education, etc.).
4. Multiply this amount by the number of years services would be needed (or, until the youngest child leaves the home or graduates from college).

For example, if you are married to a stay-at-home parent, without your partner, how much would you pay each month for childcare or school (per child)? What would monthly housekeeping services cost? How much time would you spend shopping and cooking? Would it save time or money to use a meal service or a grocery service? Anything that the stay-at-home parent does now that would need to become a paid service if they were to pass should be factored into life insurance calculations. If you are a stay-at-home parent, you know your contributions better than anyone.

It's also important to consider the family's level of debt. If the stay-at-home parent has a car loan, but the car would be sold upon their death, it isn't a huge consideration. However, if the family has a mortgage payment, that bill will still need to be paid each month – on top of everything else that the surviving spouse is going to have to pay for after losing their partner. If college is a future aspiration for children, those costs should be factored in as well.

Note: If the stay-at-home parent is the primary caregiver to children, consider budgeting for therapy or grief counseling services. Losing a parent is a lot for a child to handle, and professional services may help them learn to cope with their new normal. [Military OneSource](#) also offers non-medical counseling to military family members who have lost a loved one, and consultants can be reached at **800-342-9647**.

Does a stay-at-home parent need life insurance if they are already covered under FSGLI?

Civilian spouses of servicemembers may be covered under Family Servicemembers' Group Life Insurance (FSGLI) – provided the servicemember did not decline their SGLI coverage. This provides up to \$100,000 in life insurance coverage to a spouse for a low cost while their partner is in the military. (FSGLI also provides \$10,000 in coverage for each dependent child at no cost.) After the servicemember separates, FSGLI coverage will end for both spouses and children and SGLI coverage will end for the servicemember.

After you do the math, \$100,000 of life insurance coverage is unlikely to be enough given a stay-at-home parent's contributions to the household. Having a supplementary life insurance plan in place for both parents ahead of the servicemember's separation will not only ensure that each has an appropriate amount of coverage while still in the military, but also that a seamless transition can occur once separation is imminent.

What type of life insurance is best for a stay-at-home parent?

Term life insurance is generally the best option for a stay-at-home parent because there is a time limit on their biggest contribution: childcare. For this reason, it makes sense for most stay-at-home parents to purchase a policy that will last until the youngest child is 18 years old or until they finish college.

Term lengths vary from five to 30 or more years depending on the insured's age. The cost of term insurance will depend on the term length, the amount of coverage, and the age and health of the insured, but premiums remain level for the duration of the term selected. For this reason, it's generally



best to lock in coverage when the stay-at-home parent is young and healthy. As individuals age, coverage becomes more expensive, and the development of chronic conditions may make it impossible to get coverage later on.

Navy Mutual offers two types of term insurance:

- [Flex Term](#): Provides between \$50,000 and \$1,000,000 of coverage and is ideal for individuals between 18 and 45 years old.
- [Level II Plus Term](#): Provides between \$50,000 and \$1,500,000 of coverage and is ideal for individuals between 45 and 75 years old.

This month is [Insure Your Love](#) month. While we know that you can't put a price on love, you can put a price on each family member's contribution to the home. Give your family the peace of mind that comes with knowing they will be taken care of if you or your spouse were to pass. If you are interested in a consultation, give us a call at **800-628-6011** or [schedule an appointment](#) at your convenience.