

Should I Buy Life Insurance?

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Ensuring the protection and financial security of your loved ones is a responsibility that can weigh heavily on one's shoulders. If you have people that depend on you for income or support, you should consider life insurance. These insurance policies provide a financial safety net for your family or dependents in the event of your untimely passing.

Do I Need Life Insurance?

You should consider purchasing a policy if the below apply:

You have young children

While the arrival of a child brings immense joy, it also entails at least 18 years of financial commitment. Raising children can be expensive, especially when juggling multiple financial goals like saving for retirement, paying off a mortgage, or planning for future educational costs. Balancing all these expenses makes it extremely difficult to save enough money to cover the financial risk your family may face if you pass unexpectedly.

For example, imagine you are the breadwinner in your family and recently acquired a mortgage. In the unfortunate event of your death, your spouse could be left with the burden of home debt while caring for the children on a single income. This situation could lead to emotional and financial strain for your family. Coping with raising children alone, grief, and managing shared responsibilities can easily become overwhelming.

Unless they have sufficient savings to cover family expenses without your support, you should have a backup plan. This is where term life insurance comes in handy – it will provide your family with financial protection during the years they are most vulnerable.

You have a dependent with a disability

Individuals with disabilities often require more support and may rely on your help for their daily needs. Since they often need assistance throughout your lifetime and beyond, we may recommend a form of permanent life insurance. These policies can provide reassurance that your loved one will have the necessary financial resources for their continued care, ensuring their well-being even after you're gone.

While these are the most common reasons individuals purchase life insurance, there are other niche circumstances where it can still be a wise investment:

You have substantial private student loans

If you have substantial private student loans with a co-signer, there is a possibility that they could be burdened with the remaining debt in the event of your death. While not every student loan company will demand repayment if you pass away, some will. Consider life insurance to prevent this financial strain on your co-signer.

You're a small business owner

Life insurance can provide essential financial protection for your company's future. This is especially important if you co-own a business. In the case of an unforeseen loss, the insurance payout allows the business to buy back the shares from the beneficiaries, ensuring a smooth transition of ownership and preserving full control of the company for the remaining partners.

You're an older adult with minimal savings

If you have limited savings, a final expense life insurance policy can be a thoughtful choice. If you have a specific idea of how you want your funeral to go or if your loved ones have plans in mind, this type of insurance can help ensure that those wishes are honored and financially supported. It also relieves your loved ones of any financial burden during a difficult time.

If you don't have someone depending on your income or fall into any of these specific categories, then life insurance probably isn't worth the costs.

The Bottom Line

Life insurance becomes incredibly important when you find yourself facing financial risks that you can't fully cover. In your younger years, the necessity of insurance tends to be more

apparent, but as time goes on and you start building your savings, that need will often decrease. Ultimately, life insurance matters the most when you have loved ones depending on you financially.