

# 5 Benefits of Life Insurance After Age 50

Once children are grown, you may think you no longer need life insurance. There are many reasons why having life insurance makes good financial sense, even after your 50th birthday.

## **To take advantage of the tax benefits.**

Besides financially protecting your family, life insurance has an added benefit of carrying a number of tax advantages. Life insurance with a designated beneficiary is usually not subject to probate, which can last as long as two years. Family members have quicker access to the income necessary to pay for immediate expenses. Also, life insurance provides death benefits that are typically tax-free to your named beneficiaries, allowing heirs to receive the full value of your legacy.

## **To help protect a spouse's financial security.**

Help your spouse pay essential bills, keep the family home or afford healthcare. With life insurance, your spouse has the income needed to help maintain his or her standard of living. And, most importantly, spouses can be sure that they have planned for the future.

## **To pay for final expenses.**

A funeral is the first big expense your family will encounter after your death. If you haven't planned ahead, this high cost may cause a big financial strain on your family during an already stressful time. According to the National Association of Funeral Directors, funerals today can cost as much as \$7,181 before cemetery costs<sup>1</sup>. And that price tag doesn't include other costly final expenses, like estate taxes, legal fees, medical bills, debt and other unexpected costs. A life insurance policy can give your family quick access to the money they will need to pay for this immediate expense.

## **To leave a legacy.**

Maybe a son dreams of buying his first home. Or a granddaughter wants nothing more than to go to college. Life insurance lets you be a part of your family's future by helping support a family member's dreams with a lasting gift.

## **To fund a cause that's close to heart.**

People may attach meaning to a national charity, religious organization, foundation or other cause that has special meaning. By naming a charity the beneficiary of a life insurance policy, you can help support an important cause, even after you're gone.



# 5 Myths About Life Insurance

With all of the information available about life insurance, it can be difficult to separate the myths from the truth. These common myths about life insurance should not prevent you from getting and maintaining adequate coverage.



## Myth 1

**Life insurance isn't needed once kids are grown.**

**Reality:** Even if children have moved on and started families of their own, it still makes sense to have life insurance. Life insurance can help pay for final expenses and financially protects your spouse, children or grandchildren. Even if you're single and have enough assets to cover final expenses, life insurance is a viable way to leave a legacy to a favorite charity or other cause.

## Myth 2

**Life insurance isn't needed if a spouse already has it.**

**Reality:** If your spouse is the main breadwinner, you may think that you don't need life insurance coverage. However, life insurance can help replace a secondary income or pay for services formerly provided by a deceased homemaker.

## Myth 3

### There is set amount for the life insurance needed.

**Reality:** Some people believe that life insurance coverage should be equal to two times your annual salary. Others will say four. The truth is, there's no magic equation to determine how much life insurance is needed. The amount of coverage needed depends on a number of different factors, including the number of dependents, liabilities and the goals for your life insurance policy, such as leaving a legacy for children or grandchildren or giving money to a favorite cause or charity.

## Myth 4

### All life insurance is the same.

**Reality:** Most people are familiar with term life insurance, which is usually the type of coverage provided by an employer. This type of coverage is very basic and generally only lasts as long as your job does. There are other types of life insurance that provide permanent coverage, including whole life insurance and universal life insurance. Choosing the right kind of life insurance can be confusing and complicated. An insurance agent or financial advisor can help determine the type of policy that best meets your needs.

## Myth 5

### Life insurance costs too much.

**Reality:** If you wait until you're older to purchase life insurance, it's true that some policies will be expensive. But don't assume you can't afford any coverage. There are life insurance policies available for nearly every budget, with the most basic plans designed to cover funeral expenses. Funerals today can cost as much as \$7,181 before cemetery costs<sup>1</sup> and Social Security only provides a one-time payment of \$255 to help cover final expenses<sup>2</sup>, so this may be a policy you'll want to consider even if you're on a tight budget.



<sup>1</sup>National Funeral Directors Association, NFDA General Price List Survey, 2015 ([www.nfda.org](http://www.nfda.org)).

<sup>2</sup>Social Security Administration, 2015.

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