

Life Insurance: Now More Than Ever



Recession, layoffs and falling stock and bond prices seem to be knocking over the pillars of our financial security, one by one. Many of us have either lost a job or have a friend or family member who has. All of us have been hit with painful losses in the value of our homes and in our savings and investment accounts. One source of financial security still stands strong, however, and that's life insurance.

A Financial Product That Has Held its Value

While so many aspects of people's financial lives look bleak at the moment, life insurance continues to do exactly what it was designed to — serve as the foundation of your family's financial security. If you own a term life policy, the death benefit it would pay if you died tomorrow is unchanged from last week, last month or even last year. If you own a whole life policy, your death benefit is also guaranteed, and over the past year your cash values have actually grown, not declined. In this tumultuous economy, you can take comfort in knowing that life insurance — whatever type you may own or intend to buy — can provide some certainty and stability at a time when both are in short supply.

Buy Yourself Time and Peace of Mind

With the stock market having lost roughly half its value, some have jokingly suggested we rename the 401(k) the 201(k). But the losses so many of us have experienced are no laughing matter. You may already be thinking about how to rebuild your lost assets. But what would happen to your loved ones if you die before your catch-up plan is in place? In the short-term, only life insurance can make up the difference between what you had and what your family would need to manage financially in your absence.

Now Is the Time to Buy, Not Shed Life Insurance

Just meeting everyday living expenses is a big challenge these days. Even so, this is not the time to consider dropping or scaling back life insurance if a need for coverage remains. To the contrary, the coverage is more important today than it was a year ago because other aspects of your financial life are not what they used to be. Moreover, if you drop coverage now but decide to purchase a policy in a year or two, you'll likely be asked to take another health exam. You'll be older, your health might have worsened, and you may find it harder to qualify for coverage at an affordable rate.

The Bottom Line

Today, your income is what is helping to put food on the table and keep a roof over your head. But what if you died tomorrow? In that unfortunate circumstance, your life insurance is what your family members would rely on to maintain their quality of life. So while it may seem difficult nowadays to look beyond the bills that are due at the end of the month, you should maintain your current life insurance or even consider buying additional coverage. It will provide an anchor of stability to your family finances, ensuring that your loved ones will be financially secure when you die.

