

5 misconceptions about who needs life insurance.



If you're the sole breadwinner for a family of eight, the need for life insurance is pretty clear. But for others, the decision is not so clear-cut.

Here are five reasons people think they don't need life insurance - and why they should think again:

1. "I don't need life insurance because I'm single."

Being young and single isn't a reason to skip life insurance, it's a reason to get it. Qualify now while you're in good health, and that policy can follow you throughout your life - even if you develop a health issue later.

2. "I don't need insurance because I'm a stay-at-home parent."

Just because stay-at-home moms and dads don't get paid, doesn't mean their services aren't valuable. They provide childcare, cleaning services, transportation, and more, which allows the family breadwinner to focus on winning the bread. Insurance carriers estimate the average cost of services provided by stay-at-home parents at \$50,000 a year - and only mom and dad accept hugs, kisses and macaroni art as payment.

3. "I don't need insurance because my children are grown."

In the event of your death, your spouse will still need daily living expenses. By buying enough life insurance, you can help take care of them for years to come - just as you would have in life.

4. "I've done pretty well for myself. My estate will be more than enough to provide for my family."

Congratulations. But assets like stocks, bonds, and real estate holdings take time to liquidate. If you die without a will, or the will is contested, your estate could get tied up in probate court - which means more delays and expensive fees. Life insurance proceeds are payable immediately, providing funds for living expenses until your estate is available.

5. "I have a policy at work. That should be plenty for now."

Employer-provided life insurance is a nice benefit, but it's usually limited to 1 to 2 times your yearly salary (unless you supplement it by paying more). That might take care of your funeral expenses and some debt, but what about living expenses for your spouse and family? How will your spouse handle future college costs for your kids on one salary?

Another drawback of employer-provided insurance: If you lose your job, you lose the insurance, leaving your family unprotected while you scramble to replace it. A private policy follows you and your family for life, and only you can terminate it.

So maybe you really do need life insurance... but how much? Find out with our life insurance calculator. Even a small policy can go a long way for your peace of mind.