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# Facts And Figures: What You Should Know About Life Insurance

**A**cquiring life insurance has become an increasingly more important step to take towards financial security. And although some still may have no coverage at all, those that do likely don't have enough life insurance. Here are some important facts:

1. Households are so underinsured that life insurance makes little material impact on the household's finances. These underinsured households are not much better off than those without life insurance.<sup>1</sup>
2. In the past, it was customary to think that two-times your annual salary served as adequate protection. Unfortunately, those days are long gone. The new recommended coverage level is ten times your annual salary.
3. The loss of income due to a death has a devastating impact on a family's financial well-being and that financial hardship can sometimes occur well before a death in the family. Today, the chance of a disability striking is alarming. Nearly 1 in 3 people will experience a disability lasting 90 days or more at some point in their career.<sup>2</sup> That doesn't even begin to cover the possibility of a terminal illness, which could cause severe, long-term hardship for your family.

Given these facts, it's best to determine your needs and prepare for the unexpected. First, it is important to take a look at how much life insurance you have

in place compared to the recommended amount. If you have loans or debt to be paid if you die prematurely, such as a mortgage balance, auto loans, credit cards, future school tuition needs, and medical and burial expenses, then your insurance amount should cover those costs. Level Term Life is one of the most effective and economical ways to bridge that gap. A level plan means that your rates will not go up, nor will the amount you select ever go down during the specific term. So as your income increases, your premium will continue to become a smaller part of that income.

There are several important factors to consider when choosing life insurance. Here is a useful checklist to evaluate options:

- Do you have the right amount of coverage for the right period of time?
- Is life insurance useful and available for your spouse and children?
- Do the premiums stay level for a period of time to help your expenses?
- Do you have access to information to help weigh your options and provide recommendations?
- Is the plan you're looking at underwritten by a top-rated insurance carrier to ensure financial stability and quality claims assistance?

MANA Members have access to dedicated, licensed Insurance Consultants who will help evaluate your needs, answer your questions, and provide recommended options. Contact the MANA Insurance Office at (800) 552-9858 to learn about their insurance programs which are underwritten by top rated insurance carriers. □

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1 LIMRA International, Inc., *The Financial Impact of Premature Death*, 2003

2 The Actuarial Foundation, *Disability Insurance: A Missing Piece in the Financial Security Puzzle*, 2004