

Life Insurance: Protecting What Matters Most

September is Life Insurance Awareness Month and the perfect time to consider whether you have adequate coverage to protect your loved ones. While no one likes to think about what would happen if they weren't around, doing so is an act of love.

Life insurance is fundamentally about protecting your loved ones should something happen to you. If you pass away, your family will not only face the challenges of grief and loss but they could also find themselves financially strapped. Life insurance can help provide them with financial security in the event you no longer can.

Who needs life insurance: You're a good candidate if you have a spouse or partner who depends on your income or if there are children or other loved ones whom you support. Insurance protection can also be a solution if you have outstanding debts like a mortgage, credit cards or a car loan, or if you simply don't want to burden your loved ones with your final expenses.

Insurance through work: While many people have life insurance through their employers, this coverage may not be enough for you, depending on your situation. Among employers who offer group life insurance, only 2% offer more than two times the employee's annual salary — essentially just two years of income — according to the Guardian's 2023 Workplace Benefits Study. And remember that it's only good as long as you're employed there. With all this in mind, many people purchase individual insurance as a supplement to their workplace coverage.

How much: You might hear that you need life insurance equal to about seven to 10 times your pretax annual salary. That's not a bad "ballpark" figure, but not everyone is playing in the same ballpark. To get a true sense of how much of a death benefit is right for you, use the "L-I-F-E" guide to calculate your needs:

- **Liabilities:** Will your family need to pay off a mortgage, credit cards, car loan or other debt?

- **Income:** Will your family need to replace your income for a period of years?

- **Final expenses:** Do you have the resources to cover funeral and burial expenses?

- **Education needs:** Do you need to put children through a private school or college?

Which type: You can choose between two basic types of life insurance: term and permanent. As its name suggests, term insurance is designed to provide coverage for a designated period, such as 10, 15 or 20 years. In general, term insurance is quite affordable for most people, especially when they buy policies as young adults. On the other hand, permanent insurance, such as whole life or universal life, is usually considerably more expensive because in addition to providing a death benefit, your premiums build cash value. In choosing between term and permanent insurance, you'll want to evaluate several issues, such as how long you think you'll need coverage and how much annual premium you can afford to pay.

Life insurance needs can change over time, so it's important to review your coverage every three to five years or after major life events like marriage or birth of a child. Consider working with a financial advisor who can look at your complete financial situation and help you choose a policy that truly fits your family's needs. Taking action sooner rather than later could be one of the most important gifts you give your loved ones.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

Edward Jones is a licensed insurance producer in all states and Washington, D.C., through Edward D. Jones & Co., L.P. and in California, New Mexico and Massachusetts through Edward Jones Insurance Agency of California, L.L.C., Edward Jones Insurance Agency of New Mexico, L.L.C., and Edward Jones Insurance Agency of Massachusetts, L.L.C.