FIVE MYTHS BUSTED

Combating life insurance misconceptions one fact at a time

Life insurance coverage is an important form of protection for the future. It continues to surprise me how many people – even financial professionals – are not aware of the many benefits or are misled by misconceptions. By directing accurate information into the discourse, you take a key step in breaking through barriers preventing people from considering life insurance.

MYTHS VS FACTS

Here are five common misconceptions life insurance professionals encounter…and the facts to combat them:

1. Life insurance is too expensive.

   Fact: The 2022 LIMRA Insurance Barometer Study found that around half of those surveyed overestimated the cost of term life insurance by three times. Demonstrate the true costs of a policy to the prospective insured by providing pricing options. You can also help potential insureds to see coverage as an asset rather than an expense.

2. I'm too young for life insurance.

   Fact: When policyholders compare the price of a policy now to the price of that same policy purchased at a later age, they see how costs increase as age and health change. Coverage will never be less expensive than it is for the young and healthy. In a 2021 study*, Faisa Stafford, president and CEO of Life Happens, a consumer education nonprofit, stated, "Nearly 4 in 10 insured consumers wish they had purchased their policies at a younger age."

3. I don't need life insurance if I'm single or don't have children.

   Fact: Life insurance professionals are available to help. They can determine what coverage is appropriate for the individual needs of a potential insured and recommended how to accomplish that goal with the right product. According to LIMRA, some of the most common reasons for purchasing life insurance are to:
   - Pay off a mortgage
   - Replace lost wages
   - Fund funeral expenses
   - Leave an inheritance
   - Supplement retirement income

4. The coverage provided by my employer is sufficient.

   Fact: Most employer-sponsored plans are offered at little to no cost to the employee; however, they are often valued at one to two times the employee's annual salary. This could leave the employee underinsured and the family to struggle financially after their death. Employer-sponsored plans are also not often portable, meaning the employee loses coverage if he or she leaves the company.

5. Death is taboo, no one wants to think about it.

   Fact: Death can be an uncomfortable topic, but it is inevitable. Shift the focus from death to the legacy being left behind and those affected by it. The impact of being prepared can provide peace of mind and relieve unexpected financial stress for loved ones, allowing time for grief without concerns over money.

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