



LIFE 301: LIFE LINE INSURANCE TIPS FOR ESTABLISHED FAMILIES

As an established family, you may already have many of your basic insurance needs in place, such as life insurance and homeowner's coverage. However, as the value of your home and other assets increases, and as your children approach college age, your financial situation, including your insurance needs will change.

People at this age often begin to ignore their policies. It may be important to periodically review and update your coverage to reflect changes in your financial situation and family composition.

FACTORS AFFECTING LIFE INSURANCE PREMIUM

- Age
- Health
- Pre-existing or chronic health problems
- Poor health habits like smoking
- Dangerous hobbies
- Driving record
- Geographic area

- One strategy to keep costs down for a growing family may be to take a look at term life insurance, which offers financial protection for a specified time period. For example, term life insurance is often appropriate to provide coverage during your child-rearing years or while paying off a mortgage. You may want to consider this cost-effective way to protect your family while still putting money into other investments.
- Consider the future costs of your child's college education when determining how much life insurance you need at this life stage, and remember that permanent life insurance can help to complete a college savings program that is not fully funded. Another option you may want to consider is purchasing a combination of term life insurance and whole life insurance.
- If you are considering purchasing an annuity – a contract with an insurance company that promises to pay a series of income payments at regular intervals in return for premiums you have paid – explore the different types of options available:
 - **Single premium**
 - **Multiple premium**
 - **Fixed**
 - **Deferred**
 - **Variable**

In addition, make sure you examine whether an annuity makes sense for you in terms of your income needs. Ask whether the annuity lets you tap into your principal if you should need it, or whether there are stiff penalty fees. Be sure you understand the fees associated with the annuity, as well as the special tax treatment of annuities, namely that income tax on annuities is deferred until you start receiving the income payments.

What is your **Insure U** IQ?

Visit the Web site at www.insureUonline.org and try the Life 301 Established Families Quiz.