

## LIFE INSURANCE

# How Much Will Life Insurance Cost Me?

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The value of life insurance is measured in both dollars and peace of mind. Yet the policy type, the term length, and exact coverage varies, and understanding your specific needs (as well as those of your beneficiaries) will save you in the long run. With a little research and planning, you may find that life insurance actually won't cost you as much as you think. Read on for a breakdown of how life insurance premiums are determined and what to expect.

## Understanding The Cost Of Your Policy

There are many factors that life insurance companies take into consideration when calculating your premium. Some of these circumstances include your gender, age, family history, location, and overall health. There are also other factors taken into consideration pertaining to your particular lifestyle such as smoking, your occupation, and your hobbies. These factors are used by companies to help them assess how risky you are to insure. We'll get into more detail below.

General [life expectancy in the United States](#) is taken into consideration as well. Currently, it's 78.6 years old for men, and 81 for women. This data factors into the price of your premium, as older applicants can expect a higher cost as opposed to younger applicants who will most likely live longer.

## How Gender Can Affect Your Premium

By and large, women pay less for life insurance than men. Since they tend to live longer, insurance companies can expect to receive premium payments for a greater length of time (bringing down the monthly cost). One exception to consider is if you are pregnant at the time of applying. This may drive your premium up due to potential pregnancy-related health issues.

## What Are My Life Insurance Options?

When choosing the type of insurance that best suits your needs, you have a couple of options. The terminology surrounding all things life insurance—terms, premiums, riders—can be a lot to digest. Luckily, we're here to help.

## Term Life Insurance

[Term life insurance](#) is the best choice for most people. It's relatively inexpensive, uncomplicated, and—here's the best part—it allows you to protect your family from financial hardship in the event of your passing. With this type of policy, you purchase a death benefit in a set amount for a certain number of years. It's as straightforward as that.

Consider the following scenario: A 45-year-old parent with a stay-at-home spouse may wish for them to be able to pay off the family home, supplement their income, and pay for college tuition. In this situation, the policy owner may shop around for quotes on a \$500,000–\$750,000, 25-year term life insurance policy. A term life insurance policy will provide for the family's fiscal needs and any other expenses in the event that the policy owner passes away.

In general, those who decide to purchase a term life insurance policy while they are relatively healthy and young will have significantly lower premiums.

## Whole Life Insurance

Compared with term life insurance, a whole life insurance policy can be a bit more pricey (up to 20x more). This is because a permanent life insurance policy remains in force your entire life—assuming you can afford the higher premiums. It also has a cash-value component that some people use as an investment vehicle (and all the tax implications that entails). This tends to make more sense for affluent individuals with higher disposable incomes who have already maxed out their 401(k) or Roth IRA plans.

## How To Save Thousands On Life Insurance And Protect Your Family

Turns out, saving money on life insurance isn't complicated at all. It doesn't have to take a multi-step process or huge life changes. You only need to do one thing—get it now. It never goes on sale, and no carrier will offer you a discount for waiting to protect your loved ones. In fact, life insurance does the exact opposite. The longer you wait, the more it costs.

- **Example:** Chris, a typical 35-year-old, can expect to pay \$54/month for a 500K policy with a 30-year term if he bought life insurance today. If he waits a year to buy, his new premium would go up to \$58/month. Four bucks doesn't sound like much, but that's for his 30-year term. That would end up costing \$1,440 more over the entire term—\$1,440 extra dollars leaving Chris' pocket and 365 extra days his family isn't being protected.

If you think that's bad, imagine how much more life insurance would cost if he waited five years. After five years of delaying, Chris would be spending a grand total of \$10,080 more on life insurance than if he purchased a policy now. Yep, you read that right. Now is the best time to protect the ones you love and, lucky for you, it's never been easier.

## Why Life Insurance Rates Are Low

Over the past two decades, the cost of life insurance has been coming down steadily. Not everyone was aware that life insurance was becoming more affordable, however. For a long time, rates had been as much as 70% higher – and the lingering stigma of high prices kept many people from buying coverage for themselves and their families. A number of changes have worked together to bring costs down, including healthier living choices, medical advances, and improved technology that helps insurers better understand our health and rate policies more accurately.

Life is complicated enough, but life insurance doesn't have to be. Getting term coverage is a simple and affordable way to [protect the future of your loved ones](#). With Ethos, you can get a quote and apply within minutes.

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