



Helpfulness  
Insured®

RETIRING

# Should Working Baby Boomers Have Life Insurance?

The increasing number of older adults continuing to work reflects in part a need for steady income. How does this play into the decision on retaining life insurance?



## Is Life Insurance Worthwhile for Working Boomers?

Not exiting the labor force yet? Then you shouldn't let go of a life insurance policy, either. Find out which path you should take before retiring.

As life expectancy increases, the percentage of retirement-age Americans continuing to work has gone up as well. **By 2024, 29.9% of Americans aged 65 to 74 will be active in the labor market<sup>1</sup>**, up from 26.2% in 2014 and 21.9% in 2004. This spike in the number of employed older adults indicates not only the desire to stay active but also to maintain a steady income for their cost-of-living needs. Here's how life insurance can contribute to that peace of mind:



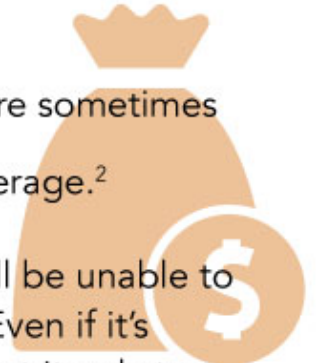
## Does your employer offer group life insurance?

### IF YES

It may be prudent to take advantage of your company's life insurance benefit. After all, basic coverage is typically free. However, consider the fine print:

Basic employer-provided policies are sometimes capped at **\$50,000** in coverage.<sup>2</sup>

When you retire, you most likely will be unable to keep your employer's term policy. Even if it's portable, you may be able to convert it only to a **more expensive permanent life insurance**.



### IF NO

Continuing to work past retirement age may mean that you are still responsible for large expenses. While saving for your golden years is a priority, life insurance also should be part of that plan.



## Does your employer offer supplemental life insurance?

### IF YES

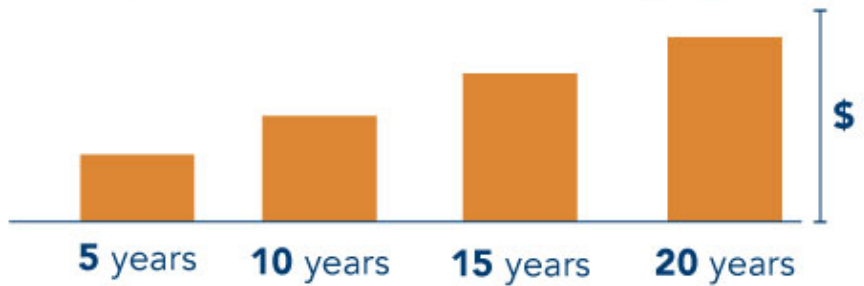
Purchasing additional policies through your employer can come with limitations:

Spousal coverage can be fixed at **50%** of the



employee's amount. Dependents may receive only a small flat amount.<sup>2</sup>

Cost of premiums could increase **every 5 years**.<sup>3</sup>



## IF NO

Remember that an individually purchased term policy that locks in the **same premium** for longer than 5 years – often a 10-, 20- or 30-year period – can be a more affordable option.<sup>4</sup>



## Are you worried about debt?

### IF YES

First assess the amount of debt you carry. When and how will it be paid off? Consider:

**50%** of Americans between 65 and 70 still have a mortgage, with **87%** of them having a mortgage of more than **\$50,000**.<sup>5</sup>



Excluding a mortgage and student loans, **1 in 3** has more than **\$10,000** in debt.<sup>5</sup>

Paying off credit cards, car loans and your children's education should also be factored in.



### IF NO

You will still want to consider your dependents who rely on your current income stream:

It's a general rule of thumb to own life insurance that's equal to at least **7 to 10 times**<sup>6</sup> your annual salary. In the untimely event of your passing, you should avoid a gap in your life insurance coverage in order to financially protect your family.



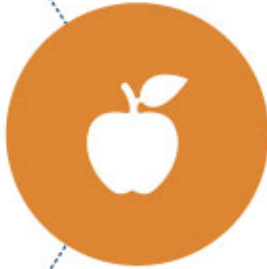
annual salary



life insurance

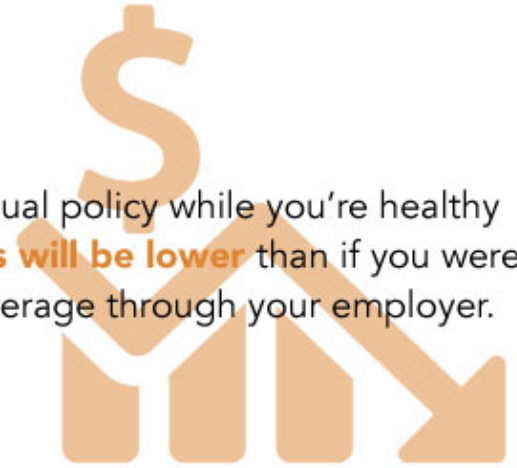


## Are you in good health?



### IF YES

Purchasing an individual policy while you're healthy could mean the **rates will be lower** than if you were to buy additional coverage through your employer.



### IF NO

Don't forget about the health conditions you can control: Smokers typically have to pay **40 to 100%** more in premiums than nonsmokers.<sup>7</sup>

Employer-provided life insurance is a reassuring benefit, but due to its limited coverage and lack of portability, it should be seen as supplemental, not as a main source of protection. And if your employer does not offer life insurance, having your own individual policy means that it will always be there to meet your needs when you finally transition from breadwinner to retiree.



<sup>1</sup> Labor Force Projections to 2024: The Labor Force Is Growing, but Slowly, Bureau of Labor Statistics, 2015.

<sup>2</sup> Group Term Life Insurance, 360 Degrees of Financial Literacy, 2017.

<sup>3</sup> Is Your Employer-Provided Life Insurance Coverage Enough?, Investopedia, 2014.

<sup>4</sup> Actual term period available is based on the insured's age at time of application.

<sup>5</sup> 2016 Amica Life Financial Peace of Mind Survey, 2016.

<sup>6</sup> Financial Security and Peace of Mind Are More Important Than Ever, The American Council of Life Insurers (ACLI), 2015.

<sup>7</sup> How to Save Money on Life Insurance, QuoteWizard, 2017.

In today's economy, baby boomers are working longer than ever to keep up with their cost-of-living needs and delaying retirement for several years longer than they once did. If you're among them, you may wonder if you need life insurance. Take a look at your overall financial situation, and what your employer already

offers, and answer the questions above to see where you stand. It may be time to purchase a supplemental insurance policy to ensure your family is taken care of no matter what the future holds.

There are many factors involved in answering how much life insurance you need. First, consider whether your employer provides group term life insurance, which is typically a free benefit to employees. But such policies are often capped at \$50,000,<sup>1</sup> and it's unlikely you can take it with you when you retire.

You may be able to purchase supplemental life insurance from your employer as well, but the cost may increase every five years.<sup>2</sup>

Other factors in the decision about purchasing life insurance for baby boomers include whether you currently carry a mortgage, are repaying student loans or have additional debt – all responsibilities that you don't want to leave behind for your loved ones to handle. Consider credit card payments, car loans and your children's education when you tally your needs.

Another important question is what your health is like today. Purchasing life insurance policies can be less expensive when you're in better health, so it can be beneficial to get your policy sooner rather than later.

<sup>1</sup> Group Term Life Insurance, 360 Degrees of Financial Literacy, 2017.

<sup>2</sup> Is Your Employer-Provided Life Insurance Coverage Enough?, Investopedia, 2014.