Life Insurance

This short brief on the topic of Life Insurance is designed to provide some brief insight to what demographic of people would need insurance and why. By no means is this brief all-inclusive as it is only designed to get you thinking about the “why” of insurance and the amounts that you may need.

Many times we are taught about investing for retirement but we are taught very little about investing in living and risk management in case premature or accidental death.

The best way to look at insurance is from the perspective of risk management. It is something that you buy just in case to cover your liability if something happens to you or a family member prematurely. Life Insurance is very similar in concept to liability and collision insurance that we place on our cars and homes. It is really something that you hope you will never have to use but if you do then you are covered.

Although there are a lot of different types of insurance, our focus will be on two:

Life Insurance

Health Insurance

**Life Insurance:**

Let’s look at life insurance first

Good family financial planning begins with a solid risk management plan. You may ask, what is risk management? Risk Management is the process of protecting you and your family from unexpected disaster in the most cost effective manner. Like we stated earlier, it is much like buying collision insurance on your car or flood and storm insurance on your home.

Life Insurance is a really useful tool in the risk management process. Many people realize they need life insurance but are too confounded by its complexities to sit down and think clearly about it.

Families with Children

If you have young children, you probably need a lot of insurance. The younger your children the more years they will need to be supported- sometimes past their twenty-second birthday. If you intend to pay for college education then college tuition should be a consideration when determining the type of life insurance that you buy and in what amounts.

Both Parents need life insurance even if only one person is working. Why is this the case? If the stay at home mom or dad dies then the family incurs the expense of childcare and support.

Families without Children

Couples without children often don’t need a lot of insurance. The test would be whether your mate will suffer financial hardship if you died tomorrow. The need for life insurance in families without children would be if your spouse cannot keep up the mortgage and car payments or cannot pay off the debt.

Families in Retirement

Once you retire, your primary need is retirement income. Insurance in your retirement years is good when your concern is building an estate for your heirs or your major charities.

**Health Insurance:**

Health insurance and the need for health insurance should the corner piece in any family risk management plan. The chance that you will need Health insurance is far greater than the chance that you will need life insurance.

No one plans to get sick or hurt, but most people need medical care at some point. Health insurance covers these costs and offers many other important benefits.

* Health insurance covers [essential health benefits](https://www.healthcare.gov/coverage/what-marketplace-plans-cover/) critical to maintaining your health and treating illness and accidents. Essential Benefits include:
	+ Ambulatory patient services (outpatient care you get without being admitted to a hospital) Emergency services
	+ Hospitalization (like surgery and overnight stays)
	+ [Pregnancy, maternity, and newborn care](https://www.healthcare.gov/what-if-im-pregnant-or-plan-to-get-pregnant) (both before and after birth)
	+ [Mental health and substance use disorder services](https://www.healthcare.gov/coverage/mental-health-substance-abuse-coverage/), including behavioral health treatment (this includes counseling and psychotherapy)
	+ Prescription drugs
	+ Rehabilitative and habilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
	+ Laboratory services
	+ [Preventive and wellness services](https://www.healthcare.gov/coverage/preventive-care-benefits/) and chronic disease management
	+ Pediatric services, including oral and vision care (but adult dental and vision coverage are not essential health benefits
* With the passing and approval of the Affordable Health Care, affordable healthcare is accessible for all that need and want it. The stipulation in the bill makes it Mandatory (with some exceptions) that everyone is required to be covered by Health Insurance programs that meet the above minimum Essential Benefits. This bill provides a monthly tax credit, for those that qualify, to use to reduce the cost of their health insurance programs. Over 7 million Americans have been covered since that historic bill passed.