



A financial advisory practice of Ameriprise Financial Services, LLC

Life Insurance Needs Over Time

It's easy for many of us to approach life insurance with a "I'll handle that later" or a "set it and forget it" mindset, and to assume that you have time to sort out the details of adequate insurance coverage down the road. Yet, life insurance can play a key role in protecting your loved ones financially should you pass away unexpectedly. Here are some examples of how life insurance can be a powerful protection strategy, depending on your life stage, to inspire you to take action in the near-term:

Young adults starting their careers. When you settle into your first or second job and take over responsibility for your own financial matters, you're likely balancing a myriad of priorities such as paying off student loan debt or managing the mortgage of a newly-purchased home. In the event of your death, you could leave your loved ones on the hook to cover your financial obligations out-of-pocket. A life insurance policy may help provide cash flow for your parents, siblings or another beneficiary to manage your affairs without it becoming a potential financial burden.

Newly married couples. As you build a life together with your spouse, it's likely that your individual financial responsibilities will become intermingled, even if you choose to maintain separate accounts. If you die prematurely, your spouse could be drastically affected by the loss of your paycheck and added expenses. Life insurance can help replace the lost income and financial responsibilities, helping the surviving spouse carry on with more financial security.

Parents. For many Americans, the need for life insurance becomes top-of-mind following the birth or adoption of a child. If you have or are considering starting a family, now is a great time to evaluate your insurance policies. It is important to ensure you have enough coverage to meet your family's day-to-day expenses, in addition to future financial goals, such as college education. If one spouse stays at home to care for your child, consider having enough life insurance to address the cost of potential daycare or after-school care. Additionally, you may want to account for regular living expenses and maintaining progress on retirement savings for the surviving spouse.

Older adults nearing or in retirement. As you accumulate wealth or become an empty nester, your need for life insurance may decline. Be sure to maintain enough coverage to protect your retirement savings for you and your partner. Once in retirement, the need for a death benefit, which provides annuity or lump sum payments to the surviving spouse, may become less significant. Certain types of life insurance policies may offer the flexibility to borrow against accumulated cash values to provide cash flow in retirement. Accessing policy cash value through loans and surrenders may cause a permanent reduction of policy cash values and death benefit and

negate any guarantees against lapse. Make sure to read the fine print when it comes to this type of loan. Evaluate your coverage against what you anticipate spending in retirement to see if these or other options could help your financial confidence.

Those preparing for the transfer of assets. Depending on the size of your estate, taxes may reduce the amount of assets you intend to pass down to heirs after your death. Life insurance could be one way to protect the interests of family members and other beneficiaries. For example, you could purchase a policy with a death benefit that could provide liquidity to offset the impact of any taxes that would be due at the time of your death. This can help survivors avoid being forced to sell assets to meet tax obligations and allows your legacy to be preserved.

No matter your life stage or financial situation, it's important to have insurance in place to provide for and protect your loved ones. Make it a priority to regularly review your coverage and ensure it addresses the changing needs for you and your family. If you would like help assessing your options and exploring the amount of coverage that is appropriate, talk to an insurance professional and financial advisor familiar with your financial priorities.

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