LIFE INSURANCE

Want to Protect Your Assets? Consider Life Insurance You Don't Have to Die to Use

Millions of Americans have no protection for unexpected health costs in retirement. The answer isn't health insurance.

For many Americans, all the advice they have heard about retirement is the same — save, save, save.

While it is essential to save, an area I believe is vastly overlooked in our country's retirement conversation is protection.

What happens if you build up a decent nest egg and life happens? You get sick, you have to take care of a loved one, or you get an injury that causes you to stop working earlier than you planned.

We are so focused on wealth accumulation, we rarely stop to think about asset protection. What do I do when unexpected tragedy strikes?

The United States is facing a critical wealth preservation challenge, but the solution is already within reach. We have the financial products needed to safeguard our health and lifestyle in retirement without draining hard-earned savings.

The primary hurdle is simply an awareness gap because millions of Americans either do not know these tools exist or mistakenly believe they are out of reach.

While Social Security, Medicare and Medicaid can help soften the blow of a major health event, they might not be enough for an individual to maintain their standard of living.

The depth of support these resources will provide in the future is not guaranteed either, making it difficult to plan for the future.

The costs no one thinks about

What happens if you face an unplanned health setback during retirement?

Although health insurance is your first line of defense, it could leave a lot to be desired when it comes to paying for extraneous expenses. If you do get sick, injured or develop a chronic illness that impacts your ability to earn a living — health insurance is not going to cover your everyday needs.

According to the American Cancer Society, roughly 2.1 million people will be diagnosed with cancer in the United States in 2026 alone. For many, treatment involves a range of options outside of traditional chemotherapy. If you think your health insurance has you covered, you could be wrong.

Many immunotherapies and experimental treatments may not be covered by traditional health insurance. You could be left holding a hefty bill for yourself or a loved one without any additional financial support if you choose to pursue these types of treatments.

I'll give you another example. One of our customers unexpectedly developed multiple sclerosis (MS). Thankfully, health insurance paid for the majority of her medical bills, but you know what it didn't pay for? The ADA-compliant wheelchair ramp she needed to have installed in her house.

It's unexpected costs like that that many people don't consider when planning for retirement. Without protection, unexpected medical-adjacent costs can quickly burn through your nest egg.

One potential solution that can provide added financial security during retirement, however, is an unknown and vastly under-utilized resource available to millions of Americans: Living benefits through life insurance policies.

NYSUT NOTE: Term life insurance can help provide income that allows your family to pay for living expenses and outstanding debts. The NYSUT Member Benefits Trust–endorsed Term Life Insurance Plan from Metropolitan Life Insurance Company can give you peace of mind.

How you can protect yourself

Living benefits allow you to access a portion of your life insurance policy's death benefit while you're still living, if you meet a necessary set of criteria.

Put simply, it's life insurance you don't have to die to use.

While that may sound morbid, living benefits can be an essential lifeline for those affected by illness or critical injuries later in life and can help pay for the costs health insurance won't cover.

In my earlier example, our customer diagnosed with MS was able to use living benefits on her policy to cover the costs of her ADA-accessible wheelchair ramp to their house.

Another example is of a policyowner who accessed his living benefits to travel internationally to take advantage of experimental treatment for a rare form of cancer he had. Today, he's in remission.

The biggest catch is a vast majority of Americans don't know that this resource is available to them. Over 140 million adults in the United States don't have life insurance, representing over a $14 trillion gap in coverage.

Life insurance is there to ensure you and your loved ones are taken care of when life happens.

Actions you can take

Now that the stage is set, what are the things you can do to protect yourself against life's unexpected challenges?

1. Get educated. Life insurance has many features, which can seem overwhelming. Do your research to make sure the option you select has the right features to meet your needs.

2. Get help. Work with an experienced financial professional to ensure you have the right products for your specific situation and that they fit well into a well-rounded retirement plan.

NYSUT NOTE: There's nothing that gives you a leg up in financial planning like getting an expert to help you. The NYSUT Member Benefits Corporation–endorsed Financial Counseling Program does just that. An annual full-service plan is only $260 for NYSUT members. For the expertise you'll receive, that's a steal.

3. Understand your options. There are many different products, policies and schools of thought when it comes to life insurance. It's important to understand what options are available to you.

Americans have spent decades being told to focus on accumulating assets for retirement. The next retirement conversation should be about protecting them.

Life insurance with living benefits is one of the most overlooked tools available today — think of it like bubble wrap around your retirement nest egg.

Retirement security isn't just about how much you save. It's about how much you're able to keep when life happens.

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Mehran Assadi is Chair, Chief Executive Officer and President of National Life Group. Assadi joined National Life in September 2003 as Executive Consultant to the Chief Executive Officer, charged with overseeing strategic initiatives. Shortly thereafter, he was hired and appointed interim Chief Operating Officer. In 2005, he was appointed President of Life and Annuity. Since becoming President and Chief Executive Officer in 2009, Assadi has led major growth in both top- and bottom-line results of National Life's life and annuity business and has worked to build a culture of collaboration, engagement and empowerment among employees. He joined National Life's Board of Directors in 2009 and was elected Chair in 2017.