LIFE INSURANCE

I'm an Insurance Expert: Yes, You Need Life Insurance Even if the Kids Are Grown and the House Is Paid Off

Life insurance isn't about you. It's about providing for loved ones and covering expenses after you're gone. Here are five key reasons to have it.

You’re thinking about buying some life insurance (or, as some affectionately call it, death insurance, since it typically pays on death, not life). Maybe you already have a policy in place and are wondering if it makes sense to keep it.

Here is a list of the top five reasons why you should have life insurance, even if your kids are grown and you’re lucky enough to have paid off your mortgage.

1. To cover your funeral expenses

Since we can accept that you are going to die at some point, and unless something unimaginable occurs, your body will be left. Most folks like to do something with said body. Have a major event where people can come and (hopefully) say great things about you, attend your burial and then eat some food.

Maybe you've requested that your loved ones sprinkle your ashes at the Pirates of the Caribbean ride at Disneyland. Yes, that happens more often than you would imagine. (It's also illegal, according to California law, unless you obtain written permission from the property owner.)

Regardless, all of these things cost money. For bare-bones funeral expenses — excuse the pun — you could be looking at close to ten grand! Your loved ones receiving your life insurance payout would help cover those costs.

2. To pay off your debts

Most people spend more money than they earn. A sad but true fact. When you pass away, that debt remains, and somebody will be expected to pay off your credit card balances and the personal loan you got from Uncle Arnie. Although Arnie may waive it, you don't want to count on that.

How nice would it be to know that after you take your last breath, all the companies who lent you money and people who were kind enough to entrust you with their hard-earned buckies will get paid back without burdening anyone?

3. To help support those you leave behind

Unless you're a freeloader extraordinaire, you and your partner both earn money and contribute to the expenses of the household. We call that a two-income family. Let's do some simple math. Two incomes mean that each person is bringing in the bacon — maybe the ham — but there is money coming in from both people.

Take one of them away, and you're left with a one-income family that still has potentially the same expenses. Your life insurance could ensure that they aren't booted to the curb by the landlord or the mortgage company when they can afford to pay only half of the rent/mortgage.

4. To settle your tax bill

Yeah, I went there. You know the old saying, Nothing is certain in life except death and taxes. After you die, your final tax bill will come due.

I'm not a CPA — unless CPA stands for Caffeine-Powered Animal. Be that as it may, when the taxman comes to collect, wouldn't it be nice if your loved ones didn't have to sell off their stuff to pay taxes that you owe?

Let me help you with that: The answer is yes, that would be very nice. Life insurance provides money to pay those taxes.

5. To leave something charity

Do you care about something in particular? Maybe you go to church or synagogue? Maybe you'd like to support the American Red Cross or a local rescue mission?

How cool would it be to be able to leave a parting gift in the form of a bag of money? Who knows? You may even get your name on a wall as an infamous donor.

Listen, life insurance isn't about you. It's about the people you leave behind when you shuffle off this mortal coil. No doubt, there are good uses for your life insurance once you're gone.

With very little effort, you can choose the right person or organization to receive your life insurance proceeds — and make everyone better for it.

NYSUT NOTE: There's no one right way to prepare for the unexpected, but the NYSUT Member Benefits Trust endorses several options that might suit your needs. Whether it's term life insurance, level term life insurance, universal life insurance or long-term car insurance, there's something on offer that can help you look after your family.

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Karl Susman is an insurance agency owner, insurance expert witness in state, federal and criminal courts, and radio talk show host. For more than 30 years, Karl has helped consumers understand the complex world of insurance. He provides actionable advice and distills complex insurance concepts into understandable options. He appears regularly in the media, offering commentary and analysis of insurance industry news, and advises lawmakers on legislation, programs and policies.