

5 Surprising Reasons You Need Life Insurance

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Yesterday



A key benefit of life insurance is it can provide enough money to help family members stay in their homes, even funding living expenses as well as debt left behind so the survivors have less financial stress during this difficult time. However, there are other reasons to purchase life insurance that are less commonly known but just as important. Here are some other ways life insurance can help you:

1. Paying for final expenses

The median cost of an adult funeral, with burial and viewing, was \$7,181 in 2014, according to the latest figures available from the [National Funeral Directors Association](#). But funeral expenses are only one part of the equation. Some people accumulate high medical bills at the end of life, and these aren't all covered by health insurance. Legal help to settle the estate, can add up as well.

Even if a person doesn't have a lot of assets, sorting out the final paperwork can get expensive. Life insurance funds can help pay for these expenses without them being a financial drain on the survivors.

2. Funding college

If the main breadwinner dies and the kids' college fund isn't fully loaded, college expenses are difficult to cover. Yes, student loans are available, but there may be gaps. Families may be required to pay more than they can comfortably afford. Making sure a life insurance policy has enough money to cover college expenses is a way to help the student get his or her best start in life as an adult.

3. Covering stay-at-home parents

If the at-home parent doesn't earn a salary, it still costs money to do that job if that parent dies. The expenses of engaging babysitters, nannies and day care organizations can add up. It's efficient to insure the stay-at-home parent with a life insurance policy while the kids are still minors, and it's a prudent financial move.

4. Paying off student loans

Federal student loans can be discharged upon death if the family member requests it. Private lenders, however, don't always discharge the debt. It's important to understand the terms of the policy when getting the loan, as well as the consequences of the student dying, because the loan co-signers may be responsible for that debt. Some student loans are even due in full upon death. That's when having a life insurance policy able to cover the loans is helpful.

5. Leaving inheritance

If you want to leave money to your heirs but you don't have a lot of money or other assets, a life insurance policy is a good way to leave an inheritance economically. You put money away in a life policy and make your heirs the beneficiaries.

If you or a loved one is hesitant about getting life insurance, remember that it isn't about the policyholder. Rather, it's about protecting the people left behind. It's a way of helping them cover expenses they may not be able to handle otherwise. They won't be left holding the bag for your debt, and they'll have a cushion to [ease the financial stress](#).

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