ETHOS

Life insurance for dual-income families.

If both partners make money, is life insurance a necessity?

We both have high incomes. Do we still need life insurance?

Just 18% of Americans say they could live off their savings for six months. While life insurance may seem like an optional add-on, there are good reasons why it's essential for both partners to have it:

- Your financial stability: Having a life insurance policy in place means you won't leave behind a shared mortgage, outstanding debts, bills, or any other obligations for your surviving spouse.

- Your family's quality of life: In the event of your passing, your spouse may still have an income but may also have to pick up extra hours at work or sacrifice their well-being to maintain the household. On top of the emotional and psychological stress of coping with an unexpected loss, your partner may also be left to deal with costs like childcare and home maintenance, which can add up quickly and result in devastating debt.

- Your legacy and estate: Do you have sizable assets you want to leave behind? Life insurance is one of the first things that can pay out to your beneficiaries. Speaking with a certified financial planner or estate planning expert, as well as your personal attorney, can empower you to make the most responsible decisions.

Exactly how much life insurance coverage should dual-income families have?

A good rule of thumb for each breadwinner to follow is to choose a plan that covers at least 10 times their annual income. Many will then add on an extra 15 – 20% of that income to account for the costs they may each leave behind and any remaining costs of shared debts and financial obligations. These can include your mortgage or rent, car payment, bills, utilities, childcare, and/or education.