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EDUCATORS &
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ADVISORS

Got Employer-Sponsored Life Insurance?

HERE'S WHY IT MAY NOT BE ENOUGH.

If you're fortunate enough to have a life insurance policy through work, then you already know how convenient they are.



They're usually inexpensive or cost the employee nothing at all, they don't ordinarily require a medical exam, and there's no extra work for the policyholder. All you have to do is fill out a few forms and name a beneficiary.

While group insurance policies like these are undoubtedly a major benefit for millions of Americans, **they can unintentionally lull people into a false sense of security.** After all, you checked the life insurance box off your to-do list, right? Supplementing your group insurance with additional coverage outside of work could help you close any potential risk gaps your family might experience after you're gone. Before you pour through life insurance options sold through financial professionals with insurance licenses, like those at our firm, discover where your employer-provided group insurance might fall short and what a financial professional can help you do about it.

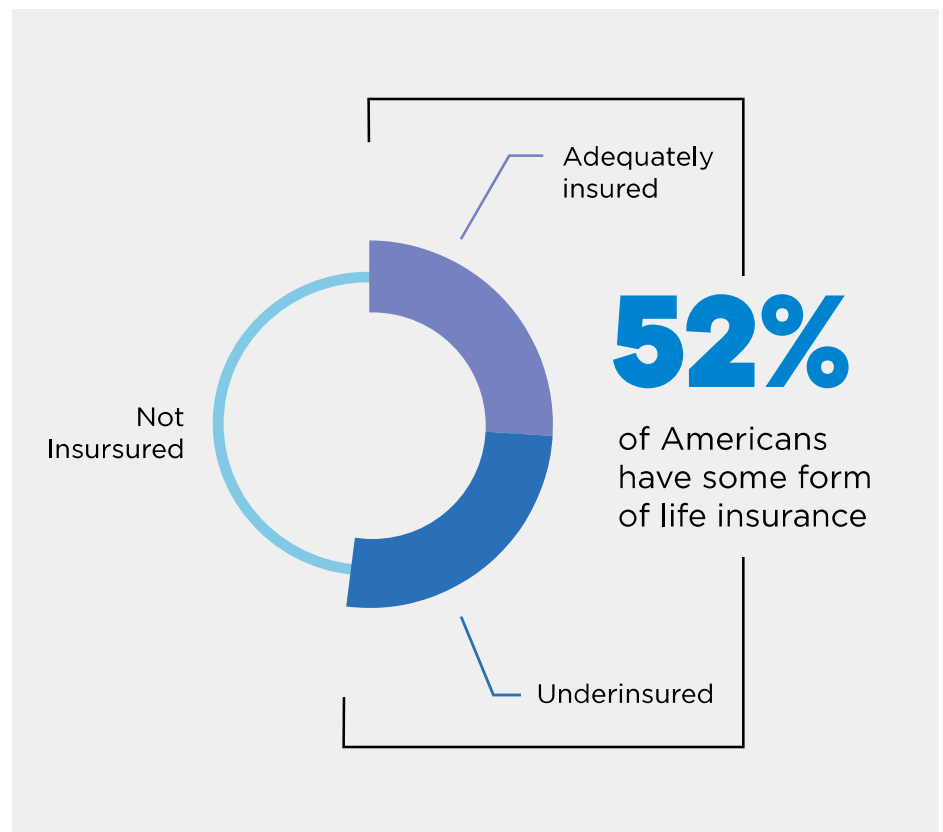
The coverage may not be enough to meet your needs.

Group policies through employers generally offer anywhere from two to three times the policyholder's annual salary in the event of their death. This is usually fine for a single person with little to no debt. On the surface, it can seem like more than enough to provide for people with a family, but **let's think about that for a moment.**

- How many years will your family live without your income?
- What about your funeral costs?
- Educational expenses for the children?
- How about ailing relatives and their medical bills?
- Will your spouse be able to pay down the mortgage and fund retirement on their own?

While your actual insurance needs will vary by your unique situation, industry experts often recommend **at least 10 times your annual salary** to help provide for your family when you pass.¹

Today, even though 52% of Americans have some form of life insurance, it's estimated that as many as 50% of those are underinsured.² Exploring supplemental insurance options can help you avoid financial hardship for your family and achieve greater financial confidence.



Some types of deaths are not covered.



Be sure to read the fine print on your employer-provided policy, as they are not all created equal. Most policies cover the holder in the event of accidental death, like being hit by a bus. But let's say that you pass during a risky hobby like, say, skydiving or base jumping. These are gray areas, and depending upon your policy, you might be at risk.³ The same can be said for acts of war or terrorism. Though commonly covered, it depends on whether your policy explicitly states that it will activate in these instances. In uncertain times, it's even more critical than ever to know where you might be leaving yourself at risk. Get in touch with our office to go over the finer points to help you determine the best coverage for you.

Your employer can cancel your policy anytime.



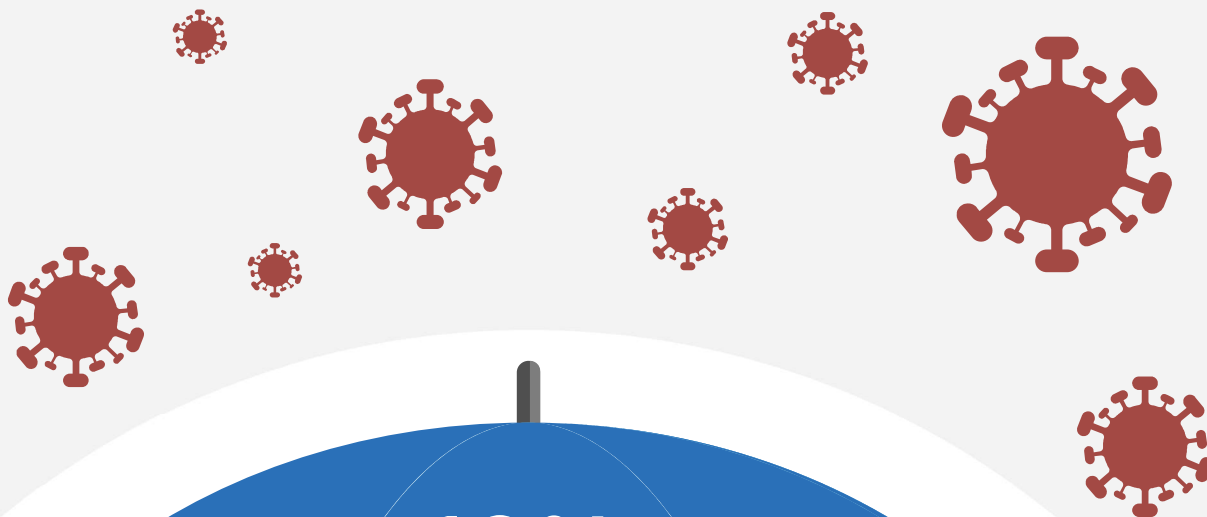
The Coronavirus Pandemic saw 10% of full-time American employees lose their group life insurance through their employer.⁴ Additionally, 30 million workers lost their jobs and life insurance in the space of a few months.⁵ These numbers are a marked reminder that financial security can be disrupted quickly by forces outside of our control. That's why, just like with investments, it's important to diversify. While your employer could drop your life insurance for the reasons we just outlined, individual insurance is yours to control.

3. What Kinds of Deaths Are Not Covered by Term Life Insurance? - Policygenius Accessed 6/6/22

4. Financial Wellness Census 2020 Accessed 6/6/22

5. Prudential Financial Wellness Census 2020 Accessed 6/6/22

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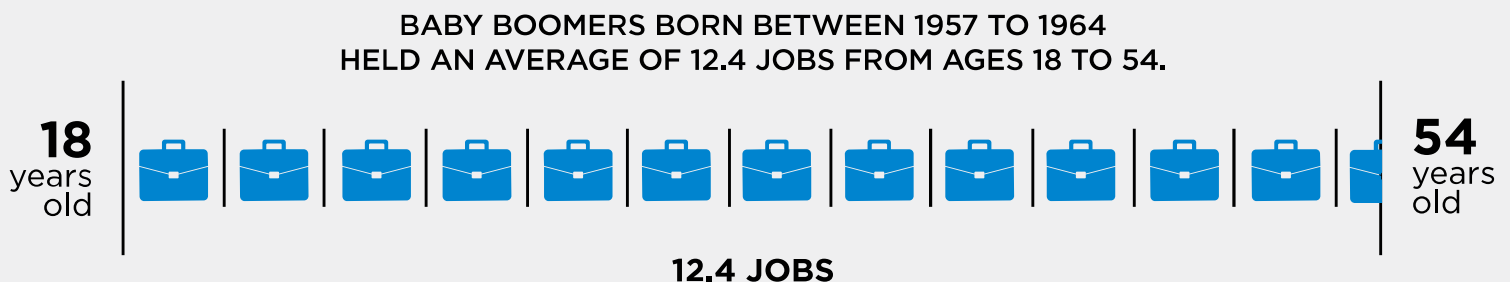
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Individual insurance
is yours to control

If you change jobs, you typically lose your coverage.

The days of having one job for all your working years are long behind us. The Bureau of Labor Statistics found that **baby boomers born between 1957 to 1964 held an average of 12.4 jobs from ages 18 to 54.**⁶ While group insurance is often your first line of defense, it shouldn't necessarily be your last, especially given how often people change jobs. Some insurance companies offer alternatives to convert your group policy into a permanent individual life insurance policy. However, you should note that conversion options vary depending on the plan, may not be automatic, and could require underwriting, bringing new terms and potentially much higher premiums. Research shows **more than half consumers haven't purchased life insurance because they don't know how much they need or even what type they should purchase,** but 41% of Americans surveyed say they want to work with a financial professional on their life insurance.⁷ The good news is that consumers who work with financial professionals are more likely to have a higher understanding about life insurance concepts.⁸

Consumers who work with financial professionals are more likely to have a higher understanding about life insurance concepts.



6. Number Of Jobs, Labor Market Experience, Marital Status, And Health: Results From A National Longitudinal Survey 6/4/22

7. Help Protect Our Families 6/6/22

8. Help Protect Our Families 6/6/22

Adapting your policy to life changes.

We always recommend that our clients review all of their benefits information for life insurance (as well as other resources) at least once a year. Of course, if you got married, divorced, bought a house, or had family changes like a new baby or a kid going off to college, then these changes should be accounted for sooner rather than later. Research from LIMRA says that 44% of families report they would not be able to adequately cover immediate costs of living if the primary breadwinner suddenly died within six months, all the more reason your group life insurance probably shouldn't be your only measure of financial security if you pass away.⁹ After all, life can happen to any of us at any time. Our office can help you identify where coverage may be weak and create a strategy to help tailor your supplemental life insurance to better serve your family.

44%

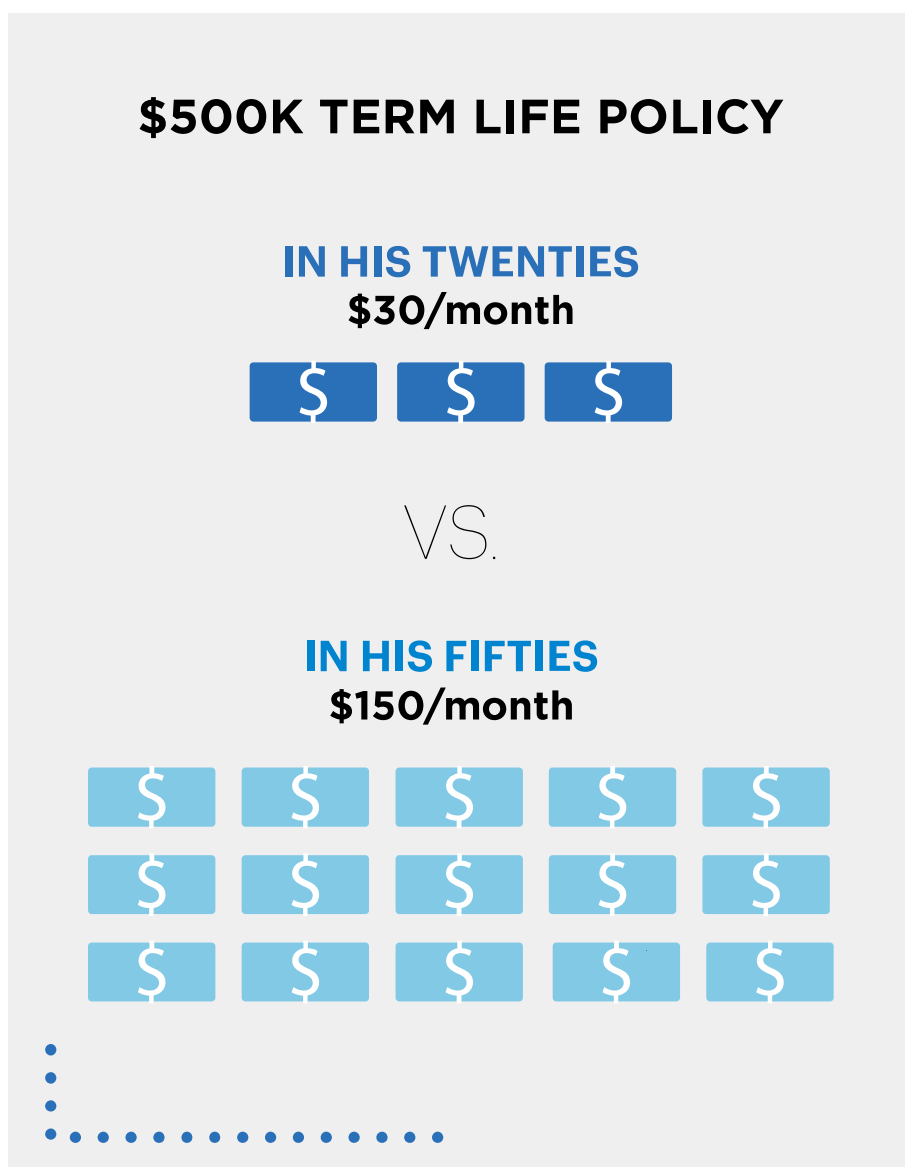
**OF FAMILIES REPORT THEY
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After all, life can happen to any of us at any time.

Waiting to get more coverage could cost you.

Every year that you wait to get a supplemental life insurance policy or additional coverage not offered through your employer is another year your premiums could increase, potentially costing you more in the long run. Because people tend to develop more health concerns as they age, the younger you are when you buy your policy, the better off you may be.

For example, say that a non-smoking male in his twenties purchases a \$500k term life policy for himself. According to national life insurance premium averages, he would pay roughly \$30 a month for the next 20 years or so.¹⁰ Now say that the same man waits until he's in his fifties to purchase the same policy. He could pay something more in the range of \$150 a month.



*This is a hypothetical example used for illustrative purposes only; individual experiences will vary; this does not represent a specific product.

Discuss options with a Financial Professional.



Employer-sponsored life insurance programs and group insurance are invaluable benefits that can help to ensure financial security for your loved ones if you pass away, but they shouldn't be the only end-of-life system you have in place because they only might cover a fraction of your needs. Today, 84% of American life insurance policyholders say they purchased additional insurance to help cover burial and funeral expenses, while 62% cite income replacement for their families, and 57% purchase more insurance to supplement retirement income.¹¹ One of the best and most efficient ways to determine what your current policy covers and where you may be at risk is to consult a financial and insurance professional. Would you like to know if your current insurance coverage is sufficient? Call our office today to schedule an appointment, and we'll be happy to discuss your coverage needs and existing policies with you. We can walk you through the different options that are most suitable for your needs, if necessary.

American life insurance policyholders say...

84%

Purchased additional insurance to help cover burial and funeral expenses

62%

Cite income replacement for their families

57%

Purchase more insurance to supplement retirement income



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**Call our office today at (888) 841-3372
to schedule an appointment. We'll be happy
to review any existing policies, help you
identify any potential gaps, and if needed,
talk through potential solutions.**

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