Family Finances

Don’t Leave Your Family With An Unwanted Inheritance

(NAPSA)—If you or someone you care about is among America’s estimated 75 million baby boomers, there are a few financial facts and figures you should know.

For one thing, middle-income boomers are carrying more debt into retirement than ever before. So what happens to financial obligations after death? Life insurance not only helps provide your surviving family members an income after you pass away, but can also be used to pay off debts.

According to a recent study commissioned by Bankers Life Center for a Secure Retirement, middle-income boomers have lowered their overall expectation for financial independence in retirement since the onset of the financial crisis in 2007. Ten years later, fewer boomers expect they will retire debt free (34 percent today, down from 45 percent before the crisis) and fewer have paid off their mortgages (19 percent, down from 25 percent).

If you have enough assets to cover your debt when you pass away, creditors will receive their due from your estate. However, it matters whether your home is your primary asset and whether your spouse or another family member is a co-applicant or co-signer on an account. Your mortgage and other debts, such as credit card bills or car loans, could fall to them.

Proceeds from life insurance can be used to pay down your mortgage and debts, as well as help pay for funerals and other final expenses.

“Carrying debt in your retirement years is very common today, and life insurance can help provide peace of mind that your family’s comfort and security are provided for,” explained Scott Goldberg, president of Bankers Life. “Boomers should do a complete inventory of their finances and debt, weigh their options, and find a life insurance policy that will help ease any potential financial burdens upon death.”

Here are four tips to help you figure out whether purchasing life insurance is right for you:

Understanding life insurance can help you have peace of mind.

1. Determine your need: Does someone depend on you financially? Are you lacking the funds to cover your final expenses? If yes, consider life insurance to help protect your family’s future. A beneficiary can use the money for living expenses or to pay off debts.

2. Understand the different types of life insurance: There are three major types of life insurance coverage: term life, whole life and universal life. All three types pay a death benefit but each can differ in terms of coverage length, premium flexibility, cash value accumulation and distribution, and other factors.

3. Decide how much life insurance you need: How much coverage would your family need if something happened to you? What expenses need to be covered or debts paid off? How much is set aside for savings? The answers will help you determine the type and amount of life insurance you’ll need.

4. Consider seeking professional guidance: Options are available for nearly any income and asset level, age and risk tolerance. An insurance professional can help you evaluate your life insurance options and costs based on your needs and circumstances.

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