

## Do Seniors Need Life Insurance?

**You're nearing or in retirement and the kids have either graduated from college, out of the house, or are, at least gainfully employed. So now, you're thinking about what to do with your existing life insurance policies. Surely, you don't need them anymore, right?**

**D**epending upon the types of life insurance policies you have, you can cash them in, let them lapse or possibly sell them to a life settlement company. You can even donate them to certain charities. You certainly don't think you need to buy more. But wait! Even seniors may need life insurance, and CBS News in its Money Watch<sup>1</sup> section ("CBS") published an article acknowledging and recognizing that.

CBS listed four factors to consider but there are many others. We'll summarize some of these factors including the ones mentioned by CBS, in no particular order of importance, because each person is unique with different needs and goals.

### **Final Expenses**

While life insurance is often used to financially assist or enrich your heirs and family members, the benefits can, instead, be used to cover end-of-life expenses such as funeral and burial expenses and final hospital and medical bills not covered by Medicare, health insurance or other medical benefits. These expenses can often be significant, and family members may not have the resources or willingness to cover them.

### **Debt Repayment**

Many retirees continue to hold mortgages, whether on their primary homes or vacation homes. They may have other significant debt as well, such as car or boat loans and credit card debt. Life insurance benefits can help to cover these debts so that family members are not burdened with these obligations.

### **Illness and Long-term Care Needs**

Relatively few Americans own traditional long-term care insurance policies. The policies can be expensive, premiums can be raised unexpectedly, and the premiums are "wasted" if the benefits are not needed. In recent years, life insurance products have been developed that link long-term care benefits, as well as chronic and terminal illness benefits, to the death benefit. Use of the lifetime benefits may reduce the death benefit but, unlike traditional long-term care insurance, the premiums are not "wasted."

### **Leaving an Inheritance**

For seniors with modest assets, even a small life insurance policy can help you leave a financial legacy to your loved ones to remember you by.



### Enhancing Retirement

If you have cash value life insurance such as whole life insurance, the policy is another asset that can be utilized for income needs. Cash values can be taken out in a tax-advantaged manner to act as another source of funds to enhance your retirement.

### Maximizing Your Lifestyle During Retirement

Life insurance can act as the financial legacy you leave your loved ones so that you can utilize most or all of your resources and assets to enjoy your retirement years in the best manner possible, without worrying about leaving an inheritance. The insurance gives you the freedom and “permission” to splurge.

### Estate Tax Liquidity

For those wealthy enough to have federal or state estate tax or inheritance tax considerations, those taxes are generally due within nine months of death. Some assets may be hard-to-sell, and require a longer period of time to liquidate. Life insurance proceeds can be used to help provide the liquidity needed to pay those taxes without the need to liquidate assets, possibly at “fire-sale” prices.

### Business Protection

Retirees or near-retirees may still own businesses. Indeed, the sale of a business is often the primary funding source for retirement income. Therefore, life insurance may be necessary to fully implement a business succession plan. Life insurance may also be purchased on key employees to ensure that the business is not adversely and financially impacted by the unexpected passing of that key employee.

### Peace of Mind

As stated in the CBS article, “...a death in the family could be traumatizing. But with a life insurance payout left by the insured, the senior in question can rest easy knowing that their loved ones won’t be burdened by major financial concerns (or, at a minimum, that those financial concerns will be reduced).”<sup>1</sup> All insurance policies provide some level of comfort and peace of mind.

Simply being at or near retirement age doesn’t automatically mean you no longer need life insurance. It can still help provide financial protection to you and your family in many different areas. Contact your Security Mutual Life insurance advisor today to review your goals and objectives and plan for your future now in an uncertain world.



**For More Information, Contact:**

<sup>1</sup>Richardson, Matt. “4 Reasons Seniors Should Buy Life Insurance.” cbsnews.com. <https://www.cbsnews.com/news/reasons-seniors-should-buy-life-insurance/?ftag=CNM-00-10aac3a> (accessed December 12, 2022).

The applicability of any strategy discussed is dependent upon the particular facts and circumstances. Results will vary and products and services discussed may not be appropriate for all situations. Each person’s needs, objectives and financial circumstances are different and must be reviewed and analyzed independently. We encourage individuals to seek personalized advice from a qualified Security Mutual insurance advisor regarding their personal needs, objectives and financial circumstances.

Policy loans reduce the policy’s cash surrender value and its death benefit. Likewise, withdrawals or partial surrenders reduce the policy’s cash surrender value and its death benefit.

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