

What you need to know about life insurance.

Life insurance is a simple answer to a difficult question: How will my loved ones manage financially if I were to die? If anyone depends on your income or the unpaid work you do, they would most likely struggle if you were to pass away.

It pays cash—also known as the death benefit—to your loved ones when you die. Your family can use it to pay for immediate and ongoing expenses like funeral costs, daily living expenses, a mortgage or rent, or to keep a business afloat. It can also be used for future expenses like college tuition, retirement and more. And remember, the key is to just take the step and get coverage you need so it's in place.

What are the different types of life insurance?

Life insurance generally falls into two categories:

Term life insurance provides protection for a specific period of time. This makes sense when you need protection until your kids graduate from school or your mortgage is paid off, for example. It typically offers the most amount of coverage for the lowest initial premium and is a good choice for those on a tighter budget.

Permanent life insurance provides lifelong protection, as long as you pay the premiums. It may also have “living benefits” like the ability to accumulate cash value on a tax-deferred basis, which you can tap for any reason from buying a home, to covering an emergency expense and more. Because of these benefits, initial premiums are typically higher than a term policy with the same amount of coverage.

Keep in mind that sometimes getting a combination of term and permanent life insurance is the best answer.

How much does it cost?

Most people overestimate the cost by seven to 10 times.* So, the good news is that it is likely more affordable than you think. A policy's cost depends on factors such as your age, your health, the type of policy and how much coverage you buy. In general, you'll pay less the younger and healthier you are.

How much do I need?

That will depend on who you want to protect financially and for how long. An easy way to get a working idea of how much life insurance you need is to use an online life insurance needs calculator, like the one at the nonprofit [lifehappens.org/howmuch](https://www.lifehappens.org/howmuch).

How do I get it?

A great way is to work with a financial professional who can help you find the right coverage for your budget. Use this locator to find a professional in your area: [findapro.lifehappens.org](https://www.lifehappens.org/findapro).

* 2025 Insurance Barometer Study, Life Happens and LIMRA

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