

Women Underestimate Their Family Contributions and Often Lack Sufficient Life Insurance, Says I.I.I.

March is Women's History Month: An Important Time to Empower Women about their Finances

MARCH 12, 2013

NEW YORK, March 12, 2013 — Women contribute to their families' economic well-being whether working outside or inside the home. Yet many have yet to realize that their purchase of a life insurance policy would have a significant impact on the quality of their family's lifestyle if they were to die, says the [Insurance Information Institute](#) (I.I.I.).

According to a national poll by [wholesaleinsurance.net](#), 43 percent of adult women have no life insurance. Among those that are insured, many are severely underinsured, carrying roughly one-fourth of the amount that would likely be needed by their life insurance policies' beneficiaries. Indeed, women who are a family's primary breadwinner carry 31 percent less life insurance than their male counterparts, even as a growing number of women earn as much, if not more, than their husbands.

In 2007, 25.9 percent of wives were earning more than their husbands in households where both spouses work, according to the most recent data available from the Bureau of Labor Statistics. That's up from 17.8 percent two decades earlier.

"Ironically, 100 years ago women weren't even able to buy life insurance," said [Loretta Worters](#), vice president with the I.I.I. "Today, women can protect their finances, but they aren't buying the coverage or, if they are, it isn't enough."

Many financial experts consider life insurance to be the cornerstone of sound financial planning. It can be an important tool in the following situations:

1. **Replace income for dependents**

If people depend on your income, life insurance can replace that income for them if you die. The most commonly recognized cases are parents with young children. However, this can also apply to couples in which the survivor would be financially stricken by the income lost through the death of a partner and to dependent adults, such as parents, siblings or adult children who continue to rely on you financially. Insurance to replace your income can be especially useful if the government- or employer-sponsored benefits of your surviving spouse or domestic partner will be reduced after your death.

2. **Pay final expenses**

Life insurance can pay your funeral and burial costs, probate and other estate administration costs, debts and medical expenses not covered by health insurance.

3. **Create an inheritance for your heirs**

Even if you have no other assets to pass on to your heirs, you can create an inheritance by buying a life insurance policy and naming them as beneficiaries.

4. **Pay federal and state estate taxes**

Life insurance benefits can pay estate taxes so that your heirs will not have to liquidate other assets or take a smaller inheritance. Changes in the federal estate tax rules will likely lessen the impact of this "death" tax on some people, but some states are offsetting those federal decreases with increases in their state-level estate taxes.

5. **Make significant charitable contributions**

By making a charity the beneficiary of your life insurance policy, you make a much larger contribution than if you donate the cash equivalent of the policy's premiums.

6. **Create a source of savings**

Some types of life insurance create a cash value that, if not paid out as a death benefit, can be borrowed or withdrawn on the policyholder's request. Since most people make paying their life insurance policy premiums a high priority, buying a cash-value type policy can create a kind of forced savings plan. Furthermore, the interest credited is tax deferred (and tax exempt if the money is paid as a death claim).

7. **Replace services of a primary caregiver.** Managing the house, caring for the kids and in many cases caring for elderly parents, can be costly, and a life insurance policy's proceeds, if substantial enough, can continue to pay caregiver-related expenses for years.

The same concept applies to stay-at-home moms. While they aren't bringing home a salary, they have tremendous economic value, which often goes unnoticed in terms of the support they give to their family, the I.I.I. noted.

“What would happen to the family if the Mom weren’t around? Who would manage the day to day housekeeping, the laundry, driving kids to and from their sports activities?” said Worters. “It would cost a small fortune to even try to replicate that care. A life insurance policy can help cover those expenses.”

Single women with no dependents may want to consider life insurance as well. Depending on the type of life insurance purchased, a policy can also be a forced savings vehicle. Women are, as a group, living longer than ever before, and the need for sufficient retirement income is crucial. *A cash value life insurance policy, for example, can help accumulate funds on a tax-advantaged basis to supplement other retirement income.*

For more information on women in insurance go to the I.I.I.’s [Pinterest board](#).

RELATED LINKS

Website: [How much Life Insurance Do I Need?; What are the Principal Types of Life Insurance?](#)

Video: [Test Your Life Insurance IQ](#)

The I.I.I. has a full library of educational videos on its You Tube Channel. Information about I.I.I. mobile apps can be found here.

THE I.I.I. IS A NONPROFIT, COMMUNICATIONS ORGANIZATION SUPPORTED BY THE INSURANCE INDUSTRY.

Insurance Information Institute, 110 William Street, New York, NY 10038; (212) 346-5500; www.iii.org