

# PROTECTING THE FUTURE

## Why talking to your adult child about life insurance matters now

Only 23% of millennials say they understand term life insurance. Did you know that parents play a more significant role in planning with this generation, than any other?<sup>1</sup> When it comes to helping your adult children protect their future, now is the time to have the life insurance conversation.

Here's how to answer your adult child's most common life insurance questions — and help guide them to planning for the future.

### QUESTION 1

#### Why do I need life insurance?

This is the first question on the minds of today's young adults who are saddled with student loan debt and other financial challenges. Here's why this group should consider purchasing a policy.



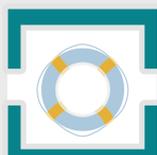
To help keep your dependents from living paycheck-to-paycheck after losing a breadwinner<sup>2</sup>



To help cover funeral costs, which are \$9,000 on average<sup>3</sup>



To help cover unpaid debts after you pass on



To help provide an emergency reserve<sup>4</sup>



Because starting when you're young and healthy can mean lower premiums

### QUESTION 2

#### What are the different types of life insurance, and which one should I get?

Determining which type of life insurance and how much depends on factors like estimated earning potential, current debts, net worth, and who depends on you.

##### TERM LIFE INSURANCE

An option for those who may not quite be ready to commit to whole life insurance yet.



Typically lower premiums



Provides coverage for a specified term (10, 20 or 30 years)



Can potentially be converted into whole life insurance during the life of the policy

##### WHOLE LIFE INSURANCE

An option for those who want additional benefits with their life insurance coverage.



Typically higher premiums



Provides coverage for your whole life<sup>5</sup>



Includes features like cash value to help pay for education or fund retirement<sup>6</sup>

A growing number of companies are allowing policyholders to transition from term life insurance to whole life insurance within a single policy, so young adults can start with more affordable term life insurance payments.

### QUESTION 3

#### Can I tap into my life insurance cash value while I'm still alive?

The benefits of a whole life insurance policy can stretch beyond providing for your loved ones. Whole life insurance may also allow you to withdraw funds tax-favored to cover a number of expenses, or even fund things that you'd like to do — like buying a second home, or pay off debt.<sup>7</sup> The cash value is yours to use however you like, or need.



Cover the cost of additional schooling



Save for or supplement your retirement



Help cover the cost of a new home, renovations, or repairs



Help cover medical expenses if you experience an accident, illness or injury

### TAKE THE FIRST STEP

Your guidance as a parent is a great start. Then, if your adult child is wondering how to take the first step towards getting life insurance, contacting a financial professional can help them prioritize which type of policy to purchase and how to strategize the best approach towards their financial future.

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<sup>1</sup> [https://livingconfidently.com/c2c/pdf/Living\\_Confidently\\_Millennial\\_Mindset\\_White\\_Paper.pdf](https://livingconfidently.com/c2c/pdf/Living_Confidently_Millennial_Mindset_White_Paper.pdf)

<sup>2</sup> <https://www.guardianlife.com/life-insurance/study/protecting-those-we-love>

<sup>3</sup> <https://www.parting.com/blog/funeral-costs-how-much-does-an-average-funeral-cost/>

<sup>4</sup> Policy benefits are reduced by any outstanding loan or loan interest and/or withdrawals. Dividends, if any, are affected by policy loans and loan interest. Withdrawals above the cost basis may result in taxable ordinary income. If the policy lapses, or is surrendered, any outstanding loans considered gain in the policy may be subject to ordinary income taxes. If the policy is a Modified Endowment Contract (MEC), loans are treated like withdrawals, but as gain first, subject to ordinary income taxes. If the policy owner is under 59 ½, any taxable withdrawal may also be subject to a 10% federal tax penalty.

<sup>5</sup> All whole life insurance policy guarantees are subject to the timely payment of all required premiums and the claims paying ability of the issuing insurance company. Policy loans and withdrawals affect the guarantees by reducing the policy's death benefit and cash values.

<sup>6</sup> Some whole life policies do not have cash values in the first two years of the policy and don't pay a dividend until the policy's third year. Talk to your financial representative and refer to your individual whole life policy illustration for more information.

<sup>7</sup> Guardian, its subsidiaries, agents and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.