

Is Life Insurance Enough?

What's your financial-security reality?



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Many people believe life insurance is their family's financial safety-net if a "breadwinner" dies.

Is it time for a financial-security reality check?

Consider common family expenses.

- Mortgage/rent expenses
- Auto loan payments
- Daily living expenses (food, utilities, transportation, child care)
- HELOC, other loans, credit card
- Education loans/cost
- Funeral expenses

	True	False
① More than 60% of families with children under 18 have both parents employed outside the home.	<input type="radio"/>	<input type="radio"/>
② 80% of Americans have emergency savings for unexpected events.	<input type="radio"/>	<input type="radio"/>
③ Mortgage loan delinquencies hit a national low in 2008.	<input type="radio"/>	<input type="radio"/>
④ Farming, mining, and construction are industries with the highest death rates.	<input type="radio"/>	<input type="radio"/>
⑤ Most men and women, ages of 18-64, die from accidental falls.	<input type="radio"/>	<input type="radio"/>
⑥ Most people feel confident they're saving enough to help them financially "get through" a life event like an unexpected death of a family member.	<input type="radio"/>	<input type="radio"/>
⑦ Most people have \$500,000 in life insurance coverage.	<input type="radio"/>	<input type="radio"/>
⑧ For a family to maintain its standard of living if a loved one dies, life insurance should be 10 times one's annual income.	<input type="radio"/>	<input type="radio"/>

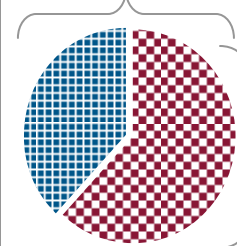
Household expenses at a glance*

It's a very emotional time when a loved one dies. Can your family cover its debt if an income is lost?

Common Family Expenses (including loved one's funeral expenses)			
	Common family expenses*	Eligible for payment protection*	Your family's debt?*
Mortgage ¹	\$18,000		
Auto loan ¹ (on average)	\$30,000	✓	
Daily living expenses ^{2,3,4}	\$22,200		
HELOC ¹	\$50,000	✓	
Credit card ³ (balance)	\$8,000	✓	
Education loans/cost ⁵	\$6,000		
Funeral expenses ⁶	\$8,000		
Total debt	\$142,200		

When eligible debt is covered with payment protection, life insurance can pay other expenses like mortgage payments.

Total family debt*
(\$142,200)



Debt eligible for payment protection*
(\$88,000)

\$54,200*

Remaining family debt if eligible debt is covered with payment protection.

Employer-issued life policy (average) \$ 100,000

What's your life policy amount? \$

*Illustration purposes only

Quiz Answers: Check Your Life Insurance Awareness

- ① **More than 60% of families, with children under 18, have both parents employed outside the home.**
TRUE • Believe it or not, more families than ever have both parents working outside the home. Many families rely on two paychecks to keep the family household running. (Source: www.bls.gov, Bureau of Labor Statistics, Table 4: 2006-2007 averages)
- ② **80% of Americans have emergency savings for unexpected events.**
FALSE • You may be surprised to know that only 40% of Americans have a separate emergency savings account for unexpected life events. In fact, 3 out of 4 Americans know they're not saving enough. (Sources: National Survey Commissioned by the Consumer Federation of America and carried out by Opinion Research Corporation, February 2007; Pew Social and Demographic Trends Project, Feeling Guilty: Americans Say They Aren't Saving Enough, May 2008)
- ③ **Mortgage loan delinquencies hit a national low in 2008.**
FALSE • You must be watching U.S. economic trends because mortgage loan delinquencies have hit a national high (4.58%) for the fourth quarter of 2008. This is up almost 16% from the previous quarter and approximately 53% from the same period the previous year. (Source: TransUnion News Release, March 3, 2009)
- ④ **Farming, mining, and construction are industries with the highest death rates.**
TRUE • Year after year, farming, mining, and construction are industries with the highest death rates. In fact, accidents caused by unintentional injuries are the fifth leading cause of death. (Sources: NSC.org (National Safety Council) 2008 CDC.gov/nchs/fastats/lcod.htm, 2009)
- ⑤ **More men and women, ages 18-64, die from accidental falls.**
TRUE • Although, overall, heart disease, cancer, stroke, and chronic lower respiratory diseases (emphysema, chronic bronchitis, smoking related respiratory illnesses) are leading causes of death for men and women, accidental falls are the leading cause of death for men and women between ages 18-64. Accidental injuries related to motor vehicle accidents are the leading cause of death for men and women of all ages. (Source: CDC.gov/nchs/fastats/lcod.htm, 2009)
- ⑥ **Most people feel confident they're saving enough to help them financially "get through" a life event like the unexpected death of a family member.**
FALSE • It's hard to think about the death of a loved one. But, emotional hardship can be compounded by financial hardship when considering that 71% of people say they live paycheck to paycheck. In fact, on average, Americans say they save less than 1% of their income. (Sources: American Payroll Association, Getting Paid in America Survey, 2008; Pew Social and Demographic Trends Project, Feeling Guilty: Americans Say They Aren't Saving Enough, May 2008)
- ⑦ **Most people have \$500,000 in life insurance coverage.**
FALSE • The average life insurance policy is actually closer to only \$175,000. How much is yours? (Source: www.acli.com, 2009 (based on 2007 statistics))
- ⑧ **For a family to maintain its standard of living if a loved one dies, life insurance should be 10 times one's annual income.**
TRUE • When you stop and think about what life insurance has to cover, it's not surprising it should be 10-times one's annual income. Some typical household expenses include: (Source: www.acli.com, 2009, based on 2007 statistics)
 - Replacement of lost income
 - Mortgage payments
 - Daily living expenses (food, utilities, transportation, child care)
 - Children's college education
 - Retirement planning for living spouse
 - Other loan payments
 - Funeral expenses

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¹ msn.com (2009)

² whitefence.com (2009)

³ cnpp.usda.gov (2009)

⁴ insruanceagent.com (2009)

⁵ kiplinger.com (2009)

⁶ aarp.com (2009)

⁷ msn.com, Fast Answers (2009)