



## ***One of the Most Important Life Insurance Questions: How Much Will My Family Need?***

By Alex Levi

The support and encouragement that you give to your loved ones cannot be replicated. You know their hopes and their dreams; their fears and their aspirations. You've spent countless hours contemplating how to encourage them to live up to their natural potential. The time is right now to start thinking about how you can continue to provide support in a very meaningful way, after you are gone.

Life insurance can help you accomplish just that. It enables women to do what comes naturally - provide support to their loved ones -- even after they are gone.

There are lots of important questions to consider when buying life insurance. For example, who should you name as beneficiaries? What kind of insurance should you buy? Which company should you buy from? These are great questions. But they don't need to be addressed until you've tackled one of the most important questions of all: How much will your family need?

After you die, there will be some immediate financial questions that your loved ones will be asking themselves. They'll be wondering if they are going to be ok, and whether their life plans are going to have to be changed. They'll want to know that there's enough money to pay all the funeral costs and any debts you may have left behind. They'll also want to know that there will be enough money to stay in the family home and pay the monthly bills.

So how do you determine if you need \$100,000, \$250,000, \$500,000 or more in life insurance coverage? Since everyone's financial and family situation is different, there's no rule of thumb that applies universally. But the basic objective is the same for everyone: When you die, life insurance should cover the difference between what your family needs and the resources available to meet those needs.

Most people want their life insurance proceeds to cover three main types of expenses. It can help pay for immediate expenses, such as funeral expenses, uncovered medical costs, taxes and outstanding debts you'd want paid off when you die, such as credit card bills. It also can help your family cover everyday living cost for things like food, clothing, transportation, mortgage or rent payments, etc. Finally, life insurance proceeds can be used to fund future expenses, such as money to supplement college or retirement.



The considerations discussed above revolve around satisfying the needs of your beneficiaries. Life insurance can also provide benefits to you during your lifetime, depending on the type purchased. Before drawing a conclusion on the amount to purchase to care for your beneficiaries, give due consideration whether an additional tax deferred savings vehicle might be an appropriate addition to your overall financial plan.

There are financial calculators on the Web that can help you add up all of these needs and then compare them to the resources your surviving family members could draw upon to meet those needs. The better calculators allow you to factor in the future impact of inflation as well as potential investment returns. For a general sense of your life insurance needs from an objective source, check out the calculator offered by the nonprofit LIFE Foundation at [www.life-line.org/lifecalculator](http://www.life-line.org/lifecalculator).

Online tools are helpful, but figuring out how much life insurance you need is complicated and you don't want to make a mistake. That's why it's important to meet with a qualified insurance professional. A good financial services professional will conduct a thorough financial needs analysis. Once the two of you agree on how much coverage you need, your insurance professional will then be able to offer recommendations on the type of policy or policies that would be best suited to your specific needs and budget.<sup>1</sup>

September is Life Insurance Awareness Month, and it is in that spirit that I urge you today to think about how much better you will feel knowing that you can help your loved ones, at least financially, after you are gone.

*For more information on purchasing life insurance contact Alex Levi at [alevi@finsvcs.com](mailto:alevi@finsvcs.com)*

*Alex Levi is a founder of Element Financial Group a distinctive, single-source wealth management firm in Manhattan. Alex's unique background in the finance, fashion and entertainment industry, as well as her success as an entrepreneur enables her to understand the challenges faced by both business owners and successful professionals. As their "financial advocate," Levi collaborates with her clients in the formation of strategies to help create and preserve wealth. In addition, Levi serves on the Executive Committee of the Board of New York Women in Film and Television.*

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<sup>1</sup>*The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While the policy allows for access to the cash value in the short-term, such as through loans or partial surrenders, these transactions will impact the policy's death benefit if the values are not restored prior to the insured's death. You should know that there may be little to no cash value available for loans in the policy's early years.*

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