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Insurance Issues That Concern Married Couples





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What is it?

If you are married or planning to marry, you should determine how marriage impacts your insurance needs. The lack of proper insurance protection can lead a married couple into financial ruin. If you already have disability or life insurance policies, determine whether your existing coverage is adequate and update your list of beneficiaries. If you do not have either a disability or life insurance policy, consider whether or not your marital status changes your need for insurance. You should also review any existing policies held by you and your spouse (or spouse-to-be) and consider pooling them with one company or having multiple policies with one company in order to receive discounts and lower policy rates.

Tip: If your employer does not offer a particular type of insurance or if the amount of insurance offered is not adequate, consider purchasing an individual or private policy.

Health insurance

Because of the high cost of medical treatment, a poorly timed sickness or accident could be financially devastating to your family. To avoid a financial disaster during a medical crisis, you and your family should have health insurance.

Life insurance

In general

While you might not have felt the need for life insurance protection when you were single, it becomes important when you marry. Once married, you may find yourself with a spouse and/or children who are financially dependent on you. If you do not have life insurance, you will want to have a policy in place in order to make sure that your family's financial needs will be taken care of when you die. If you already have a life insurance policy, you should reevaluate the adequacy of your existing coverage.

How much life insurance do you need?

You should have enough life insurance to enable your family to continue the lifestyle they were accustomed to before your death. If you have children, you may want to make sure that your children's college education bills will be paid. At the very least, you will want to ensure that your family will be able to pay for burial expenses and pay off any of your debts. You can purchase the amount of protection that you need from either a term or cash-value policy. While both policies provide your beneficiaries with benefits at your death, they contain important differences. Term insurance provides you with pure death-benefit protection. In other words, if you die while the policy is in effect, the insurance company pays your beneficiary, and the policy does not build any cash value. Since term insurance is low cost, based on age, it is an attractive form of life insurance when you are younger and have minimal cash flow.

Although low-cost term insurance may have provided you with sufficient life insurance protection in the past, it does not provide you with the same type of benefits that come with the more costly cash value insurance. Cash value insurance provides you with protection besides serving as a savings vehicle. Although it is more expensive than term insurance, cash value insurance can be a useful financial tool for a married couple since it builds up cash value over time. The cash value can then help you fund long-term goals, such as buying a house, funding a child's college education, or providing you with savings for retirement.

Tip: When you reevaluate the adequacy of your existing coverage, you should keep in mind whether or not you and your spouse intend to start a family in the near future.

Tip: In addition to making sure you have adequate life insurance protection, you should examine the beneficiary designations on your current policies, and make sure that they are up to date.



Disability insurance

In general

While life insurance ensures that your family is financially provided for at your death, disability insurance provides your family with income if you are unable to work as a result of a serious illness or injury. Disability insurance is a necessity if you have a family that depends on you for financial support. Although disability coverage can be expensive, depending on your age and the type of work that you do, it allows you to insure your most valuable asset: the ability to earn an income.

Tip: You should consider disability insurance even if your household has two wage earners since most dual-income families have expenses that rely on both incomes.

How much disability insurance do you need?

Generally, you should have enough disability coverage to ensure that you could continue to maintain your current lifestyle if you became sick or injured and could not work for a lengthy period of time. While most insurance companies won't insure you for your entire salary amount, you should look for a policy that provides benefits that replace at least 60 percent of your income. Benefits are received free of income tax for a policy that is paid for by the insured with after tax dollars.

Other types of insurance

Automobile insurance

Chances are that both you and your spouse own separate cars. If you each also have separate auto insurance carriers, you may want to pool your auto insurance with one company. Many insurance companies will give you a discount if you insure more than one car with them.

Homeowners/renters insurance

Whether you and your spouse own or rent a home, you need insurance to protect yourself against either the loss of your property or claims against you if someone injures him/herself on your property. If you already own a home, you may need to add your spouse's name to the policy. Consider having the same insurance company provide coverage for your home or apartment and your car. Many insurers will give you a discount if you carry more than one type of policy with their company.

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