

Is Life Insurance Required Or Necessary?

By Melvin Maltz, A Silver Fox Advisor

Depending upon your perspective, there is no universal answer to the question of "Is Life Insurance Required or Necessary"? The answer to this question will be different for almost all individuals and families. If you have assets that are readily converted into cash to satisfy the needs of your heirs, the person planning will often under estimate the need by failing to consider: a realistic rate of return on the invested assets, the future inflationary cost of care at home or at a nursing facility, the length of time dependents will require income from the inherited assets.

Other reasonable questions may be: is there a purpose other than my death for life insurance; or can the other benefits of insurance help me if I need those benefits before I die? If no longer needed, can existing life insurance be easily discontinued; if not immediately needed what is the cost of waiting five or ten years before adding life insurance for the protection of your heirs. A professional life insurance agent can help you answer these and other questions.



Cooperation between the insured and his agent is very important. You may consider asking the agent about his experience as well as the companies he represents. The agent will ask you questions relating to your health, prescription medications taken, financial questions, personal plans, ages of dependents, and other pertinent items to assist in determining the amount of insurance to consider.

If you are a business owner there may also be business needs served by life insurance. An agent may ask about your key employees, your plans for exiting your business, as well as the financial business strength to satisfy your bank in the event of your death or inability to work due to accident or illness. What is the likelihood that key employees would leave if you are deceased, can no longer work due to disability and unable to provide the leadership necessary for your business. These and more questions require time to consider and develop a plan to protect your family, your business, or both. Confidential questions and discussion between you and your agent are important to provide answers to the need for life insurance. There is no single answer to every problem; but every problem can probably be solved with good communication between you and your proposed agent.♦

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