

Baby on Board

Starting a Family? Consider Life Insurance To Protect What's Most Important

Starting a family brings joy, responsibility — and the need to plan for the unexpected. Life insurance may not be the first thing on your to-do list, but it plays a crucial role in protecting your family's future. If something were to happen to you or your spouse/partner, a life insurance policy can help cover the mortgage, childcare, education costs and daily living expenses — giving your loved ones financial security during a difficult time.

So, how much coverage do you need? A very general rule of thumb is to buy a policy worth 10 times an individual's annual income. For example, if your annual salary is \$75,000, it makes sense to consider a policy with a \$750,000 death benefit. But also factor in other things, such as your total debt, number of dependents and long-term goals (like college tuition or buying a bigger home). Online calculators can help, or you can consult with a financial advisor to get a more tailored recommendation.

In general, there are three basic types of life insurance to consider:

- **Term life insurance.** This type of insurance is the most affordable and straightforward option. It provides coverage for a specific period — typically 10, 20 or 30 years. If you pass away during the term, your beneficiaries receive the death benefit. It's a great choice for young families who want maximum coverage at a low cost.
- **Whole life insurance.** Whole life is permanent insurance that lasts your entire life, as long as premiums are paid. It also builds cash value over time, which you can borrow against. It's more expensive than term life insurance, but offers lifetime protection and a savings component.
- **Universal life insurance.** This type of insurance is a flexible, permanent policy that combines a death benefit with a cash value account. As a result, you can adjust your premiums and death benefit as your needs change, but the policy also depends on investment performance, which can affect the value over time.

As your family grows, so does your need to plan for the unexpected. Life insurance isn't just for you — it's for the people who depend on you.

Informational Sources: Investopedia: "[How Much Life Insurance Should You Have?](#)" (September 23, 2024); State Farm: "[Life Insurance Basics](#)" (January 23, 2025).

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