Do You Actually Need Life Insurance? A Longevity-Focused Guide

5 MIN READ

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How to decide between term, whole life, or self-insuring life insurance as you build wealth.

When you're planning for a longer life, the financial picture shifts, including how you think about life insurance. But it's not only about accumulation. It's also about wealth preservation and risk mitigation over a longer time horizon. That's where life insurance *can* be a useful tool.

For **longevity-focused individuals** with the biomarkers to back it up, however, the risk calculus is different. Whether purchasing a policy makes sense depends on your life stage, circumstances, financial goals, and health profile.

In this guide, we'll cover how life insurance works, the types of policies to consider, and how longevity affects both the cost and the long-term usefulness of life insurance.

What Is Life Insurance and How Does It Work?

A life insurance policy is a financial product that typically provides a lump sum of money, or sometimes periodic payments, to a designated beneficiary upon the policyholder's death.

Policyholders pay premiums to an insurance company in exchange for this benefit.

Whether the policy benefit pays out depends on the type of life insurance and whether the policy is active at the time of death.

When Life Insurance Makes Sense (and When It Might Not)

When you're healthy and **focused on longevity**, it can feel strange to think about your own death. But life is always full of the unexpected, so being prepared can be a major gift to your family and heirs.

"Life insurance clearly makes sense anytime someone else would be financially impacted by your death—whether that's a spouse, children, aging parents, or a business partner," said Nicholas St. George, certified financial planner and owner of **St. George Wealth Management**.

For example, let's say your income helps pay for mortgage payments or childcare. If your spouse and children would be financially burdened without your income, life insurance is typically a good idea.

When someone passes away, families are often consumed with grief. While life insurance funds may not help with grief, they can help alleviate financial strain by providing money to maintain a specific lifestyle and cover funeral costs. As of 2023, the median cost of a funeral could range from $6,280 to $8,300, according to **The National Funeral Directors Association**.

Life insurance can be worthwhile, but you're still paying for the premiums, which is an added cost. So who might not be a good fit for this type of policy? "It often doesn't make sense when there are no financial dependents and sufficient assets already exist," said St. George.

If you're single and childfree, instead of getting life insurance, you can put a charity

or extended family members as beneficiaries on your financial accounts.

The Types of Life Insurance Policies

Life insurance typically falls into two categories: term and cash value (also known as permanent insurance), according to the **National Association of Insurance Commissioners**.

1. **Term life insurance is relatively straightforward**. Policyholders purchase life insurance for a specific term, for example, 20 years. If the policyholder passes away during the term, the policy will pay out to the designated beneficiaries.

   Choosing a term that aligns with your financial obligations can provide an extra layer of security. For example, if you have a 30-year mortgage, ongoing tuition payments, or are supporting aging parents. “If you die during that timeframe, the policy will pay out. But at the end of that policy, it goes away and your payments go away, and you’re no longer covered,” adds Mike Hunsberger, certified financial planner and owner of **Next Mission Financial Planning**. “So, it’s really more for temporary needs that could be until you’ve invested and saved up enough that you can really self-fund.”

2. **Cash value insurance typically lasts a lifetime**. These policies, which can include whole life, universal life, and variable life, also differ as they may include a savings and investment component that you can access during your lifetime. Cash value life insurance policies are more complex, have specific nuances, and may come with a surrender charge if terminated early.

“That’s why term life insurance usually makes the most sense for most people,” explains St. George. “The cost of permanent insurance exceeds the price of this product, which protects against risks that will disappear on their own, such as mortgage payments and children reaching financial self-sufficiency. Over time, your

savings and investments are supposed to replace the need for insurance."

One example where you may consider permanent life insurance is if you have a special needs child who will rely on financial support beyond a specific term. However, there may be other suitable **financial solutions available**. It's best to discuss your specific situation with a financial professional who acts in your best interest. You can consider working with a **fee-only financial planner** who does not receive commissions for recommending specific products, like life insurance.

How Longevity Can Impact Life Insurance Premiums

Various factors affect your life insurance premiums, but **health and age** are significant. In fact, life insurance companies may review your medical history and could ask for blood and urine tests. They also look at any pre-existing health issues. If you're in good health, it could mean more budget-friendly life insurance premiums.

While your health could save you money, your age may have the opposite effect. "You may get a reasonable term policy in your 30s, 40s, but as you start getting into your 60s, 70s, later in life, term insurance is going to be very expensive," said Hunsberger.

Life insurance can be useful for a specific timeframe or need, but as you get older, it becomes more expensive.

Hunsberger notes that, over time, retirement assets and Social Security should cover any financial needs.

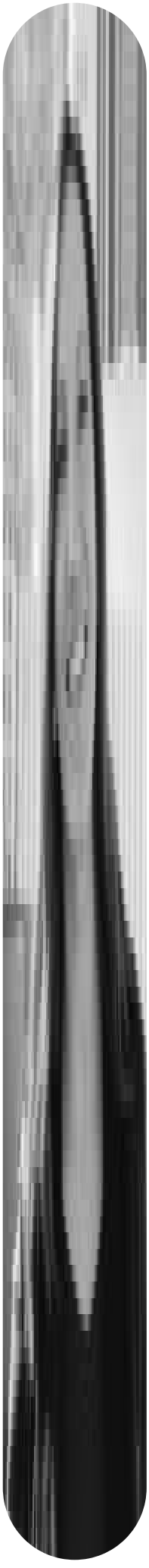
The Best Life Insurance Resources

Life insurance isn’t one-size-fits-all, and for longevity-minded people, the math may look different than you expect. The main factor is if someone else relies on your income or if you have an ongoing financial obligation. You can do your own research and learn more about life insurance through:

- **National Association of Insurance Commissioners**
- **Life Happens**, a nonprofit organization
- Your state’s department of financial services or insurance department, like **New York**, **Washington**, and **Connecticut**
- **The Insurance Information Institute**

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