



Your Guide to Life Insurance for Seniors



health
markets.

(800) 827-9990
HealthMarkets.com

Your Guide to Life Insurance for Seniors

Contents

Do I Need Life Insurance at My Age?	4
Types of Life Insurance for Seniors	6
What Kind of Life Insurance Do I Need?	8
4 Ways to Use Life Insurance When You're Older	9
Tips on Getting Lower Rates	10
How Can I Use Accelerated Benefits?	11
What Is Long-Term Care Insurance?	13
When Life Insurance Is Not a Good Choice	15
About HealthMarkets	17



With Americans living longer than ever before, strong financial planning is crucial. While you may think you have enough in savings, a serious illness or other financial setback can leave you unprepared to cover final expenses. Life insurance can help pay for things such as funeral expenses, medical debt, and loss of income.

A Delay Could Cost You

Life insurance has been an easy decision to put off. It's something you've always said you'd do later. It's not too late to take advantage of financial benefits that come with having a life insurance policy in place to protect your family. But there are some special considerations to be aware of.

But you might be surprised at how simple it can be to purchase life insurance coverage so that, should the unexpected happen, the financial resources your family needs will be there for them.

In this guide, we'll show you what to look for to find the policy that best fits this stage of your life.



Do I Need Insurance at My Age?

If you wonder if life insurance is important when you're a senior, here are some things to consider that could help you make that decision:

- Do you have enough money in retirement savings to meet your living expenses for the rest of your life?
- After you're gone, can your savings cover the living expenses for those you leave behind?
- Do you still have major debts to pay off?

You may believe that once you get older your obligations decrease, and your need for life insurance diminishes. But the truth is, seniors often have equal, if not greater, needs. Here are a few reasons why.

People Are Living Longer

On average, men today live to age 84 and women to age 87. In the past, people only had to budget enough money to get them to around their late 60s. Now, they must find the means to support themselves longer.

If you worry that your existing savings and retirement income may not cover all your needs, a life insurance policy can act as a financial backup plan. Policies that accumulate cash value can be borrowed against to satisfy current expenses.

Medical Debt

Around 643,000 of all personal bankruptcies in the U.S. annually are a result of medical debt—and seniors aren't immune. The biggest threat to your credit health is a medical crisis.

An affordable life insurance policy can help provide some insulation. Some permanent life insurance policies feature accelerated benefits for terminal illness. Some of these plans allow access of up to 90 percent of the face value through living benefits.

Now is a great time to get a price on a life insurance policy that could save your family more than money.

Raising a Second Family

More and more grandparents are raising their grandchildren. If you're one of them, you could easily face financial challenges when you take on healthcare costs, housing, and higher education funding. Life insurance may be necessary to ensure that a guaranteed benefit is left behind to take care of your grandchildren.

Mortgage Debt

If you're still carrying a mortgage or other large debt, a life insurance policy can help avoid burdening your family with these expenses. If you're still working or have another form of income that may be lost if you pass away, a life insurance policy could help your spouse or another family member pay off your home.

Loss of Pension

In addition to medical debt, shrinking pensions have contributed to the rising number of bankruptcies. Many Americans have been left with a poorly funded retirement because of the move to 401(k) plans instead of traditional pensions. The ability to borrow from the cash value of a life insurance policy when unexpected expenses arise can provide a safeguard from a potential financial crisis.





Types of Life Insurance for Seniors

There are several types of life insurance policies available to people over 65. Selecting the right policy depends on your health, lifestyle, and how you want your policy to benefit your family.

Whole Life Insurance

Whole life insurance provides coverage from the moment you purchase the policy until you cancel your policy or pass away. Premiums for whole life are typically fixed, and the policy maintains a cash value, which can help guarantee financial security for your loved ones.

Universal Life Insurance

Universal life insurance is the most flexible permanent life policy. Increase your death benefit by passing a medical examination and have your cash value earn a money market rate of interest. After money has accumulated, you have the option to alter your premium payments if there's enough money in your account to cover the costs.

Indexed Universal Life Insurance

Indexed universal life insurance builds cash value based on the stock market index it's attached to. You can choose from a variety of indexes, such as the Nasdaq Stock Market and Standard & Poor's 500 index. When the policy includes a death benefit guarantee, your family could receive a larger benefit than typical final expense plans, which don't build cash value.



Term Life Insurance

Term life insurance is bought to cover a certain amount of time, usually ranging from 5 to 30 years. Keep in mind that 80 is usually the maximum age to get this type of coverage, so you may want to get a shorter-term plan, such as a 5-, 10- or 15-year policy.

Premiums for term life insurance are typically lower than whole life, but your policy won't hold cash value if unused by the end of your policy term. Some term life policies hold the same death benefit amount if the insured person dies during the term, while others decrease. Term life policies can also be convertible, allowing you to change from a term life policy to a whole life policy.

Final Expense Insurance

Final expense insurance is an affordable way to provide the financial resources necessary to cover your funeral costs and other final expenses or outstanding debts. Upon your death, a beneficiary of your choosing could receive a cash benefit to directly cover things such as funeral services, burial plots, cremation, legal fees, or medical bills.



Choosing the right life insurance solution for you doesn't have to be a challenge. HealthMarkets offers multiple life insurance policies, including term life insurance, whole life insurance, universal life insurance, and final expense whole life insurance. Contact an agent who can guide you –free of charge–to the right plan.



What Kind of Life Insurance Do I Need?

Typically, both term and permanent insurance can be suitable for seniors. But depending on your age, one may be more preferable. An important thing to take note of is that buying life insurance as a senior generally costs more.

What kind of policy to choose may be more of a concern if you're already retired. Let's look at what kind of life insurance could be best for you if you're a senior.

You're a Retiree

If you don't have enough money for retirement, you may need life insurance to provide a death benefit if your spouse outlives you, especially if there aren't enough savings or pension benefits that your widowed spouse can use to meet living expenses.

Choosing Term Life Insurance

If you're in your 60s, term life insurance can still be suitable. Keep in mind that 80 is usually the maximum age to get this type of coverage. So you may want to get a shorter term plan, such as a 5-, 10-, or 15-year policy.

When You Need Permanent Coverage

If your pension doesn't provide a death benefit for your surviving spouse, you have a special-needs child who requires lifelong care, or you want to provide an asset that can be liquidated as cash, you may need insurance that covers you for your entire life.

Paying for the Basics

Final expense insurance is usually a whole life policy that provides a death benefit ranging from \$5,000 to \$25,000. It can help eliminate the financial burden of final expenses and any debt you may leave behind.



4 Ways to Use Life Insurance When You're Older

Choosing the best life insurance policy requires an understanding of your goals. That way, you can more easily choose the type of policy that best meets your needs. Below are the 4 most common reasons seniors seek life insurance protection and how various policy types can help.

1. Covering Burial Expenses

A final expense policy can cover the cost of laying someone to rest. It may also cover any additional expenses, including unresolved debt, outstanding medical bills, or fees associated with settling an estate.

2. Protecting a Spouse/Child

When a person passes, they often leave behind unresolved debt. It could be a mortgage, car, or other outstanding loan. Choosing a universal life insurance policy can supply a death benefit for survivors so that they can better manage their finances.

3. Leaving a Legacy

You can use a life insurance policy to make a donation to a favorite cause by naming a charity as the beneficiary. Often, a death benefit can be left to an organization of your choosing in complete privacy. You can also use a life insurance policy as a way to leave money to a grandchild.

4. Protecting Against Estate Taxes

The higher your net worth, the higher your tax liability becomes. Seniors with a good life insurance policy can leave the next generation money without worrying about any inheritance tax.





Tips on Getting Lower Rates



An important thing to take note of is that buying life insurance as a senior generally costs more. But you could make some lifestyle changes to help ensure your costs are the lowest available to you.

- **Work on your health.** Exercise more, quit smoking, and consume less alcohol.
- **Don't put off getting a policy any longer.** Age is often the most important factor in cost.
- **Consider if you want to stop any risky hobbies** such as motorcycle riding, recreational boating, mountain biking, etc.
- **Retire from a hazardous job** like mining, deep-sea fishing, or roofing.



How Can I Use Accelerated Benefits?

If you become terminally or chronically ill, it may be possible to have your life insurance benefits paid directly to you during the course of your illness to help offset the costs. These payments are called accelerated benefits or living benefits. Some policies include this provision to begin with, while other policies allow you to attach it as a rider.

Knowing that you have a little cushion in the case of unfortunate circumstances may help you sleep better at night.

What Can Trigger Accelerated Benefits?

- Terminal illness
- Acute illness, like heart disease, that will become terminal or life-threatening without treatment
- Illness or injury requiring extraordinary treatment, like an organ transplant
- Long-term, in-home care because you cannot perform daily functions such as eating and bathing
- Permanent confinement to a nursing home

Paying for Accelerated Benefits

You may be able to pay for accelerated benefits in one of several ways, depending on your policy's terms. The cost may already be included in your insurance premium. It also may be added to your premiums for a small fee, often a percentage of the base premium. In some cases, you may only be charged for accelerated death benefits if you choose to use them.



Receiving Accelerated Benefits

When you cash in on your accelerated benefits, it's important to remember that you're reducing the amount paid to your beneficiaries after your death. If you use most of your benefits during the course of your illness, your beneficiaries will be left with very little upon your death.

How Much Money Can I Receive?

Accelerated benefits usually range from 25 to 95 percent of the death benefit, depending on your policy and the state you live in. If you have loans against a policy, it will reduce the amount that can be accelerated.

Consult Professionals

In most cases, you don't have to pay federal income taxes on accelerated benefits. However, in the case of chronic illness, you may have to continue to prove your condition to the IRS to avoid being taxed. So before you choose to accelerate your benefits, talk to a tax advisor.

Many variables factor into your decision, and you'll need to understand all of them before you pick the best course of action. That's why you should also check your policy and speak with a licensed health insurance agent like those at HealthMarkets.





What Is Long-Term Care Insurance?

Although older Americans are living longer, it doesn't necessarily mean they're healthier. About **70 percent of Americans will need long-term care at some point in their lives**, whether it's receiving care at a nursing home, at home, or at an assisted living facility. So including long-term care (LTC) insurance in your retirement planning can help keep your assets separate from your health costs.

LTC insurance helps when you're no longer able to perform basic everyday tasks on your own—like stepping out of bed or getting dressed—or if you have a chronic illness or disease, such as Alzheimer's.

Are Your Savings Enough?

LTC insurance is a supplemental plan separate from your health insurance, since Medicare, Medicare supplement (Medigap), traditional health insurance, and disability insurance plans usually don't include long-term care coverage.

On Average It Costs:



\$19 an Hour
Home Health Aide



\$84,000 a Year
Full-Time Nursing Home



Couples Should Save
\$400,000
for Healthcare Costs Post-Retirement

Hybrid LTC Policies

Hybrid policies give you the option of combining LTC insurance as a secondary benefit with life insurance as the primary. This way, if you live longer and don't need life insurance anymore, you can use the hybrid policy toward long-term care needs. It works the other way around, too. If you never need long-term care, you'll instead have a death benefit for your beneficiaries.

Buy Now

Premium cost will vary based on the plan and how much coverage you want. LTC insurance rates are lower for people who buy a policy in their 50s (as low as \$80 a month). People age 60 and older will have a considerably higher premium.

Purchase While You're Healthy

It's important to remember that you won't be eligible for LTC insurance if you're already diagnosed with an illness or disability, depending on the underwriting guidelines of the insurer. To avoid being declined, applying for an LTC insurance plan before a diagnosis will ensure receiving coverage.





When Life Insurance Is Not a Good Choice

While most life insurance policies are offered to seniors up to age 80, there may be a point when making a purchase isn't possible or doesn't make financial sense.

Life insurance premiums are often based on factors such as the age and health of the applicant. If your age is advanced or a health condition causes high premiums, it may not make sense to make the purchase.

When Time Is a Factor

Even if you qualify for life insurance despite a health condition, your full death benefit may not be available for the first two years of the policy. If you think you have a life-threatening condition that could result in premature death, consider whether or not you may survive long enough for your loved ones to receive the full benefit.

Am I Required to Get a Medical Exam?

Most life insurance policies require some level of medical underwriting. This means you could be obligated to either see a doctor (fully underwritten) or answer a health questionnaire (simplified issue) that an agent can help you submit.

If you want to avoid a medical exam, look for policies that are simplified issue. There are certain types of term and permanent life insurance policies that don't require a full medical examination.



Are There Other Options if I Don't Qualify for a Policy?

When you have issues that may prevent you from qualifying for a policy, the answer may be to look at final expense insurance or some other guaranteed issue option where age and health is less of a factor.



The longer you wait to purchase a life insurance policy, the more it will cost you.

Don't wait. Talk to one of HealthMarkets' knowledgeable, licensed insurance agents today about a life insurance plan that fits your needs.

About HealthMarkets

HealthMarkets Insurance Agency can help you understand the many insurance options available, so you can make the best choice. Let us help you get the right life insurance coverage for you and your family. Best of all, our service is free!

HealthMarkets is one of the largest insurance agencies in America, with more than 3,000 licensed agents and nearly 250 offices located across the country. We also offer unmatched levels of service to our customers. We're proud of our 95 percent customer satisfaction rating and an A+ rating from the Better Business Bureau (BBB), the highest rating assigned by the not-for-profit agency that works to advance marketplace trust.

HealthMarkets Insurance Agency

Health | Medicare | Small Group | Life | Supplemental

Call us now at **(800) 827-9990** or visit [HealthMarkets.com](https://www.healthmarkets.com) to find a licensed agent near you.

Sources

1. <https://www.healthmarkets.com/resources/life-insurance/life-insurance-for-seniors/>
2. <https://www.healthmarkets.com/resources/life-insurance/do-i-need-life-insurance/>
3. <https://www.healthmarkets.com/resources/life-insurance/find-affordable-life-insurance-senior-citizens/>
4. <https://www.healthmarkets.com/resources/life-insurance/all-about-accelerated-benefits/>
5. <https://www.healthmarkets.com/resources/life-insurance/retirement-planning/>
6. <http://www.americanactionforum.org/weekly-checkup/americans-underestimate-future-need-of-home-health-care/>
7. <https://www.healthmarkets.com/resources/life-insurance/protect-assets-with-long-term-care-insurance/>
8. <http://www.snopes.com/643000-bankruptcies-in-the-u-s-every-year-due-to-medical-bills/>
9. <https://www.healthmarkets.com/resources/life-insurance/look-universal-life-insurance-pros-cons/>

HealthMarkets Insurance Agency, Inc. is licensed as an insurance agency in all 50 states and DC. Not all agents are licensed to sell all products. Service and product availability varies by state. Agent cannot provide tax or legal advice. Contact your tax or legal professional to discuss details regarding your individual business circumstances. HMIAMKT0037



Your Guide to Life Insurance for Seniors

HealthMarkets Insurance Agency

Health | Medicare | Small Group | Life | Supplemental

Call us now at
(800) 827-9990

or visit

HealthMarkets.com

to find a licensed agent near you.