



# Your Guide to Life Insurance When You're 50 or Older



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You've reached the age where you're too old for late-night partying, but too young to think of yourself as a "senior." While you may be at the peak of your career, this is the time when many begin to plan for their retirement. Did you know that now is also a good time to start thinking about your changing life insurance needs?

## Don't Put Off Planning for Tomorrow

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. It's not too late to take advantage of the 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.

By locking in rates now before you get to retirement age, you can purchase a comprehensive life insurance plan that may not be available if you wait. If an accident or illness hits before you purchase a policy, what was an affordable plan can become financially out of reach.

This guide was created to show you that there's still time to purchase an affordable policy that can help you accumulate wealth and protect your family when they need it. But you need to act soon. Now is a great time to get a quote on a life insurance policy that could save your family more than money.



# I Have Insurance Through My Employer. Why Buy Now?

Your workplace may offer a term life benefit, which is a nice perk while you're with that company. But remember this: When you're covered through an employer, you're covered only for a temporary time—the time you're at that job. As far as the money or benefits your loved ones would see? It's usually only one times your annual salary, so it's not exactly long-term peace of mind for you or your family. The amount may not be enough to replace your income if you have a spouse, children, or debts.



Once you no longer have your job, that small benefit amount won't be available anymore. That's why you need to plan now for a more portable, robust life insurance plan that will better protect your family if something should happen to you now or after you reach 65.

## Lock in the Best Rates

If you wait until after you retire to purchase a policy, you'll end up paying significantly higher premiums. Your age is the most important factor in determining rates—the older you are when you buy a policy, the higher your rates. Your health can also affect pricing, so it's always better on your budget to purchase while you're still healthy.

In addition, when you purchase a policy now, you'll be able to get a plan that can accumulate wealth, which may not be possible if you wait until after you're 65.

## The Future Is Now

You may have thought life insurance was one of those life choices you'd do later. The fact is, "later" is now. So it's time to stop putting it off and consider your current life insurance options.



# Do I Need Life Insurance at My Age?

You may believe that once you get older your obligations decrease, and your need for life insurance diminishes. But the truth is, people 50 and over 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 about age 65. 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.

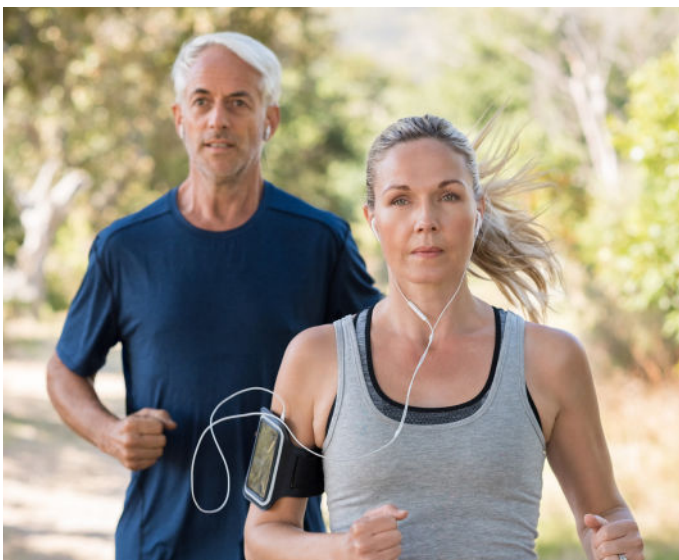
## Medical Debt

It's reported that 62 percent of all personal bankruptcies in the U.S. are a result of medical debt—and people 50 and over 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.

## Supporting Aging Parents

Nearly 10 million adult children over the age of 50 care for aging parents, and many elderly parents depend on their adult children's income for some, or all, of their support. Having adequate life insurance coverage ensures that, should you die, your parents will continue to be cared for and supported.



## 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 children and/or grandchildren.

## Mortgage Debt

If you're carrying a mortgage or other large debt, a life insurance policy is a way to avoid burdening your family with these expenses. If your paycheck or other form of income is lost when you pass away, a life insurance policy could be critical so that your spouse or another family member can 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 Those Over 50

In general, there are 3 types of life insurance policies available to people 50 and older: whole life, universal life, and term life.

## 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.

## Term Life Insurance

Term life insurance is bought to cover a certain amount of time, usually ranging from 5 to 30 years. Premiums are typically lower than whole life, but your policy term 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 dies during the term, while others decrease. Term life policies can also be convertible, allowing the insurer to change from a term life policy to a whole life policy.





# 4 Ways to Use Life Insurance When You're Over 50

Choosing the best life insurance 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 people 50 and over seek life insurance protection and how various policy types can help.

## 1. Protecting a Spouse or 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, allowing them to better manage their finances.

## 2. 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.

## 3. Protecting Against Estate Taxes

The higher your net worth, the higher your tax liability becomes. A good life insurance policy helps you leave the next generation money without worrying about inheritance tax.

## 4. Covering Burial Expenses

A life insurance policy can cover the cost of laying someone to rest. Depending on the policy, it may also cover any additional expenses, including unresolved debt, outstanding medical bills, or fees associated with settling an estate.







## Tips on Getting Lower Rates



An important thing to take note of is that buying life insurance after 50 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** by exercising more, quitting smoking, and consuming less alcohol.
- **Don't put off getting a policy any longer.** Age is often the most important factor in cost.
- **Consider stopping any risky hobbies** such as mountain biking, scuba diving, or rock climbing.
- **Retire from a hazardous job** like mining, deep-sea fishing, or roofing.



# Converting Your Existing Term Life Plan

If you bought a term life insurance policy while in your 20s or 30s, there's a good chance it's due to expire soon. If it's still active, this is a great time to take advantage of your conversion option.

A term life conversion option gives you the ability to convert your term policy into permanent whole life coverage without having to undergo a medical exam, even if your health has declined.

The timeline of when you can convert your term policy depends on the insurance company and policy. With some policies, you are able to convert at any time—as long as your term policy is in force. However, other policies will only allow you to use the option up to a specific date. Sometimes that date is long before the policy expires.

## Reasons to use your conversion option:

- You can build cash value.
- It's a lower-cost way to purchase a permanent policy.
- Your current health is not a factor.
- It can be used to fund a trust for a child.
- It helps heirs with finances after you're gone.





# 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; 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, such as heart disease, that will become terminal or life-threatening without treatment
- Illness or injury, such as an organ transplant, that requires extraordinary treatment
- 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 premium 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.



## Isn't It Too Soon to Think About Long-Term Care Insurance?

Currently, you're in good health, and you may think that your days of needing daily help from a caregiver are far in the future. So why is this the perfect time to address these future needs? Because now's the time to lock in your lowest rates for long-term care (LTC) insurance.

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

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. Including LTC insurance in your financial planning can help keep your assets separate from your health costs.

It's been estimated that couples should save roughly \$400,000 for healthcare costs post retirement.

- A home health aide costs \$19 an hour, on average.
- Full-time care at a nursing home can average up to \$84,000 a year.





## The Earlier You Buy, the Lower the Cost.

Premium costs 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 that you receive coverage.

## Consider a Hybrid LTC Policy.

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.

# About HealthMarkets

HealthMarkets Insurance Agency can help you understand the many insurance options available to men and women over 50, so you can make the best choice. Let us help you get the right life insurance coverage for you and your family.

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

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Call us now at **(800) 827-9990** or visit **HealthMarkets.com** to find a licensed agent near you.

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