



# Your Guide to Life Insurance for LGBT Individuals



health  
markets.

(800) 827-9990  
HealthMarkets.com

# Your Guide to Life Insurance for LGBT Individuals

## Contents

Do You Need Life Insurance?	4
Life Insurance Basics	7
How Much Life Insurance Do I Need?	12
What Kind of Life Insurance Do I Need?	14
4 Innovative Ways to Use Life Insurance	15
Retirement and Long-Term Care Planning	16
About HealthMarkets	18





There are roughly 10.7 million adults in America who identify as LGBT. The U.S. Supreme Court's landmark *Obergefell v. Hodges* decision in 2015 gave the LGBT community the fundamental right to marry, which has simplified financial lives. But research shows there's still work to do to attain true financial security for married and unmarried people in the LGBT community. One way is through the purchase of life insurance policies. Nobody likes to think about mortality, and that's why life insurance can be a tough discussion. But by planning ahead now and creating a safer, more secure future for your family, you can help put your mind at ease.

What would happen if you were no longer here?

More than 40 percent of American households would feel a financial impact within 6 months of the primary wage earner's death. Money from an insurance policy that could help cover expenses such as a mortgage or car loan for the surviving partner would be an excellent reason to consider getting a life insurance policy.

## Waiting Can Cost You

Life insurance is an easy decision to put off. It's something you'll do later. But the longer you wait, the more you risk paying significantly higher rates. If an accident or illness hits before you purchase a policy, what was an affordable plan can become financially out of reach. Lock in your rates to ensure the lowest premiums. Now is a great time to get on a life insurance policy that could save your family more than money.

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.

This guide gives you the basics on the types of plans available, how much you need, and how to determine what kind is best for you. And if you have questions, a HealthMarkets agent is always available—free of charge—to help find the best life insurance fit for you.





# Do I Need Life Insurance?

No one likes to think about mortality, and that's why life insurance can be a tough discussion. But by planning ahead and creating a safer, more secure future, you can help put your mind at ease.

Whether you're a 2-person household or a large multigenerational crowd, your family is the most important part of your life. And keeping those you love safe and protected is important. But maybe you still wonder if life insurance is right for you.

No matter how large or small your family, the right life insurance policy can help you find peace of mind by ensuring their financial future. See below how life insurance can help LGBT families of all kinds.

## You're Partnered but not Married.



Approximately 1.1 million LGBT adults are married to someone of the same sex. But some couples still prefer to be in nonmarried, long-term partnerships.

Partnered couples often mistakenly believe they won't need life insurance. But even in a relationship without marriage, you usually depend on one another for financial support and contribute equally toward household expenses.

Consider this: without your income, would your partner be able to sustain the life you've built as a couple? If you die, life insurance can be used to replace lost income, enabling them to maintain their standard of living.



## You're Married Without Kids.

You're one of the 547,000 married same-sex couples in the U.S. (as of June 2017). But even without little ones running about, you may still need replacement income if one of you dies. Most married LGBT couples rely on 2 incomes, so you may not be able to maintain the same living standard on just one.



## You're Married With Kids.

Having a family with children in the house is usually the time you need life insurance the most, because it can take a larger death benefit to replace the loss of your income after you're gone.

If you were to die before your kids grow up, your family would need a lot of money to cover major expenses such as a mortgage or college education. If both you and your spouse work, it may be hard to get by on a single income. If one of you stays home to take care of the kids, and he or she dies, that's an extra expense to pay for childcare services.



## You're a Single Parent.

Being a single parent isn't easy, especially when it comes to finances. Even if you get child support, it may not be enough to replace your income after you're gone. If you're a single parent debating whether or not you need life insurance, the answer is, "Yes, you do."



## You're 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.



## You're Single Without Children but Have Other Dependents.

Sometimes people have to support others such as a younger sibling, relative, or parent. There are several life insurance options that can help protect your finances in this situation. You can get a policy on yourself and make another adult the beneficiary. Or you can take out a policy on a parent and name yourself as the beneficiary to help pay for debts such as medical bills or a mortgage.



## You're Young and Single Without Dependents.

As a young person who may have graduated college or is trying to build credit, there may have been times when someone, such as a parent, had to cosign on a loan for you. If you were to die, that person would become responsible for those debts. Purchasing a life insurance policy can help cover those debts as well as your final expenses.

In light of these possible life events, the question really isn't, "Do I need life insurance?" It's, "How much life insurance do I need?" No matter how many twists and turns your life takes, HealthMarkets insurance agents are here to help LGBT individuals find the right coverage and best plan for them and their families.



# Life Insurance Basics

You might think that life insurance is complicated. But in simple terms, it's just a contract held between you and an insurance company. In exchange for premium payments, the insurance company promises to provide a cash payment or payments upon your death. These payments can be paid as a lump sum or as installments to a selected beneficiary, such as your spouse, life companion, parent, or adult child.

Life insurance policies are generally chosen based on your needs. There are different policy types to consider. The most common are term life insurance and permanent life insurance.





## Term Life Insurance

Term life insurance is called a pure life insurance policy because its only function is to pay out a benefit upon the policyholder's death. This death benefit helps provide income replacement to cover short-term needs such as paying off a mortgage or paying for a child's college education.

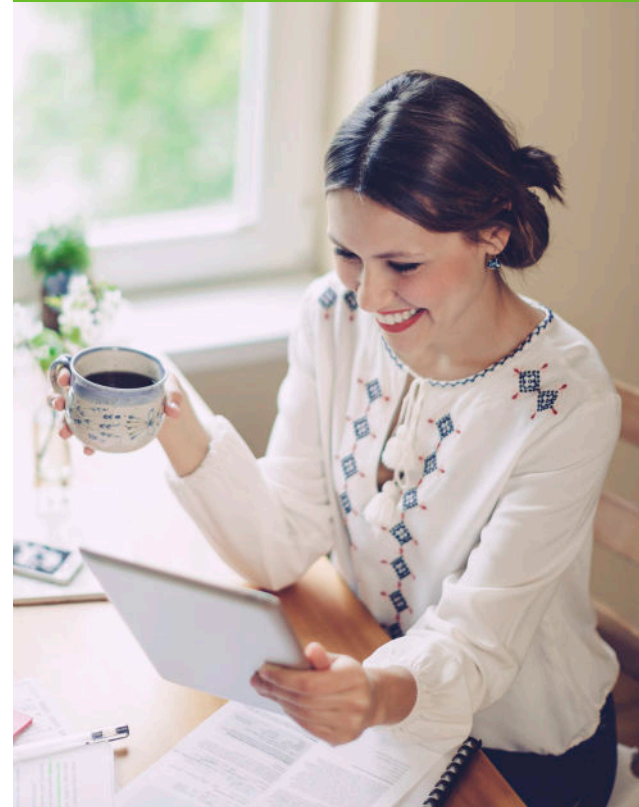
Term policies provide temporary insurance protection for a specific length of time. Most policies are sold starting at a 5-year term and then increase in 5-year increments, typically up to a 30-year term.

### How Term Life Insurance Works

- 1. Choose the policy term.** The term you choose depends on how long your dependents would need income replacement after you're gone.
- 2. Choose the death benefit amount.** The amount you select is based on how much money it would take for your dependents to meet expenses for a certain number of years and what you can afford to pay in premiums.
- 3. Take a medical exam or answer health questions.** A medical exam along with lab work is required for fully underwritten policies—premiums are usually lower if you're in good health. For simplified-issue policies, answering a few health questions on the application is the only requirement.
- 4. Pay the premiums.** Premium rates are based on many factors, but you usually pay much less when you're young and healthy.
- 5. Your beneficiary gets a death benefit when you die.** As long as your policy is active when you die, your beneficiary will receive a death benefit payout.

## Term Life Insurance Overview

- Offers affordable life insurance coverage for when you need it
- Coverage option without medical exam available
- Choose a 5-, 10-, 15-, 25-, or 30-year plan
- Typically suitable for younger people and families to help protect against lost income if the primary wage earner dies
- Plans don't have a cash value investment, which usually makes the cost lower than permanent life insurance.





## Permanent Life Insurance

Permanent insurance provides lifelong protection and the ability to accumulate cash value on a tax-deferred basis. Unlike term insurance, a permanent insurance policy will remain in force for as long as you continue to pay your premiums.

Three of the most common types of permanent life insurance are:

- **Whole life insurance**
- **Universal life insurance**
- **Final expense insurance**

## Whole Life Insurance

Whole life insurance is a form of permanent life insurance that offers the greatest amount of safety and security in exchange for higher premiums. The premium amounts are fixed and will remain unchanged over the life of the policy.

In addition, there's also a financial component of guaranteed cash value and the ability to earn dividends. Dividends are a portion of the insurance company's profits that are paid to policyholders as if you were an investor or stockholder. Because dividends are related to a company's performance, they are not guaranteed.

## How Whole Life Insurance Works

There are several facts you should be aware of before enrolling in a whole life policy.

- **Premium payment period.** You typically pay premiums for the life of the policy or until a maturity age. Some policies let you pay premiums for a shorter time or up to a younger age. Premiums can be paid annually, quarterly, or monthly.
- **Premium rate.** Policies typically have a fixed premium rate. There are many factors, such as your age, that determine initial whole life rates.
- **Cash value build-up.** Because you usually put more money toward premiums in the early years of the policy, the excess you pay in premiums stays in the insurance company's accounts to accumulate interest. This feature enables your policy to build cash value as the interest grows. It can take about 8 to 10 years for the policy to build up cash value that's greater than the amount you've paid in premiums. After that, the cash value continues to grow until it reaches the face amount of the policy.



## Comparing Whole Life Insurance Types

Besides ordinary life, there are 5 other basic types of whole life policies: nonparticipating, participating, limited payment, single premium, and intermediate premium. There are pros and cons for each, and not all insurance companies offer each type of policy.

Let's go over what each type of whole life insurance has to offer.

Whole Life Insurance Types	Advantages	Disadvantages
<b>Ordinary</b>	Level premiums for the life of the policy; the insurance company puts the excess premiums paid in the early years in investment accounts to build the policy's cash value	Higher premiums than term life plans
<b>Nonparticipating</b>	The premium and the face amount (the value of the policy) are level for life; offers a lower out-of-pocket cost	Doesn't pay dividends
<b>Participating</b>	Pays dividends based on the insurance company's excess earnings in investments; can use dividends to buy more coverage, reduce premium payments, or withdraw as cash	Dividends are not guaranteed
<b>Limited Payment</b>	Allows you to pay premiums for a limited time, such as for 10 or 20 years	Premiums are higher since it's spread over a shorter period of time.
<b>Single Premium</b>	Policy is fully paid at the time of purchase; provides immediate cash and loan value; taxed similarly to an annuity	The entire premium is paid at once, which can be a large amount of money.
<b>Intermediate Premium</b>	Policy is issued at a current premium rate that could stay the same; premiums guaranteed not to exceed a maximum rate	Premiums can change based on the insurance company's estimates on expense costs, mortality, and investment earnings.

## Universal Life Insurance

Universal life insurance is a permanent policy that allows you the flexibility to customize the coverage and premiums. You have the ability to take policy loans or make partial surrenders from the account value to help with your personal needs. Loans accrue interest. Unpaid loans, plus interest and withdrawals, will reduce the death benefit and cash value. The policy continues as long as the cash value is sufficient to cover the monthly deductions.

Benefits of universal life insurance:

- Helps provide for loss of income, mortgage costs, and educational needs
- Gives you access to cash value for life's opportunities and challenges
- Is part of your estate, special needs, and business planning
- Can be used to enhance gifting or planning for future generations

## Final Expense Insurance

This type of permanent insurance is an affordable way to provide the financial resources necessary to cover your funeral costs and other final expenses or outstanding debts.

- Dedicated funds for burial and related expenses
- Easy to qualify for
- Low cost
- May accumulate cash value

Life insurance financially protects your loved ones at a time when it's needed most. 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.





# How Much Life Insurance Do I Need?



The amount of life insurance coverage you need depends on factors such as your age, marital status, number of dependents, and living expenses.

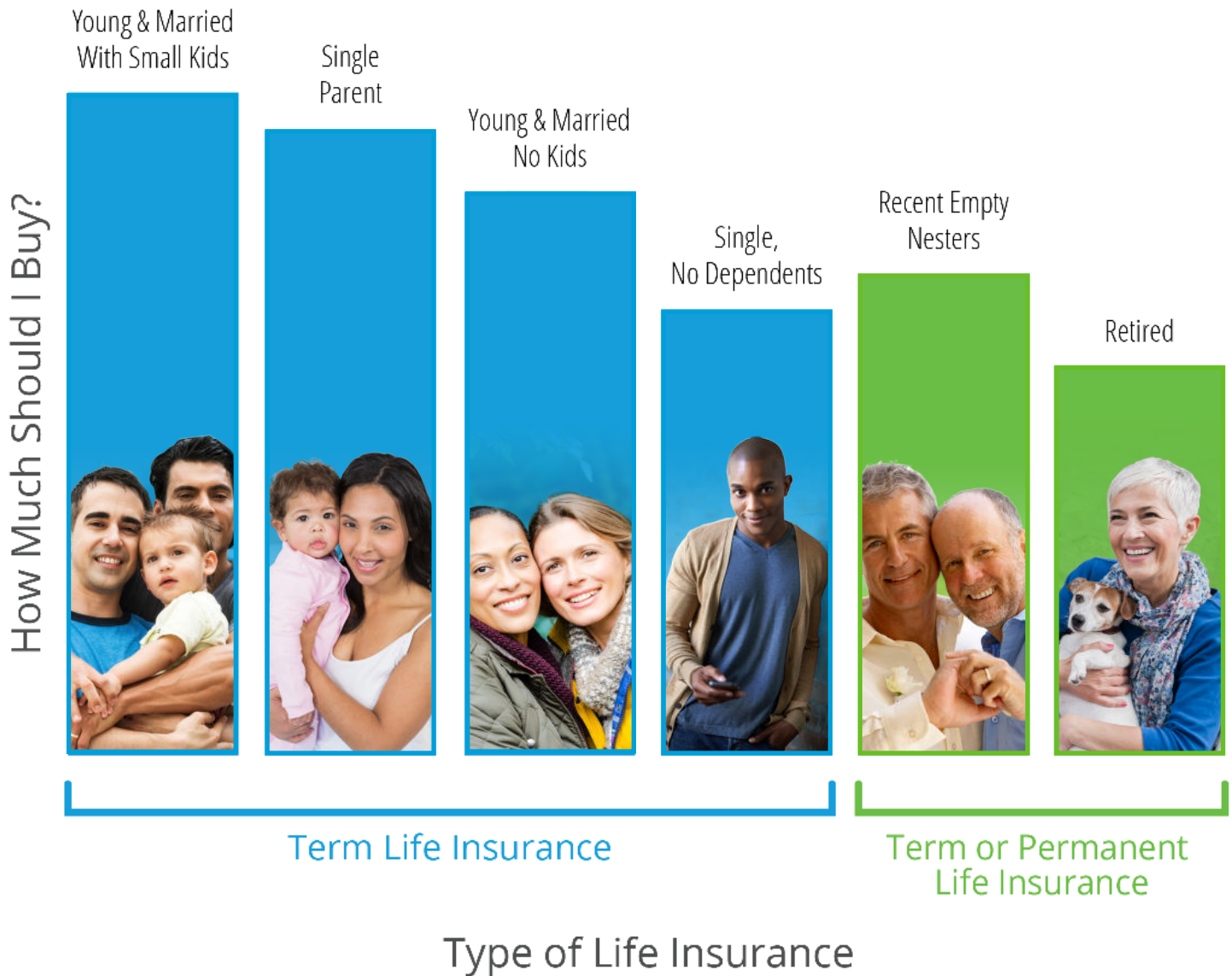
Some financial sources such as *CNN Money* suggest that your death benefit should be 7 to 10 times greater than your annual salary, which is a good estimate for families with grown children. For young family in their 20s, insurance companies usually allow a death benefit that's up to 30 times greater than their annual salary, while a young family in their 30s could get a death benefit up to 20 times above their yearly wages.

Some things you would want to keep in mind when estimating how much life insurance coverage you should get:

- The amount of income or type of lifestyle you want to provide for your spouse, partner, and/or dependents
- How long you expect your children to be at home. Do they have several years of schooling left? Are they about to graduate and move out on their own?
- Amount of debt you have: mortgage, car loans, student loans, etc.
- Other income you receive from things such as rental properties
- Money you have in assets: savings, mutual funds, stocks, or retirement accounts

Once you come to an approximate number of how much money you would need to meet your family's future expenses on a monthly or yearly basis, subtract any money you have in assets and additional income you get from other sources. The resulting number is the gap that you would want to fill with life insurance.

If this number is \$30,000, for instance, then you may need 7 to 10 times that amount in insurance coverage, which would be \$210,000 to \$300,000. If you need up to 30 times your annual wage, that would be \$900,000.





# What Kind of Life Insurance Do I Need?

No one size fits all when it comes to choosing life insurance coverage. It really comes down to your needs and budget.

Take these 10 tips into consideration when you plan on buying a life insurance policy:

1. Know your insurance needs.
2. Determine how much coverage you'll need.
3. Assess your current life insurance policy, if you have one.
4. Compare the different types of insurance policies.
5. Be sure you can afford the premium.
6. Determine whether your current life insurance policy is good, if you have one.
7. Familiarize yourself with renewal policies.
8. Read the fine print on your policy carefully.
9. Reevaluate your life insurance program every few years.
10. Have an insurance representative help you choose the right policy.

To get more information about life insurance, speak to one of our knowledgeable HealthMarkets agents. Our licensed agents are here—free of charge—to help guide you toward the life insurance policy that's right for you.



Don't delay in getting the coverage that could help provide your loved ones with financial security. Contact a HealthMarkets agent near you today.





# 4 Innovative Ways to Use Life Insurance



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 4 reasons financially savvy people 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/Companion/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 any person of your choosing.

## 4. **Protecting Against Estate Taxes**

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



# Retirement & Long-Term Care Planning



Financial situations among the LGBT population have remained stable, but fewer are preparing for their financial future. LGBT respondents surveyed in 2016 are less likely to have started saving or investing for retirement, to have insurance products, and to have a will or estate plan than those surveyed in 2012 or general population respondents.

You may not realize it, but life insurance is a crucial part of saving for retirement. Having a life insurance policy helps protect your loved ones from a financial burden when you die. Here are the many ways in which a policy can be used.

- Pay any debt you may have accumulated over the years.
- Cover costs of a mortgage or second home.
- Estate planning
- Ensure a special-needs child will continue to receive financial support after a parent dies.
- Fund a child or grandchild's education.
- Continue to fund a family business.
- Protect a spouse during their retirement years.
- Cash value can supplement other sources of income.

The road to retirement is a long stretch. People spend decades working hard so that they can rest easy during their golden years. But you might be surprised by how many people underestimate the amount they will need in savings for retirement and how soon to start planning.



## Long-Term Care (LTC) Insurance

There are an estimated 2.4 million gay, lesbian, and bisexual people over 50 currently living in the U.S, and that number is expected to double by 2030.

As LGBT individuals get older, they will increasingly rely on caregivers and move into assisted living communities and nursing homes. Although many will rely on friends and partners, more LGBT individuals are likely to be single without adult children, according to research published by the National Institutes of Health.

Medicare doesn't cover long-term care, so including long-term care insurance in your retirement planning can help keep your assets separate from your health costs.

Long-term care insurance provides coverage for people who are not able to do everyday tasks on their own or who need care for recovery. This includes skilled, intermediate, and custodial care either at home or at a facility, depending on what's necessary.



HealthMarkets can help you find life insurance and long-term care insurance policies so you can go into retirement well prepared. Find a licensed agent near you to find a policy that's unique to your needs at **HealthMarkets.com**.



# 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 the marketplace trust.

## 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.

### Sources

1. <https://williamsinstitute.law.ucla.edu/experts/adam-romero/obergefell-effect/>
2. <http://corporate.prudential.com/media/managed/PrudentialLGBT2016-2017.pdf>
3. <https://www.healthmarkets.com/resources/life-insurance/what-is-term-insurance-and-is-it-right-for-you/>
4. <https://www.healthmarkets.com/resources/life-insurance/need-life-insurance/>
5. <https://www.healthmarkets.com/resources/life-insurance/do-i-need-life-insurance/>
6. <https://www.healthmarkets.com/resources/life-insurance/life-insurance-for-adults/>
7. <https://www.healthmarkets.com/resources/life-insurance/term-life-insurance-definition-101-guide-basics/>
8. <https://www.healthmarkets.com/resources/life-insurance/whole-life-insurance-choose-best-plan-needs/>
9. <https://www.healthmarkets.com/resources/life-insurance/whole-life-vs-term-life-definition/>
10. <https://www.healthmarkets.com/resources/understand-life-insurance-options/>
11. <https://www.healthmarkets.com/resources/life-insurance/life-insurance-for-seniors/>
12. <https://www.healthmarkets.com/resources/life-insurance/retirement-planning/>
13. <https://williamsinstitute.law.ucla.edu/research/lgbt-older-adults-highlighting-isolation-discrimination/>
14. <http://www.pbs.org/newshour/rundown/lgbtq-seniors-face-discrimination-long-term-care/>
15. <http://www.lifehealth.com/understanding-and-planning-for-your-lgbt-clients/>
16. <https://williamsinstitute.law.ucla.edu/research/economic-impact-reports/estimating-the-economic-impact-of-marriage-for-same-sex-couples-after-obergefell/>
17. <http://www.thinkadvisor.com/2014/01/10/lgbt-the-emerging-market-closest-to-home?migration=1>

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. HMIAMKT0044



# Your Guide to Life Insurance for LGBT Individuals

## 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.