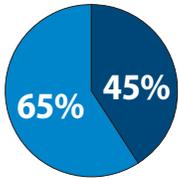


LIFE INSURANCE



A conversation worth having

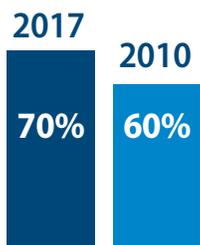


Only **45%** of Americans carry life insurance through their employer's voluntary group life insurance programs¹

September is Life Insurance Awareness Month (LIAM), which serves as an annual reminder about a topic many people don't like to think about – even though the effects of not having the right protection could be devastating to the family members left behind. While many people may think “... but I just updated my life insurance coverage **last** year, so why should I care about Life Insurance Awareness Month **this** year?” The reality is that life moves fast and that means today's needs may be very different than they were even just one year ago. With only 45% of Americans carrying life insurance through their employer's voluntary group life insurance programs,¹ there's a huge opportunity to educate them on the importance of, and value in, having the right coverage in place – no matter where they may be in life.

The game of life

The amount of life insurance coverage an individual needs can change drastically over time. Young people without any dependents may only need enough coverage to pay for burial expenses, whereas similarly aged people with dependents may need significantly more to pay for the cost of raising children, college tuition, a mortgage – and more. It can be overwhelming to determine how much, or even what type of, insurance is needed. But it's critical to include the right type – and amount – of life insurance when building a sound financial plan.



70% of millennials own some life insurance

Millennials – 20s and 30s

People in their 20s may not even realize the importance of life insurance – especially if they're still single and don't have dependents. But providing for a spouse or children isn't the only reason they should consider life insurance protection.

Even though 70% of millennials own some life insurance (individual, group or both), 10% higher than in 2010² – there are still many who don't think they need insurance due to misconceptions about cost or need.²

In fact, millennials overestimate the cost of life insurance by **213%**.³ Take, for example, a healthy 30-year-old woman who purchases a \$500,000 term life policy for 20 years – will present an estimated yearly premium between \$216.00 and \$336.00⁴ versus what millennials might estimate as \$460.00–\$715.00.

| | | | | |
|--|-----------------------------|------------|--------------------------------|------------------------------------|
| \$216 + \$336⁴ | estimated yearly premium | vs. | \$460 + \$715 | what millennials might estimate |
|--|-----------------------------|------------|--------------------------------|------------------------------------|

Research also suggests that millennials prioritize paying for expenses such as internet, cable and cellphones over purchasing some or more life insurance.³ Employers can help combat common misconceptions related to cost and need by educating their millennial workforce.

70% of students today graduate college with student loan debt⁵

- **Got student loans?** 70% of students today graduate college with student loan debt.⁵ The average class of 2016 graduate has \$37,172 in student loan debt.⁶ While college may be a distant memory for some, if a parent or other family member cosigned loans to pay for school, they will be left on the hook to pay for them.

The average cost of a funeral is \$7,181⁵

- **Burial expenses.** Funerals cost money – a lot, in some cases. The average cost of a funeral is \$7,181.⁷ By having life insurance, the burden of paying for funeral expenses doesn't have to be borne by grieving family members.
- **Lower premiums.** Life insurance premiums are typically lower when purchased at a young age.



One in three U.S. households would have immediate trouble paying living expenses if something unexpected happened to their primary wage earner²

By the time people reach their 30s, most probably understand the risks of not protecting themselves, but they might not have done anything about it yet and likely have a family and assets that need to be protected. Despite the fact that income replacement is one of the primary reasons people own life insurance, one in three U.S. households do not own any and would have immediate trouble paying living expenses if something unexpected happened to their primary wage earner.²



Midlife - 40s

By the time most people hit their 40s, it's likely they have significant assets to protect. This is why financial experts agree that even if there is already a policy in place, people in their 40s should sit down and review their insurance needs every year.

- **Lock in rates.** As we age, the cost of insurance increases, especially when there are health conditions to consider. The earlier one purchases an insurance policy, the lower the rate can be. For example, the cost for a 20-year term policy of \$250,000 averages \$330.33 for a healthy nonsmoking 25-year-old.⁸ For a healthy, nonsmoking 45-year-old, the same policy costs an average of \$619.42.⁸ That's an 87.5% increase!



Baby boomers – 50s, 60s – and beyond

According to LIMRA President, Bob Kerzner, baby boomers are “looking for insurance solutions that balance their current needs with the future needs of their heirs.” Kerzner refers to this as a change from “protect my family in case I die early” in the 1960s to “protect me financially in case I die late” today.⁹

Things that this generation may think about when it comes to life insurance include:



The average annual cost for a private room in a licensed nursing home is **\$77,745**



Adult day programs average **\$7,750¹⁰** to **\$32,500** per year



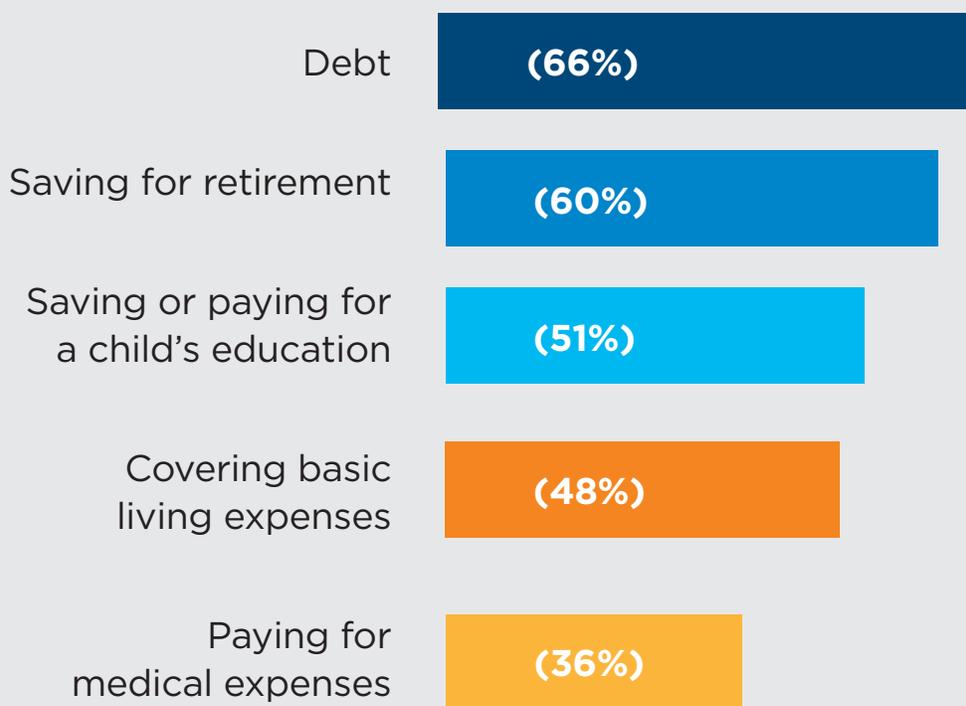
Hourly caretaker costs average **\$19** an hour¹⁰

- **Final expense coverage.** This type of policy is often guaranteed issue and can help families honor a loved one's life without being burdened by the expense of a funeral.
- **Support for dependents.** The kids may have moved out and started their own lives, but if there are adult children or aging parents who rely on care, they should be considered when it comes to ensuring the right level of coverage is in place. The average annual cost for a private room in a licensed nursing home is \$77,745. Adult day programs average \$7,750 to \$32,500 per year and hourly caretaker costs average \$19 an hour.¹⁰
- **Outstanding expenses.** A life insurance policy can be used to help cover outstanding medical bills, mortgage payments, credit card balances, loss of income and additional debt.
- **Leaving a legacy.** Life insurance is also a way to be remembered. Whether it's a gift to beneficiaries such as a church, nonprofit or other group, or a legacy left to dependents, life insurance can serve as a way to honor the memory of an individual.
- **Satisfaction.** Knowing that financial help will be available when family needs it most.

Life moves fast. So what can employers do to help?

It's important for employees to review their life insurance needs regularly to help ensure a sound financial plan and future. Marriage, divorce, birth/adoption of a child, reduction or increase in income, children entering or finishing college, and large purchases like a new home can all impact the level of coverage needed. Employers can help their employees evaluate their life insurance needs as well as their overall financial wellness by offering workplace education programs that offer consultation services, classes, workshops and online resources. By focusing on benefit and financial literacy programs, employers may be able to help alleviate the personal financial stressors that plague the health and productivity of today's U.S. workforce by highlighting how a life insurance policy can provide added financial protection for loved ones.

Today's U.S. workforce is impacted by personal financial stressors including:¹¹



Flexible and personalized plans to meet your needs.

At Cigna, we think a life insurance plan should do more than promise value in the future. It should give employees value at every stage of life's journey – starting on day one. Life insurance needs vary by individual circumstances. That's why Cigna offers flexible, personalized plans that meet the needs of different life stages.

Cigna has developed a toolkit to help educate employees' on the importance of life insurance, including interactive tools to help them understand whether they have the right level of coverage in place based on where they are in life.

For more information, [visit Cigna.com/liam](https://www.cigna.com/liam).



Sources

1. One America, "Survey: Less than Half of Employed Americans Have Workplace Group Life Insurance." August 2017.
2. Life Insurance and Market Research Association, "Facts about Life 2016." September 2016.
3. Cision, "2015 Insurance Barometer Study Finds Americans Continue to Overestimate Cost of Life Insurance." April 2015.
4. CNBC, "Why a millennial should have life insurance." August 2016.
5. MarketWatch, "Watch America's student-loan debt grow \$2,726 every second." January 2016.
6. Forbes, "Student Loan Debt in 2017: A \$1.3 Trillion Crisis." February 2017.
7. National Funeral Directors Association, "Median Cost of a Funeral with Viewing and Burial." 2014.
8. Value Penguin, "Average Cost of Life Insurance (2017)." Accessed September 2017.
9. BenefitsPro, "Demographic trends reveal life insurance challenges, opportunities." September 2016.
10. Care.com, "Special Needs Care for Adult Children: Cost of Care." Accessed September 2017.
11. Society for Human Resource Management, "Employees' Financial Issues Affect Their Job Performance." April 2016.

Offered by Life Insurance Company of North America or Cigna Life Insurance Company of New York (New York, NY).



Product availability may vary by location and plan type and is subject to change. All group insurance policies and benefit plans may contain exclusions, limitations, reduction of benefits, and terms under which the policies may be continued in force or discontinued. For costs and complete details of coverage, see your plan documents.

All Cigna products and services are provided exclusively by or through operating subsidiaries of Cigna Corporation. Term life plans or insurance policies are insured or administered by Life Insurance Company of North America, except in NY, where insured plans are offered by Cigna Life Insurance Company of New York (New York, NY). Term Life - TL-004700 et al. The Cigna name, logo, and other Cigna marks are owned by Cigna Intellectual Property, Inc.