

Life insurance

How much is enough?

Financial security planning

LIMRA International recently published the results of their 1998 Survivor Study, which asked 401 widows and widowers for their opinions about a variety of issues pertaining to their life insurance claim, including whether or not their insured partner had adequate life insurance coverage.

The results clearly show that widows and widowers whose spouses bought life insurance after completing a financial needs analysis were more satisfied with the death benefit they received. Survivors whose partners had not undergone a needs analysis were far more divided in their opinions over whether the insurance coverage was adequate. And as the coverage level rises as a multiple of annual household income, the proportion of survivors who felt their partner had adequate coverage increases overwhelmingly.

The study determined from the survivors whether their insured partners had undergone a needs analysis prior to purchasing their life insurance. For the purposes of the study, needs analysis is defined as the analysis of life insurance coverage, future government benefits and other financial assets which can result in recommendations about appropriate levels of life insurance coverage.

The results below compare survivors whose partners had a needs analysis to those whose partners did not, and within the two groups, the percentages of survivors who felt their partners had been adequately or inadequately insured.

When insured partner had a needs analysis – percentage of survivors who thought coverage was:

When insured partner did not have a needs analysis – percentage of survivors who thought coverage was:

adequate	inadequate	adequate	inadequate
67%	33%	47%	53%

*Data from Canadian Marketplace, December 1998
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Completing a financial needs analysis with a qualified financial security advisor means your beneficiaries are more likely to have adequate resources after you are gone. You would probably agree that because of the importance of this issue, it shouldn't be left to guesswork or rules of thumb.

Freedom 55 Financial security advisors have excellent needs analysis tools to help you determine how much life insurance coverage is enough. We can't bring back the partners of the 401 widows and widowers who participated in LIMRA's study. However, these survivors' experiences can help you ensure your family has as little to worry about as possible during a difficult time.

LIMRA International Inc. was founded in 1916 to support and enhance the marketing functions of life insurance companies through original research, as well as products and services based on that research. Today, over 80 years later, LIMRA is the premier marketing research organization in the financial services industry with more than 700 members from life/health insurance and financial services companies in nearly 60 countries.

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