

I'm 25 Years Old. Why Should I Care About Life Insurance?

By Jessica Brown

Many 20-somethings find themselves thinking that retirement is a long way off. So far off that they think that they should have to think about it now. Some of them even believe that they are invincible. They graduate from college, get a good paying job, and with no family to take care of, they tend to think that the only person they have to worry about is themselves. This is where they do not use good judgment. The fact of the matter is whether you have a spouse and/or children there is ALWAYS someone to worry about. What happens if you get into an accident tomorrow and die? Who is going to repay the \$50,000 you borrowed to get your education? Who is going to pay for that \$40,000 car you bought when you got that good job? What about all of the credit cards you ran up in college? Your parents or someone from your family is always left to take care of those things. Do your family a favor and get a life insurance policy now while the rates are excellent for you.



Why Do I Need Insurance?

Despite what you believe, life is not promised to us. We make plans for tomorrow, next month, and years from now, but we can only hope that we will live to see those plans go through. A major problem with most Americans is that we are constantly planning for the next big thing, but we fail to prepare first. We live in what I like to call the “microwave age,” or the “fast food age.” We want everything quick, fast, and in a hurry. Sometimes even fast is too slow because we want everything NOW. We’re constantly on the go, and we do not slow down enough to think about the consequences of what we are doing. So, the main reason why you should get life insurance is so you can be prepared for the unexpected.

You also need life insurance to protect your loved ones. Life insurance is actually not for you but for them. Think about it this way. The term “life insurance” is a misnomer because you are not actually insuring your life. You cannot “insure” your family that you are going to live until you can afford to leave them something behind. I think it should be called “Family Protection.” The life insurance policy that you get at your job will not be enough to cover all of your “final expenses.” Average funerals costs around \$10,000, and guess what? The policy mostly likely is for roughly \$10,000. There is more to losing a loved one than just the funeral and burial. Unless you have lived a privileged lifestyle, you will have debt when you die. Your family will already be hurting because you are gone, so you do not want to add more burdens on them by leaving your debts.

Why Do I Need It Now?

Now is the best time for you to buy a life insurance policy! You are young, and most likely you are healthy, so the rates are extremely low. I bought my life insurance policy when I was 22. I was (and still am) a non-smoker and non-drinker. I do not live a reckless lifestyle. The only health problem I have is asthma. According to clinical stats, I'm overweight, but I am tall so it balances out. I have the typical African American family medical history: high blood pressure and high cholesterol. Even with all of these factors, I am paying less than \$15 a month! You cannot afford NOT to buy life insurance right now.

Despite how hard you partied at your 21st birthday, what your parents say, or anyone else, life starts at age 25. I know they tell you that you are a full fledged, legal adult at 21, but that is not entirely true. Think about it: all you “get” when you are 21 is the right to drink, gamble, and go to the 21+ venues. REAL life starts at age 25. This is the age where—unless you're a student still—your parents can no longer claim you as a dependent. If you are still a student, then now you will now get kicked off of their insurance because you are “too old.” Society has this notion that you are “more responsible” now, so they lower your auto insurance and let you rent a car. The point is, again, life starts at 25, so the best time to buy your life insurance is before or by the age of 25. While everything else goes down at age 25, life insurance rates go up at 25. Don't worry. The rates are still cheap at 25, but I doubt you'll be able to pay less than \$15.

What kind should I get?

Now, I do not wish to stir up the term life vs. whole life debate. I think that debate will never end. I am going to tell you what I prefer and why, but I would strongly suggest that you consult with a professional from both sides of the fence before making your final decision.

I have a term life policy. Currently it is for a 15 year term, but I am going to increase the term. As I said before, I was 22 when I got it. I understood why I needed it, but at the time I had to be concerned with how much it was going to cost me per month. I want to present a scenario to you that will make a lot more sense than the usual way that most people explain it. Between the ages of 30 and 60 you typically have a family. At the beginning to middle of that spectrum you have children in the home, a mortgage, lots of bills, and a car payment or two. Basically you have a lot of money flowing out of the home and not much staying in. Towards the end of that spectrum the kids are growing up, the house is or is near being paid off, and there are fewer bills. Let's say you retire at 65. If you have been contributing to your 401k and saving for retirement on a regular basis since you were 25, then you probably have a nice sum to live on for the next 10 to 30 years. So, you're 65 now. If you died right now, then your family would not have much to take care of. The house is paid off, the cars are paid off, there are no children in the home, and besides utilities you probably don't have any bills. So, since your family does not need protection from your sudden death anymore, then why would you need a policy that you pay for your “whole” life? It would be a waste of money to pay for a life insurance policy after 60 years old IF you have prepared properly earlier in life.

I hope that now you understand why it is very important that you start thinking about life insurance right now. It's one of the best things that you can do for your family. Protect them from the unknown and the unexpected. They will greatly appreciate it.