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MANAGING IN TOUGH TIMES INITIATIVE

# FAMILY FINANCIAL MANAGEMENT

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THIS MONTH'S TOPIC:

## Insurance...What Kind Do You Need?

The concept of insurance is to help protect against the unknown. Many consumers carry home, life, disability, and health insurance to protect themselves against disaster, sickness, disability, and death. Insurance is a means of providing financial security when the unexpected happens; however, insurance policies can often be confusing and expensive. A recent analysis of car insurance quotes conducted by a popular insurance website estimates an individual will spend nearly \$85,000 on car insurance premiums alone during his or her lifetime.

As a consumer, you have many things to consider when making the decision to purchase any type of insurance. The first step is to evaluate your needs for each type of insurance separately. Today's market provides a variety of insurance types to an individual. It is possible to become insurance poor, or in other words, to spend all of your extra money on premiums.

Different types of insurance are applicable at different stages in your life. For example, if you are in your thirties with two small children and a home mortgage, term-life insurance is important, but if you are in your sixties with grown children and a house that's paid for, you are more likely to be in the market for long-term care insurance, not term life.



## ***Insurance is to help protect against the unknown***

Use the following questionnaire to help you determine your insurance needs. Although the following list addresses several types of coverage, it is not all-inclusive.

### ***Health Insurance***

1. Do you have health insurance provided by your employer?
2. Does your spouse have health insurance available through an employer and are you also eligible?
3. Are you eligible for Medicare?
4. Are you eligible for Medicaid?

### ***Long-Term Care Insurance***

1. Do you have the financial means to pay for long-term care?
2. Do you have a family history of relatives who needed long-term care?
3. Do you have the ability to pay long-term care insurance premiums? Premiums have the potential to increase 25 to 50 percent over the life of the policy.

### ***Life Insurance***

1. Does your family depend on your income?
2. Do you have a home mortgage or other substantial debt that your family would be responsible for in the event of your death?
3. Do you have enough savings to cover to your funeral expenses?
4. Would you need to pay someone to perform domestic duties in the event of a spouse's death?
5. Could you meet your financial goals including college expenses and retirement without additional financial help?

### ***Disability Insurance***

1. Could you or your family comfortably live without your income?
2. Do you rely on your paycheck to pay your monthly expenses?
3. Are you self-employed?
4. Does your employer offer group disability? If so, what percent of your salary does it pay?
5. Could you meet your financial goals including college expenses and retirement without additional financial help?

### ***Home Insurance***

1. Do you own your home?
2. Do you have a mortgage on your home?
3. In the case of the loss of your home, could you afford to replace the dwelling and its contents?
4. Does your current homeowners policy insure your house and contents for a specific dollar amount or replacement cost?

Thoughtfully answering these questions and discussing your responses with your spouse, family member, or close friend will help you determine if you have adequate insurance coverage.

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## **FAMILY FINANCIAL MANAGEMENT**

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