

The Purpose of Life Insurance

Contributed by admin
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You should remember the purpose of life insurance which is only beneficiary to your family if anything happen to you. In fact the purpose of getting a policy may worthless when you just leave an insurance policy behind you however this is not enough for your family secure. That is why you must spend some time deciding how much life insurance you need. If you make a mistake on the side of excess amount of insurance policy then there is nothing wrong. A practical approach would be to take a paper and pencil so sit down and jot down a few essentials for your insurance policy. You should categorize your expenses into three heads like final expenses, debts and income loss.

The final expenses are incorporated with the expenses include funeral, state and federal taxes and property taxes. You must have to think about your insurance that the money will be spent on your funeral. In fact you have to mention in your will. Even you also have to remember about your funeral costs, like any other cost. Give a brief structure how much a funeral is likely to cost and according to this you have to set the cost. If a part of your insurance is to go towards paying your taxes, then you have to think about this before buying a policy. Otherwise your families will suffer to pay your taxes. For larger properties the rate of the tax may bit more but for a moderately priced estate is about 10 per cent as a tax which is quite less than that. You can consult with an attorney for a correct estimate to add this to your policy. After getting the estimated figure for your final expenses, you have to turn over your debts that you have. You have to think how much of your insurance money will have to cover so that your family will not feel as burden to your debts. Make a short note to all of your credit card payments, loans and installments etc which will give you a good idea of how much you will be required insurance money. The most important part is that you have to take proper care of your insurance. Then it will take care of your family in such a way that your income is not missed. You have to calculate the amount that will be required to run the family in case you died tomorrow to arrive at this is a tough decision. You should not left a single option in your calculation such as from recurring household expenses to one-time college fund etc. Then take into account that how long the family would need your support it may be 10, 20 or 30 years also. So those think about your policy that it should hold out for that long also. Now you have reached all your need to do and you can easily fix a figure adding all your requirements. This will give you a fair approximation of the sort of policy cover you need. Then this is time to cover an insurance policy for your family betterment in future. {mosgoogle left}