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A Woman's Guide To Insurance

Life-altering calamities can strike at any time and challenge the best of financial plans. Protecting your assets in the event of tragedy or unexpected events is important.

Here are the five Ws of insurance: who, what, where, when and why.

Why buy insurance?

The death of a spouse, a long period of disability, divorce, high medical bills or other misfortunes can wipe out your savings and derail your retirement plans. Having the right insurance at the right time in your life will protect you and your family.

Who should buy what type and when?

All women should have disability, health and homeowner's insurance. Women with dependents need life insurance and women over 50, with significant assets, should seriously consider buying long-term care insurance.

- **Disability insurance:** Most people underestimate their risk of disability. Workers at the age of 30 have a one in three chance of being disabled for three months or longer, and a woman at age 45 is three times more likely to be disabled than to die prematurely. Every worker should have disability insurance.
- **Life insurance:** Each wage earning spouse should buy enough life insurance in their working years to cover all of the couple's joint debts, like mortgages and student loans, plus 20 percent. The extra 20 percent is a precaution in case there isn't an opportunity for employment or benefits to begin after a partner's death. If you are single and have no dependents, you don't need life insurance; instead, spend the money to buy disability insurance.
- **Health insurance:** If you can afford a comprehensive plan, by all means get it, but if not, consider buying a catastrophic health insurance policy to cover a

medical crisis. Everyone should have health coverage throughout their lives.

- **Homeowner's Insurance:** Lenders will require this insurance if you have a mortgage. Don't let the coverage lapse, or you risk affordable coverage. You still need homeowner's insurance if your home is paid for. For many people, their home is their biggest retirement asset.
- **Long-term care insurance:** These policies can be very valuable as a means of paying for long-term care services, such as home care and nursing home care, without wiping out all of your assets. Coverage often gives you freedom to choose the type of services and setting, such as home care.

Where to get it?

Many people obtain insurance coverage through employers. This is often the most cost-effective way to get covered. If you do not have a job with good benefits right now, make it a goal to have one in the future. Employer-provided benefit plans are very valuable.

If your employer doesn't offer *disability insurance*, ask about the possibility of getting the coverage. Disability policies are relatively inexpensive for employers to establish. Sometimes, an employer plan will have an option for individuals to purchase more coverage and this is usually more affordable than going it alone. If you don't have coverage, research the terms and products carefully and buy from a reputable company. Both the Actuarial Foundation and the Consumer Federation of America offer information on purchasing disability coverage. See their websites at: www.actuarialfoundation.org and www.consumerfed.org.

If you don't have *health insurance*, check with your state Insurance Department for a list of companies that are licensed to sell insurance in your area. A catastrophic plan that covers only large expenses is better than no coverage at all. Buy carefully, after reading the terms of coverage carefully, and only from reputable companies. If you can't afford to buy health insurance, check with your state to see if there is a plan for people with no insurance and limited assets or if you are eligible for Medicaid, or if your children can be covered by the State Children's Health Insurance program.

Often, people will work with a reputable insurance agent to find *homeowner's insurance*, *life insurance* and *long-term care insurance*. Talk to several agents before choosing one, and ask friends and family members for recommendations. Your state Insurance Commissioner will also have resources and a list of companies to contact.

Check out the possibility of reduced rates for umbrella policies - such as policies that cover your home and car both.

The **Women's Institute for a Secure Retirement (WISER)** is dedicated to education and advocacy to improve the long-term financial quality of life for women.

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