

## Mortality and funeral costs

# Think life insurance is reserved for the elderly? Think again.

Purchasing life insurance may not be a financial decision at the top of your mind in your 20's, but the truth is: it's never too early to start planning for the future — especially when that future involves your loved ones.

Buying a policy when you're younger is not only more affordable, but also a preemptive and powerful way to help protect you and your loved ones from life's many *what ifs*. Preparing early for unexpected expenses such as funeral costs, outstanding debts or other costs that may arise in the future, will help make these events less stressful on your family and give you peace of mind.

## Funeral costs in America

Regardless of your age, the unexpected can happen to anyone, at any time. So, getting a head start now on protecting your loved ones against unexpected expenses that may arise down the road is never a bad idea.

A 2021 study conducted by the National Funeral Directors Association reported that the median cost of an adult funeral with viewing and burial is \$7,848, up 6.6% from 2016.<sup>1</sup> Leaving your loved ones to shoulder such a significant expense, especially while they're mourning their loss, would only add more stress to an already painful experience.



Median adult  
funeral costs  
**\$7,848**

## Your debts don't go away when you pass

Do you have student loan debt, monthly vehicle payments and/or credit card debt? Unfortunately, these outstanding balances don't just dissipate after you pass. In most cases, the deceased person's estate would be responsible for paying back any outstanding balances or debts. Simply put, when you die, your assets and debts are passed on to your estate, in other words, they are passed down to your family.

According to 2021 Experian data, the average American holds a debt balance of \$96,371.<sup>2</sup> That's an increase of 3.9 percent from 2020's average balance of \$92,727, largely due to the rising balance of mortgage and auto loans. Would your family be able to cover such a large sum of outstanding debt that they could be left with if you passed unexpectedly?

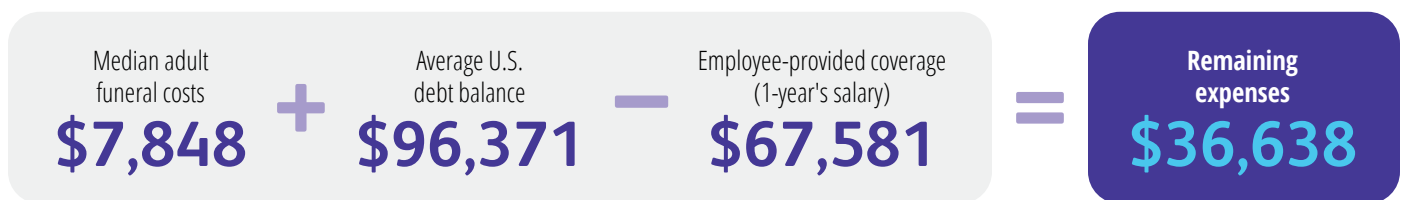


Average U.S.  
debt balance  
**\$96,371**

### ...But I already have life insurance through my employer

Many people might overlook buying a personal life insurance policy because they already have employer-provided coverage. While basic employer-provided life insurance is usually low-cost or free, and you may be able to buy more coverage at lower rates, your policy's coverage may not be enough to meet your needs. Many employers typically only provide employees with about a year's salary.<sup>3</sup> For the sake of this example, let's say your employer-provided coverage would be equal to the median annual household income in the U.S., this being \$67,581.<sup>4</sup>

With all these figures in mind, let's do some quick math to see if this amount would be enough to cover everything in the event of something unexpected happening to you.



### It's never too early to prepare for the unexpected

While this example may be theoretical, leaving such a sizable amount of unpaid debt behind for your loved ones could quickly derail their future plans. But it's never too early to start planning ahead.

Buying a life insurance policy when you're young can help protect your loved ones from unexpected expenses in the future, plus the younger you are when you purchase, the less your insurance premiums will be.

**Help ensure that life's *what ifs* don't derail your loved ones' future plans by contacting your financial professional for an insurance quote today.**

<sup>1</sup>John Egan, Forbes, How Much Does a Funeral Cost?, Oct 1, 2022.

<sup>2</sup>Chris Horymski, Credit Scores Steady as Consumer Debt Balances Rise in 2022, Experian, Feb 24, 2023.

<sup>3</sup>Amy Fontinelle, Is Your Employer-Provided Life Insurance Coverage Enough?, Investopedia, Dec 29, 2022.

<sup>4</sup>Emily A. Shrider, Melissa Kollar, Frances Chen, and Jessica Semega, Income and Poverty in the United States: 2020, US Census Bureau, Sept 14, 2021.

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