

# The Value of Insuring Against Life's Risks

*Building wealth requires protection from the forces of wealth destruction.*

Provided by David Smith, CFP®, CRPC®, AIF®

When you are planning for your future, what do you think about? You may think about your retirement, enjoying having the time and money to take trips and pursue your interests. Maybe you think about your home and enjoying the feeling of stability that can come with home ownership. In making these plans, people often find that their long-term view involves money, in some fashion.

That said, life also involves risk as well as unforeseen events that can change our plans in an instant. As an example, sudden injury or disability could leave you in a financial bind, unable to work for an extended period of time, or ever again. For this reason, among others, insurance is an important tool in allowing you to build and maintain your wealth, as well as protecting it from unanticipated and destructive forces.

Did you know:

- \* Sixty-eight percent of American workers have no long-term disability income protection.<sup>1</sup>
- \* Roughly 70 million Americans aged 18-38 have no life insurance.<sup>2</sup>
- \* About one driver in eight is uninsured?<sup>3</sup>

If you ask a homeowner, replacing a roof is probably the least satisfying expense they will ever face. While the value of such an investment is obvious, it doesn't quite provide the satisfaction of new landscaping. Yet, when a heavy rain comes, ask that same owner if they would have preferred the nice flowers or a sturdy roof.

Insurance is a lot like that roof. It's not a terribly gratifying expenditure, but it may offer protection against the myriad of potential financial storms that can touch down in your life.

The uncertainties of life are wide ranging, and many of them can threaten the financial security of you and your family. We understand most of these risks; for example, a home destroyed by a fire and a car accident are just two common risks that could subject you to outsized financial loss.

Similarly, your resulting inability to earn a living to support yourself and your family due to death or disability can wreak long-term financial havoc on those closest to you. Insurance exists to protect you from these forms of wealth destruction.

Some insurance (e.g., home or car) may be required, but when it isn't mandatory (e.g., life or disability), individuals are tempted to avoid the certain financial "loss" associated with insurance premiums, while simultaneously, assuming the risk of much larger losses, which are less likely to happen.

But insurance premiums aren't a financial "loss" – they are designed to help protect you and your family as you build personal wealth. Keep that in mind as you consider your coverage options and make decisions about your future; you could be making a decision that could affect the rest of your life.

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#### **Citations.**

1 - [ssa.gov/news/press/factsheets/basicfact-alt.pdf](http://ssa.gov/news/press/factsheets/basicfact-alt.pdf) [2018]

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3 - [insurancejournal.com/news/national/2018/03/15/483414.htm](http://insurancejournal.com/news/national/2018/03/15/483414.htm) [3/15/2017]