

LIFE INSURANCE

Frequently Asked Questions

What does life insurance cover?

Your policy can be put toward anything your beneficiaries need. It can help cover some of life's biggest expenses, like a home mortgage, debt, or college tuition. Your policy can also help cover everyday expenses. Ultimately, it's up to your beneficiaries to decide how to use the payout.

How much life insurance do I need?

A common and easy way to come up with a coverage estimate is to multiply your annual income by 10. Another way is to calculate your long-term financial obligations and then subtract your assets. The remainder is the gap that life insurance needs to fill. Click [HERE](#) for a link to an online life insurance calculator!

Does coronavirus impact life insurance?

Life insurance does cover deaths related to COVID-19 and life insurance rates are not impacted by the pandemic. Insurance providers are not treating this any differently than they would any other illness or travel advisory. However, if you have recently tested positive, the company may delay your approval until you have a clean bill of health.

What if I have a policy through my employer?

If you already have some life insurance coverage from your employer it is worth checking how much that policy covers. It might only provide a fraction of the coverage you actually need. Employer-sponsored policies typically offer coverage that is about 1-2 $\times$ your annual salary. Financial experts recommend having coverage that is about 10 $\times$ your salary. This disparity can result in a large gap in protection if you're solely relying on your policy through work — which is why many people buy individual term policies on top of the coverage they receive through work.

How does the insurance company determine my premium?

Premium rates are typically based on factors such as age, gender, height, weight, health status (including whether or not you use tobacco), and if you participate in high-risk activities or occupations.

What happens if I miss a premium payment?

Most policies have a 31-day grace period wherein you can pay the premium with no penalty or interest. If you have a term policy and do not make the payment within this grace period, the insurance company will usually terminate the policy. If you have a permanent policy, you can authorize the insurance company to draw your premium from your policy's cash value. See your current policy details or ask as you're signing up for one, as it can vary plan to plan.

How do I change my beneficiary?

You can contact the carrier directly or talk to your agent. If you have a policy purchased through SDPEBA, you can call us for assistance.

Can I buy more than one policy?

You can, provided there is a financial need for it. You may want to supplement your current policy from work or add another policy because you had an addition to the family. The insurance company is more interested in the total benefit amount you currently hold rather than in how many policies you have.

If you need help calculating your needs, SDPEBA is happy to help!

Email: Info@sdpeba.org **Phone:** 888-315-8027