



NEWS

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Families Think They Can't Afford Life Insurance, Leaving Too Many Underinsured

Most financial advisors don't talk about life insurance with their clients, explains William Pitney of FocusYOU

FOSTER CITY, Calif. (September 25, 2012) – September is Life Insurance Awareness Month. Certified Financial Planner™ professional William D. Pitney, financial coach of FocusYOU, is asking people to think about their life insurance needs and review their existing policies to ensure their families will be okay financially if the breadwinner or caretaker were to die prematurely.

Life insurance is a foundation of financial planning. It is an invaluable tool for providing a financial safety net in case a family experiences a premature death. In fact, life insurance is one of the few guarantees a family can rely on to maintain their quality of life if the breadwinner or caretaker were no longer there to provide for them.

Most people know they need life insurance. However the sad reality is that there are 95 million American adults without any life insurance coverage, according to LIMRA, an insurance industry research group.

“Given the reality that millions of working age adults do not have any life insurance coverage, it would seem apparent that financial advisors all over the country would be helping their clients address their insurance needs,” says Pitney. Research finds, however, that most financial advisors do not discuss life or other types of insurance with their clients. “When you consider the complexity of life insurance and dizzying array of products and insurance companies, it is easy to understand why most financial advisors don't discuss insurance, but it creates an unfortunate situation for their clients,” Pitney adds.

Cerulli Associates calculated that only 30% of financial advisors qualify to work with clients to build financial plans that include insurance and estate planning. In other words, most financial advisors focus almost exclusively on investment planning and management. Learning about complex insurance products can easily distract advisors from their core investment businesses. Pitney states, “For most advisors, having an insurance discussion with their clients tends to be reactive in nature. They talk about it when their clients bring it up.”

A 2011 survey by Saybrus Partners, Inc. found that just under half (49%) of American adults who work with a financial advisor and have a financial plan have even had a life insurance discussion. The survey found that among those who discussed their insurance needs:

- 24% said their advisor recommended adding life insurance,
- 47% of those with life insurance said their advisors never reviewed their existing policy.
- 10% said their advisors recommend long-term care.

“If financial advisors aren’t talking about life insurance, what is the general public to think about the value of purchasing life insurance?” asks Pitney. This could be one explanation for why tens of millions of American adults have no life insurance coverage at all.

Another possible reason for the staggering number of uninsured Americans could be consumers’ misperceptions about costs. A recent study conducted by LIMRA and the LIFE Foundation, a nonprofit insurance education organization, found that consumers overestimate the cost of life insurance by nearly three times. Considering that a policy owner faces the possibility of paying premiums for years, keeping a life insurance policy in-force can make it challenging for households to maintain a life insurance program that delivers protection today and maximum benefits in the future.

But keeping a life insurance policy in-force does not have to be a financial burden. There are ways to save money.

- **Rates are near historic lows.** The cost of basic term life insurance has decreased by nearly 50 percent over the past decade. For families on a tight budget, they may want to consider applying for a new policy. But keep any existing policy until the new one arrives.
- **Tell the insurer about any health improvements.** For consumers who have quit smoking, lost a substantial amount of weight, or made other significant health improvements, they should tell their insurer. The insurer may qualify them at a lower rate for the existing coverage.
- **Circumstances and needs have changed.** Consumers should review their policies every so often to make sure the coverage is adequate and up to date. This is true particularly at major life events, such as when their children have graduated, the home mortgage has been paid down, divorce, or when family members no longer need financial support. At these times, the need for life insurance coverage may have decreased. A smaller face amount policy will likely save money.

No one knows what the future holds. That is why Pitney asserts, “Life Insurance Awareness Month is the ideal time for a life insurance review. I urge everyone to take time out of their busy schedules this month to make sure they have adequate life insurance protection.”

About William Pitney

William Pitney, founder and financial coach of FocusYOU in Foster City and Santa Rosa, California, has been serving clients as a professional financial planner since 2003. Pitney earned his MBA from The University of Arizona and his BA from the University of Kentucky. Pitney is a member of the Financial Planning Association, Sudden Money Institute, Center for Fiduciary Studies, National Ethics Association, and International Association of Registered Financial Consultants. He is recognized by the Institute of Consumer Financial Education as a Certified Personal Finance Instructor. Committed to a higher fiduciary standard of excellence, he has passed a rigorous certification and examination process in order to earn the professional designations of CERTIFIED FINANCIAL PLANNER™ professional and Accredited Investment Fiduciary®. In addition, he is among the very few financial professionals to have earned the ChFEBCsm designation for addressing the unique benefit programs of federal employees. FocusYOU delivers practical, fully integrated financial strategies and solutions to address the long-term financial planning needs of clients. For more information, visit www.FocusYou.com.

About Life Insurance Awareness Month

Held each September, Life Insurance Awareness Month is an industry-wide effort that is coordinated by the nonprofit LIFE Foundation. The campaign was created in response to growing concern about the large number of Americans who lack adequate life insurance protection. Roughly 95 million adult Americans have no life insurance, and most of those who do have far less coverage than most financial experts recommend. For more information on life insurance, visit LIFE’s website at www.lifehappens.org.

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