
Your Helpful Life Insurance Guide

Welcoming a child



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Welcoming a child into your family can be one of the most rewarding things a person can experience. Along with the laughter and the joy comes a lifetime of responsibility. Whether you're a single parent, a stay-at-home parent or one who works outside the home, it's important to make sure you have life insurance to help cover your family's needs if you unexpectedly pass away. Use this guide to understand how life insurance helps you protect your new addition to the family.

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Should you get life insurance if you have a child?

Yes, you probably should.

According to studies by the U.S. Department of Agriculture, it costs at least \$300,000 today to raise a child for 18 years¹ – and that’s not including the cost of college. Now, imagine how difficult it would be for your partner or other family members to support your child, along with other everyday expenditures (mortgage, car, groceries, etc.), without your contribution.

Why you need life insurance as a parent

Life insurance is a contract you purchase to help ensure you can leave your family a sum of money that will help them avoid a financial burden if you unexpectedly pass away. You choose the amount of coverage based on your family’s needs, assets and future goals.

The greatest benefit of having life insurance is the peace of mind you’ll gain knowing that you’ve helped protect your family’s financial security in case you’re no longer there to support them. With it, you can be confident knowing your loved one can have help with things like:

- Paying for your final expenses
- Paying the mortgage to help keep them in their home
- Paying for your children’s care and education
- Paying for everyday expenses to maintain their standard of living
- Making up for your lost income
- Paying credit card debt or medical bills
- Many other expenses

A common misperception is that only the parent working outside the home needs life insurance. Even if just one of you is primarily responsible for your household income, you both should consider getting coverage. It’s important to factor in the cost to replace all of the functions a stay-at-home parent performs to maintain your lifestyle if the unexpected should occur.

When should new parents buy life insurance?

It’s a good idea to acquire life insurance now – whether or not you have children. Life insurance costs more as you grow older, so the younger and healthier you are, the more affordable it will be.

If you’re planning a family, the best time to apply for life insurance is before you become pregnant. While you can get coverage while pregnant – depending on the results of a medical exam – insurance companies can still see pregnancy as a medical condition, which can increase your premium. This is particularly true if you experience complications such as gestational diabetes, elevated blood pressure or pre-eclampsia. Securing coverage beforehand may help you get lower rates.

If you are expecting and don’t have life insurance, you should apply for coverage as soon as possible. You’ll want your policy to take effect before your little bundle of joy arrives – at least four to six weeks prior to the due date. This will allow enough time for the underwriting process.

Life insurance options

There are two basic types of life insurance policies. What's best for you depends on your income, number of dependents and financial obligations.

1 Term Life Insurance:

Coverage designed to help provide protection for a specific amount of time, typically 10, 15, 20, 25 or 30 years. It can be used to help cover temporary needs, like a mortgage, education or income replacement. The rate and coverage amount stay the same throughout the selected period of time. Learn more about term life insurance [here](#).

2 Permanent Life Insurance:

Coverage designed to help provide protection for your lifetime as long as premiums are paid. This permanent protection can help ensure you have coverage for final expenses - plus it builds cash value, giving you more options and flexibility. A common type of permanent insurance is whole life insurance. Learn more about permanent life insurance [here](#).

An important thing to remember is that, while your job may offer company life insurance, also called employer-provided life insurance, you shouldn't rely on this coverage alone. Think of it as supplemental or extra, because employer-provided insurance generally offers protection equal to one or two times your salary, and this may not take care of everything. Also, in some cases, this insurance isn't transferable, so you may not be able to keep it if you change or lose your job.



Life insurance options

How much life insurance do you need?

You should buy enough life insurance to cover your debts and future expenses. Do other family members depend on you? Do you have a mortgage?

Experts generally recommend coverage that's seven to 10 times your annual income.² Use our [needs calculator](#) or visit [Amicatermlife.com](#) to figure out how much life insurance is right for you.

The information below includes other important things to consider when determining the coverage amount best suited to you and your unique needs.

Consider costs for childcare, education and household services. An important part of life insurance coverage is having enough to make sure your family can maintain their standard of living. With the right amount of coverage, you can help your family to be able to stay in their home, cover childcare and household needs, or even help save for college expenses.

Support any family members who may depend on you. Whether you have aging parents or adult children, it's important to include coverage to help protect those you take care of.

Match your term coverage to the term of the mortgage. If you have a 30-year mortgage, purchasing a 30-year term policy that's equal to or more than your mortgage amount can help cover this expense if the unexpected happens.

Include coverage for final expenses. Funerals and final expenses can be costly – having coverage in place will help to alleviate the burden on your family.

This list isn't meant to be exhaustive, as everyone has different needs to consider when determining the right amount of life insurance. It's also important to note that your life insurance needs can change over time. Make it a point to reevaluate them at least every two years.

Can life insurance go to minor children?

Children over the age of 18 (or 21 in some states) will probably be legally able to receive the payout from your life insurance policy if you pass away. If the beneficiary is still a minor at your death, a guardian will need to be appointed to oversee the funds. You could also choose to set up a trust and name that as the beneficiary. Upon your death, the trustee would follow the terms of the trust.

While minor children can be named as life insurance beneficiaries, making sure they'll be able to collect the money without problems can be complicated. It's wise to speak with a financial adviser who can explain the avenues available to you, and help you decide which will work best for you.

More than half of Americans overestimate the cost of life insurance by as much as threefold. This is especially true for younger generations. For example, 44% of Millennials estimate it to be more than six times higher – at a costly \$1,000.³ In fact, a 20-year term life policy for up to \$500,000 in coverage for a healthy 30-year-old averages around \$18 per month, or \$216 per year.⁴

How and when to file a claim

Typically, when an insured passes away, the **beneficiary(ies)** will contact the life insurance company to report the death and start the process of obtaining funds from the policy. This process is called “**filing a claim.**”

First, some general questions about the cause and circumstances of death are asked, and then the beneficiaries need to fill out a few simple forms. Dedicated Amica representatives are available to assist and make this process as easy as possible.

The beneficiary(ies) will need a certified copy of the death certificate. In very limited instances, we may need to obtain medical provider information and records.

If you have a life insurance policy, here are a few important things to remember about beneficiaries:

1 Make sure the beneficiary(ies), their addresses, Social Security numbers and other important information are up to date in the insurance company’s records.

2 Be clear when naming your beneficiary(ies). If someone has a common name, such as John Smith, having the correct personal and contact information will ensure the company connects with that individual.

3 Tell your beneficiary(ies) that they’re named on your life insurance policy. Also, let them know the name of the company, since this will make the process easier if you pass away unexpectedly.

Helpful life insurance terms

Beneficiary: After the insured dies, this person (sometimes more than one), trust or charity is designated to receive the payment of a life insurance policy. When the policy is first purchased, the owner typically chooses the beneficiary and can change it as desired.

Cash value: The amount of money that accumulates in a whole life insurance policy. It typically takes at least two years to accrue, and can be borrowed against, withdrawn or used to pay future premiums. Taxes and charges may apply.

Company life insurance (also called employer–provided life insurance): A life insurance policy owned and provided by an employer that covers a group of individual employees. The life insurance policy is often provided as an employee benefit that provides coverage for one or two times the individual’s annual salary, and may end if the employee leaves the job or retires. And while the employee can name a beneficiary, they can’t increase the amount of coverage provided under the policy.

Filing a claim: Process by which the beneficiary provides information needed by the insurance company to obtain the death benefit.

About Amica

For more than 115 years, the Amica companies have built a reputation for consistent, high-quality customer service.

We also provide financial strength you can depend on. A.M. Best,⁵ a leading authority on insurance company financial stability, has given us a rating of A+ (Superior). Our dedication to extraordinary customer service has been recognized time after time throughout our long history. Because, at Amica, we believe helpfulness is what life – and insurance – are all about.

Our life insurance policies are issued by Amica Life Insurance Company, which offers some of the best term life insurance rates currently available. Our licensed sales representatives will be happy to work with you to explain our options and help you select the coverage that meets your specific needs.

Get in touch

Monday – Thursday: 8 a.m. – 10 p.m. ET • Friday: 8 a.m. – 8 p.m. ET
Saturday – Sunday: 9 a.m. – 4:30 p.m. ET • **844-753-5433**

Fast. Easy. Helpful.

Visit [Amica.com/Life](https://www.amica.com/life) for helpful information about life insurance and for help on how to protect the ones you love most.

¹ USDA.gov

² What You Should Know About Buying Life Insurance, American Council of Life Insurers, 2022.

³ 2021 Insurance Barometer Study, LIMRA.

⁴ Standard form number ICC15 FGCLT01-01 and FGCLT03-01 in most states and FGCLT10-04 in NY. Rate shown is our Preferred Platinum rate based on an age of 30 years, with \$500,000 of coverage for 20 years. Not all plans or features are available in all durations, and at all ages or in all states. Sex-distinct rates not available in MT. Amica monthly rates available via EFT (electronic funds transfer).

⁵ A.M. Best Company, Feb. 2, 2022. A+ is the second-highest of 15 possible ratings. For the latest rating, access [ambest.com](https://www.ambest.com).

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