



# Strengthening Financial Security for Middle-Income Americans

Consumer insights to inform your marketing, product, and distribution strategies

#HelpProtectOurFamilies

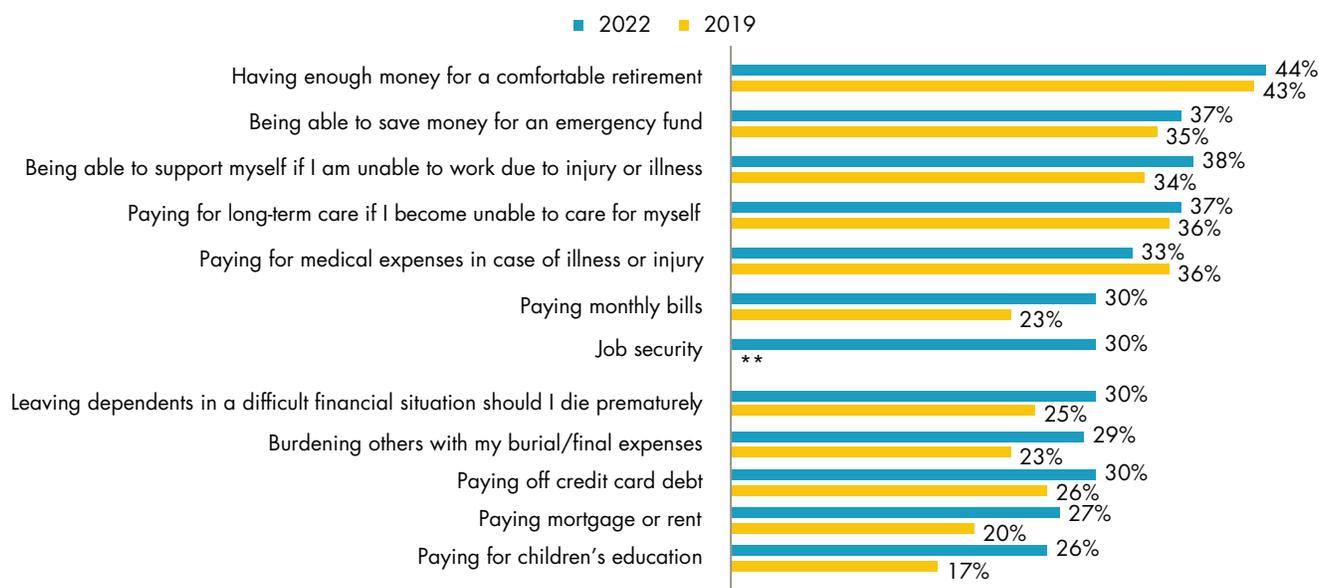
## Size of the Market

- There are more than 77 million middle-income Americans (household income \$50k – \$99.9k), representing approximately 31 percent of the total population.
- More than half (52 percent) of middle-income Americans report having life insurance.
- Nearly 4 in 10 middle-income Americans believe they don't have enough coverage, which suggests more than 29 million middle-income Americans live with a coverage gap.
- Thirty-seven percent of uninsured middle-income Americans say they will buy within a year.

## Middle-Income Americans Under Greater Financial Stress

- Middle-income Americans express greater concern about their finances and work, compared with how they felt in a year ago.
- Fifty-four percent say they are very or extremely concerned about the economy; and nearly a third remain very or extremely concerned about COVID-19.

### Middle-Income Americans Report Higher Financial Concerns in 2022 than Pre-Pandemic



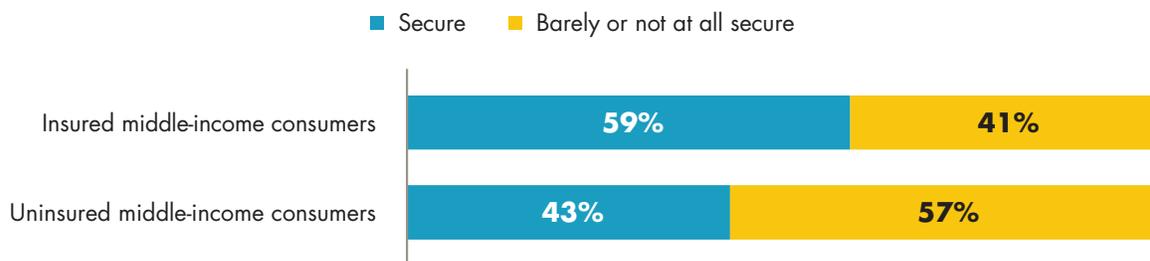
\*\*Didn't include job security as an option in 2019

- Three quarters of middle-income consumers say they are very concerned that inflation is impacting their quality of life; 62 percent say they have major concerns about how an economic downturn could impact the quality of their life.
- Thirty-five percent of middle-income Americans say they have more financial stress today compared to a year ago. Similar rates express increases in emotional stress and stress related to physical health.
- Four in 10 middle-income consumers say their families would face financial hardship within six months should the primary wage earner die. More than 1 in 5 say they would struggle financially within a month.

## Middle-Income Consumers' Perceptions About Life Insurance

- Fifty-four percent of middle-income consumers said COVID-19 made them more health conscious, and a quarter said the pandemic made it more likely they would discuss end-of-life planning with family.
- Forty percent of middle-income consumers say they wish they had purchased coverage earlier in life.
- Sixty-five percent of insured middle-income consumers own permanent life insurance. There are many ways middle-income consumers plan to use the cash value account:
  - 33 percent say they plan to use it to pay for emergencies
  - 30 percent say they would use it to help with retirement savings
  - 29 percent would use it to leave an inheritance
- Insured middle-income consumers are more likely to feel financially secure than those who are uninsured.

### Middle-Income Consumers With Life Insurance Are More Likely to Feel Financially Secure



## Reasons Middle-Income Consumers Own/Don't Buy Life Insurance

### Reasons for Owning Life Insurance

Burial/final expenses — 62 percent

Replace lost wages — 36 percent

Transfer wealth/inheritance — 35 percent

### (Major) Reasons for Not Buying Life Insurance

Too expensive — 37 percent

I have other financial priorities — 34 percent

Don't know what to buy or how much — 33 percent

- While the top reason middle-income consumers give for not having coverage is cost, nearly two thirds (63 percent) overestimate the cost of coverage.
- Lack of knowledge and common misconceptions likely deter some middle-income consumers from purchasing the coverage they need.
  - More than 4 in 10 middle-income consumers say they have little to no knowledge about life insurance.
  - One quarter (26 percent) believe their group life insurance coverage is adequate.
  - One quarter (24 percent) think life insurance is only to cover burial/funeral costs.

## Where Middle-Income Consumers Seek Information About Life Insurance

- Middle-income consumers are less likely than most other market segments to use social media to learn about life insurance. Just over half of middle-income consumers (52 percent) say they use social media to gather information about financial products and services.
- Within the last year, 1 in 5 middle-income consumers have visited an insurance company's website and/or other online resources for information about life insurance.
- Thirty-five percent of middle-income consumers say they would prefer to purchase life insurance through a financial professional. Other ways this segment prefers to purchase life insurance include:
  - Online (31 percent)
  - By phone, email, or mail (23 percent)
  - Through the workplace (12 percent)
- Forty-one percent of middle-income consumers report working with a financial professional and another 25 percent are looking to engage one.
- When considering a financial professional to work with, middle-income consumers are more likely than other income segments to rank experience (53 percent) as the most important factor.

**Methodology:** In January 2022, LIMRA and Life Happens engaged an online panel to survey adult consumers who are financial decision makers in their households. The survey generated more than 8,000 responses, including nearly 2,500 middle-income consumers.