

# Top Misconceptions About Life Insurance



#HelpProtectOurFamilies #LIAM2022

The 2022 Life Insurance Barometer Study identified four widely held misconceptions that keep Americans from buying the life insurance coverage they need to achieve their families' future financial security.

## LIFE INSURANCE IS TOO EXPENSIVE

### More than half

of Americans **overestimate** the cost of life insurance by as much as **threefold**. This is especially true for younger generations.



The cost of term life insurance for a healthy 30-year-old is around \$170 per year. Yet, **43%** of Millennials estimate it to be more than **six times** higher — at a costly \$1,000.

This misperception about cost, coupled with prioritizing other financial needs, puts families needlessly at risk of financial hardship should a wage earner die unexpectedly.



MISCONCEPTION

1

## MY WORKPLACE LIFE INSURANCE IS ENOUGH



One quarter (**26%**) of American workers believe the coverage they get through work is enough.

The median life insurance coverage offered at the workplace is either a flat sum of \$20,000 or one year's salary.<sup>1</sup> **54%** of U.S. households rely on dual incomes<sup>2</sup> and, for many, losing one income could be devastating to the household's finances.

According to the survey, **44%** of families would face financial hardship within six months, and **25%** would suffer financially within a month.

MISCONCEPTION

2

## IT IS TOO DIFFICULT TO BUY LIFE INSURANCE

**54%** 

of uninsured Americans say they have put off purchasing coverage because they don't know what to buy or how much they need.

**Less than 1 in 3** 

consumers say they are very or extremely knowledgeable about life insurance.



This lack of knowledge can deter people from taking action. While working with an agent can help, **6 in 10** Americans don't work with a financial professional.

MISCONCEPTION

3

## I DON'T NEED LIFE INSURANCE UNTIL I AM OLDER



Younger consumers who do not yet have a spouse/partner or dependents may believe they can put off buying life insurance.

In reality, life insurance is significantly less expensive for the young and healthy. Buying a policy can protect their financial future and the financial security of their loved ones.

**4 in 10** 

insured consumers wish they had purchased their policies at a younger age.

MISCONCEPTION

4

<sup>1</sup> U.S. Bureau of Labor Statistics, 2020. <sup>2</sup> Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, 2020.

**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 over 8,000 responses. The results were weighted to represent the U.S. population.