



Thought Leadership in Action for Life Insurance

Are Women Buying Enough Life Insurance?



Carlan Snipes
Pacific Life
Field Vice President
For the Broad Market
Southeast Region

Carlan.Snipes@PacificLife.com
(434) 444-1553

Broad Market Sales Desk
LynInternalSales@PacificLife.com
(844) 238-4872, Option 3

If a woman makes \$100,000 a year, she may think her life is worth that amount. But what if she makes a lot less? What about stay-at-home moms who don't have a traditional salary? How can a woman accurately determine what her economic worth truly is?

For many women who historically have made less than men in the workplace, the question of their monetary worth is something they may not have considered. As a result, the percentage of women with life insurance policies is much lower than that of men with policies.¹

In today's world, it's becoming more common for women to recognize that their value goes well beyond their salary. That said, it's still common for women to be humble about their own worth, even though their friends and family are sure to disagree.

The gender gap is wide when it comes to the difference between men and women with life insurance policies, but it's time for more women to take control of their legacies—and calculating their financial worth. Women have a vital role in both professional and family environments, and it's important to underscore that value by purchasing life insurance.

Women Have Less Coverage¹

Recently, Forbes reported that only 67% of women had a personal life insurance policy, compared to 79% of men who said they had a policy. The average policy written for men has a death benefit over \$190,000 higher than the policy average for women.

Why is that?

In many cases, women may make less money than men. In the same survey, the women reported an average income of \$52,484, compared to the male average income of \$72,482.

¹ Source: Frazier, Liz. "Why Women Don't Purchase Enough Life Insurance...And Why They Need More." *Forbes*. September 19, 2019.

But even among people without life insurance, women tended to estimate that their hypothetical policies should be less than half as valuable as men's. In the survey, women said they would want an average of \$175,423 in coverage. For men, the average coverage expectation was \$355,348.¹

Some insurance professionals believe that women use only their income to determine the coverage amount needed. As a general rule, however, people tend to purchase life insurance policies that are between five and 10 times their annual income.¹

If these women are taking care of children and the household, perhaps they believe that their death would not impact the family financially.¹

Impacts of a Woman's Death²

Of course, a woman's worth goes well beyond any number on a slip of paper. In fact, Salary.com reported that a stay-at-home mother is worth, on average, \$162,581 a year. That figure was a combination of the salaries of all the jobs she may do on a daily basis, including work as a care giver, event planner, photographer, housekeeper, and executive chef.

If one uses the general rule for life insurance, even women who don't have jobs outside the home should be considering policies around \$1.6 million. And still, anyone with a mother, sister, aunt, or grandmother knows that she's worth even more than that.

When a woman passes on, the grief is felt widely throughout families as well as friends. But it's not just emotional suffering that she leaves behind—there could be a significant financial impact that goes along with women's deaths as well. How would her spouse pay for childcare or other services that a single working parent might need to run the household?

The amount of effort that many women put toward furthering the education of children, managing households even while excelling professionally, and helping others in the community may result in a long-term economic deficit upon death. Life insurance is one tool families can use to help make sure they can focus on the emotional toll of death without having to worry about paying off debt, funeral costs, and other financial losses.

Insurance Is Important for All Women

Yet, even as women play such an important role in families and communities as a whole, many don't believe they need a life insurance policy. Even single women, who tend to be the ones in the family who take care of aging parents, have reasons to consider coverage.

1 Source: Frazier, Liz. "Why Women Don't Purchase Enough Life Insurance...And Why They Need More." *Forbes*. September 19, 2019.

2 Source: "Moms: We know you're worth it. But how much is 'it' really worth?" *Salary.com*. Accessed March 26, 2020.

"Life insurance is important for all women to preserve their legacy."

Life insurance is important for all women to help preserve their legacy. In fact, it may be a smart move to start the conversation with female clients at younger ages and in good health. It's often more affordable and can lock in rates.

Women Who Know Their Worth

Women without life insurance may not be aware that the role they play in their daily lives is a critical factor in determining their financial worth for their families. Whether they are stay-at-home or working mothers, or single professionals, those roles all have value—but that value is lost once they are gone, leaving a void that can be difficult to fill. While nothing can truly replace a wife, mother, or any other female family member, a life insurance policy could at least help bridge that gap financially.

The primary purpose of life insurance is to protect the policy beneficiaries from the adverse financial consequences of the insured’s death.

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