

# Spouse Insurance

Janet and Rob are a young married couple, with a new baby. Janet is planning to give up her job and stay home for several years and raise a family. If Rob becomes the sole support of his growing family, he clearly needs insurance on his life. But what about Janet? Conventional wisdom says life insurance is only for breadwinners. But life insurance also serves needs in addition to income replacement and Janet, too, needs life insurance. If she should die, especially if she should die while the children are pre-schoolers, Rob would face the need for costly child care.

A life insurance policy on Janet's life is, therefore, an excellent idea. There are several possibilities: A whole life policy will allow Janet to accrue cash values, building a savings account for the future. With a dividend-paying whole life policy, dividends can later be used to pay the premiums. Universal life insurance, a popular option today, permits a great deal of flexibility; the face amount of the policy can be changed and premiums can be raised and lowered to suit financial circumstances. Declining balance term insurance is another possibility, providing limited coverage (there's no cash value) that is reduced in amount as the children grow and the need lessens. A life insurance agent can help Janet and Rob make the right choice.

What's more, until Janet leaves work she should think about disability income insurance. This is the insurance that protects you from income lost through accident or illness. Both Janet and Rob should consider individual policies if they are not covered adequately on the job. Policies should define customary occupation and should cover accident and sickness. Benefits can begin anywhere from the first day to six months or more after the onset of disability. The longer you choose to wait, as a rule, the lower your premium.

Also, benefits can be paid for as little as one year or up to age 65 (or, if you're still working full-time, under some policies, to age 72.) The shorter the benefit period, the lower your premium. This isn't necessarily a good place to save money, however, you are more likely to need income replacement in the event of long-term disability. A long waiting period and a long benefit period

usually work out best from a cost-benefit perspective. Janet and Rob should also give some thought to health insurance coverage.

While working, Janet has health insurance on the job. If she leaves her job, she has three options. She can purchase an 18 month extension under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Or, she can get coverage under Rob's employer's group plan. But, Rob's employer's plan isn't as good as it might be, and there are gaps in coverage. So, a third option might be to take Rob's group plan and consider supplemental health insurance. A major medical policy with a large deductible wouldn't cost much and would help to fill the gaps left by Rob's group coverage. Such a policy, moreover, would stand the family in good stead if anything happened so that Rob lost his group coverage altogether.

Think about your own health insurance needs and, if there are gaps in your coverage, talk to your insurance agent without delay.