

**STATE OF NEW MEXICO**  
**OFFICE OF SUPERINTENDENT OF INSURANCE**

**SUPERINTENDENT**

Russell Toal



**DEPUTY SUPERINTENDENT**

Jennifer A. Catechis

**CONSUMER ADVISORY**

**OCTOBER INSURANCE TIP OF THE MONTH**

**Life Insurance and Future Planning**

The need for life insurance varies for each individual and family. It is important to evaluate your family's future needs on a regular basis to determine whether life insurance that you are purchasing is adequate, or whether life insurance is affordable for you. "Every family should think about how their financial needs will be met if a wage earner passes away. Future planning through life insurance should be considered by every family to minimize financial loss in the event of the death of a loved one," said Russell Toal, Superintendent, New Mexico Office of the Superintendent of Insurance.

**Planning for Your Family's Needs:**

- ✓ How will your family pay for burial or cremation expenses?
- ✓ Will your remaining family members need financial support?
- ✓ Can your remaining family pay for continued monthly bills and expenses, including housing, vehicle payments, child-care, health insurance, school expenses and retirement?
- ✓ How will your family pay for probate expenses and estate taxes?

**Consider Your Resources:**

- ✓ Do you have a life insurance policy through your work, and what will that provide to your family?
- ✓ Do you have a privately purchased life insurance policy, and what will that provide to your family?
- ✓ Will your family members be eligible for dependent's benefits or widow/widower benefits from Social Security?
  - Contact the Social Security Administration to determine what benefits you and your dependents are eligible to receive.
    - Check the SSA website: [www.ssa.gov/benefits/survivors/ifyou.html](http://www.ssa.gov/benefits/survivors/ifyou.html)
    - You can call 1-800-772-1213 (TTY 1-800-325-0778) to report a death or apply for benefits.

Main Office: 1120 Paseo de Peralta, Room 428, Santa Fe, NM 87501  
Satellite Office: 6200 Uptown Blvd NE, Suite 400, Albuquerque, NM 87110  
Main Phone: (505) 827-4601 | Satellite Phone: (505) 322-2186 | Toll Free: (855) 4 - ASK - OSI  
[www.osi.state.nm.us](http://www.osi.state.nm.us)

- ✓ Do your beneficiaries work or have their own sources of income and support?
- ✓ Do you have assets (property, investments, a business) that may be available to provide support to your family?

### **Evaluate Your Resources**

Review your family's resources every three years, including any assets, life insurance through your job, personal life insurance policies, and your will or other future planning documents.

- ✓ Make sure that your named beneficiaries (dependents, spouse, family) are properly identified.
- ✓ Did you change jobs, or retire, and did your job-related life insurance policy terminate?
- ✓ Determine what the monthly benefits are that your beneficiaries will receive from each of those sources.
- ✓ Sit down with your family and talk about what will be available to them and how to access those sources of support.
  - Provide copies of your work and private life insurance policies.
  - Provide a copy of your will and information on assets such as property deeds, bank accounts, annuities, or other investments.
  - Make sure your family has your social security number for applying to SSA for benefits.

### **Purchasing Life Insurance**

There are two main types of life insurance – *term* and *permanent* (also called *whole life*). Knowing the different types of life insurance policies is very important. Term life insurance is easier to understand and costs much less than whole life insurance, but it has an end date. Term life insurance is cheap because it's temporary and has no cash value; in most cases, your family won't receive a payout because it's unlikely that you'll die before the end of the term. Whole life insurance premiums are much higher because the coverage lasts for a lifetime, and the policy has cash value, with a guaranteed rate of investment return on a portion of the money that you pay. Term Life is normally purchased to cover a debt like car loan or home mortgage. Whole life is to cover long term for your family's security after you are gone.

- ✓ *Term life insurance* is generally cheaper and has lower premiums to start out but does not build up cash value.
  - Term life insurance is good for a specific period of time, e.g., one year. After the term ends, then you need to repurchase or renew your term life insurance policy.
  - When you renew a term policy, your premiums may increase.
  - When you renew, the insurance company can ask you about changes in your health and may increase your premiums as a result.

- If you die during the term, your beneficiaries will receive a specific death benefit depending on the value of the policy.
- ✓ *Permanent life insurance* may also be called universal life, variable universal life, or whole life.
  - A permanent life insurance policy will have a cash value and you may be able to get money from the policy while you are alive.
  - A whole life policy will have a set schedule for premium payments.
  - A universal life policy will allow you to choose flexible premium payment pattern.
  - Variable life insurance policies may build more cash value depending on the type of investments you choose when you buy the policy.
- ✓ When you purchase life insurance, make sure that you shop around, ask a lot of questions, and get all the information you feel comfortable with to make a decision. You can find out more about purchasing life insurance through the National Association of Insurance Commissioners at <https://content.naic.org/consumer/life-insurance.htm>

### **How to Find a Life Insurance Policy**

Check the OSI February 2021 Insurance Tip of the Month [[February 2021 Insurance Tip of the Month](#)] for more information about locating a life insurance policy. You can also find information at: <https://eapps.naic.org/life-policy-locator/#/welcome> or [www.mib.com/lost\\_life\\_insurance.html](http://www.mib.com/lost_life_insurance.html)

### **Getting Help**

If you are having difficulty with a life insurance policy, you can file a complaint with the Office of the Superintendent of Insurance at [www.osi.state.nm.us](http://www.osi.state.nm.us) by clicking on “For Consumers” on the menu at the top of the page, and then clicking on “File a Complaint”. You may also call (505)827-4549 for assistance.

**COVID-19 Health Insurance Helpline: 1-833-415-0566**

**Additional insurance information is available on the OSI website: [www.osi.state.nm.us](http://www.osi.state.nm.us)**

**File Consumer Complaints: [www.osi.state.nm.us/index.php/file-a-complaint](http://www.osi.state.nm.us/index.php/file-a-complaint)**