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3 reasons to get life insurance in your 20s or 30s

By Sylvie Tremblay

Think you're too young for insurance? Here's why you may want to reconsider.



Building a financial plan can feel tricky, especially when you're in your 20s or 30s and just starting out. It's a time where you may be balancing many priorities, like paying student loans or other debts and planning for the future. You're also living in the midst of a [global pandemic like COVID-19](#), which may have put a pause on your career opportunities and development.

It can be tempting to put off all but the most pressing financial issues until later. But thinking about life insurance now can actually help you balance — and achieve — your early financial goals.

“Life insurance is one of the cornerstones of any properly laid out financial plan,” explains Mark Coutts, a Sun Life Financial advisor and President and Senior Advisor at Coutts Financial Services Inc. “It can provide that safety net. So while you're focused on all your goals in life, you've got that plan in case you need it.”

- [What type of life insurance do you need?](#)

1 great reason to get life insurance in your 20s or 30s

Life insurance offers financial protection for you and your loved ones. It can help provide the security you need to reach your financial goals.

It's particularly useful if, in the future, you're looking to:

- buy a home,
- get married or
- grow your family.

Not only are these important personal milestones, they're very important financial milestones, says Coutts. You have more responsibility on your shoulders. For example, you may have debts that you owe on a mortgage. Or, you may have a family to help support.

Life insurance helps you meet those responsibilities. How? It can leave your family or beneficiaries with a tax-free death benefit.

What's a death benefit? It's a set amount of money that's given to beneficiaries when an insured person dies. So if you or your spouse died, your mortgage and living expenses could be covered. That means your family can remain financially secure.

- [Buying a house? Why you need life insurance](#)

2 more practical benefits to getting life insurance early

Major financial milestones, like buying a home, can be the perfect time to review your coverage. But there are other benefits to seeking out life insurance early — no matter what your short-term financial goals.

1. It's cheaper. The younger and healthier you are, the more likely you'll have lower monthly premiums. (*Premiums are your monthly or annual fees.*)

2. It's easier to get approved for it. Your life insurance application is more likely to be approved if you're healthy. So seeking out health insurance while you're very young and in good health makes it much easier to get coverage. On the other hand, waiting until later in life may limit your options.

What type of life insurance do you need in your 20s and 30s?

So what's a great place to start when you're young and healthy? **Term life insurance.** It provides coverage over a set number of years. This could mean coverage for 10, 20 or 30 years.

Here's what term life insurance includes:

- **Flexibility to add more coverage to your plan later.** This clause is sometimes called a guaranteed insurability benefit. It allows you to boost your coverage when you need to, says Coutts. For

example, in the future, you may have more than one child to take care of. In which case, you may need more coverage to financially protect your growing family.

- **The option to change to a permanent plan.** [Permanent life insurance](#) gives you guaranteed protection for life. Converting your term plan to a permanent one means you won't have to provide any additional medical information.
- [Term life vs. permanent life insurance: What's the difference?](#)

Talk to an advisor about your insurance options

Finding the right coverage for your financial situation is just as important as getting coverage. And an advisor can help you find a plan to provide the right amount of security you need. As of 2019, 87% of Canadians who work with an advisor say they've gained valuable advice.* Plus, most advisors now offer virtual services and provide consultations by phone or video chat.

It's tempting to apply for a round number — say, a million dollars — but that could be more coverage than you need. You don't want to be over-insured, and you don't want to be overpaying for life insurance, says Coutts.

- How much life insurance do you need? Try [this calculator](#) to find out.

How can an advisor help? They can:

- talk you through what you need now and
- explore what you may need in the future.

They can also guide you toward other insurance options.

For example, you may find out disability insurance works best with your particular situation. ([Disability insurance](#) provides coverage if you (or your spouse) aren't able to work.)

- How will you live if you can't work? [Here's how disability insurance can help.](#)

And, most importantly, your advisor can help you juggle competing priorities. In the end, they'll help you feel secure in your financial future.

- Not sure what's right for you? An advisor can help. [Find an advisor near you today.](#)
- [5 tips for finding an advisor you can trust](#)

*2019 Sun Life Barometer. The Barometer survey measures Canadians' attitudes about their health and finances.

Source:

<https://www.sunlife.ca/en/tools-and-resources/money-and-finances/understanding-life-insurance/3-reasons-to-get-life-insurance-in-your-20s-or-30s/>