

## Do You Need More Insurance?

**Q. My wife and I have \$1.5 million in term life insurance total. That will cover the bills if one of us dies. But I also want to leave an inheritance to our kids. Should we get more insurance?**  
— Trying to plan

**A.** Leaving an inheritance to your children is an admirable goal, and it can be part of a comprehensive estate plan for you and your wife.

It is important to inventory all of your assets, understand how they may factor into your support during retirement and determine what might be left as an inheritance once you are both gone, said **Claudia Mott, a certified financial planner with Epona Financial Solutions** in Basking Ridge.

“You may find that there could be money remaining in investment or retirement accounts to which your children would be entitled upon your passing that will satisfy the inheritance goal you have in mind,” Mott said.

She said your primary residence could also be a source of inheritance.

Before you purchase additional insurance, Mott recommends you meet with a financial planning professional or estate attorney to discuss all your estate planning options. These pros can help review your options and make some projections for where your assets may be in the future.

If you decide that insurance is the way to go, you’d need to decide what kind.

She said term insurance is a cost effective way to provide income replacement during the working years.

“Many term policies carry level premiums for a specified period of time, but the cost increases drastically once the term is reached,” Mott said. “Please review the policies you have to be sure you are familiar with how the premiums may change in the future.”

Then there are permanent policies, such as whole or universal life. Mott said these may be a better option for your goal of leaving an inheritance.

“Although the annual premiums for permanent insurance will be higher for a similar amount of coverage, these policies can accrue cash value which adds to the benefit paid out upon death or can be used while you are still alive,” Mott said.

When evaluating new insurance, she said it’s very important to factor the premium cost into your current and future budget.

“Any expense must be affordable both now and down the road,” she said.

Karin Price Mueller writes the Bamboozled column for The Star-Ledger and she’s the founder of NJMoneyHelp.com.

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