

IQ expert Tony Steuer: If you don't have dependents, you may not need life insurance

Q: I'm in unmarried male in my late 40s. I don't have any dependents. I don't smoke. I am slightly overweight, but otherwise I'm in fairly good health. I get group life insurance coverage through my job — one times my base salary, or a minimum of \$25,000 — at no cost to me. Do I need additional life insurance? What are the pros and cons of buying supplemental life insurance? Will I need to undergo a physical if I do want to buy extra life insurance?

A: At this point, with no dependents, there is minimal need for **life insurance**. Life insurance is used to replace income or sometimes to make a gift. If someone is financially dependent on you, then you have a need for life insurance.

If you anticipate that you'll soon have someone who is financially dependent upon you — for instance, you have a girlfriend who is pregnant — then you do have a need. You also may consider a life insurance policy for a parent who you may be financially dependent on you now or in the future.

In your situation, the other considerations or potential uses for life insurance are for “final expenses,” which can include burial expenses and debt that someone else may end up being responsible for — a mortgage, credit card or student loan.

Since you have no dependents, the consideration on the mortgage would be whether an heir would sell the house and keep any gains and whether you want to leave a house with no debt. With other debt, there may not be anybody responsible for it, so there may be no need to insure against it.

As mentioned, you also may want to leave a gift to a charity, so **life insurance** would be useful in that situation.

As for your question about supplemental life insurance — which fills the gaps of traditional life insurance — this type of coverage typically is paid for through a payroll deduction. The coverage usually terminates when employment is terminated (when you leave the group through which you're insured). For coverage above the level provided by your employer, you would have to go through some sort of underwriting, which could include answering questions on a form, providing medical records or undergoing a medical exam.

Tony Steuer is a licensed individual life and disability insurance analyst; about 30 such analysts are licensed by the State of California. He has more than 20 years of experience in the life insurance industry. Steuer is a member of the Curriculum Board for the California Department of Insurance. He is the author of "Questions and Answers on Life Insurance," a reference book covering an array of life insurance topics for consumers and advisers.

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If you have a life insurance question for Tony Steuer, please send it to john.egan@bankrate.com.