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your family's future financial well-being, including your decision of whether you need life insurance.

Isaac M. O'Bannon • Oct. 11, 2023



October is National Financial Planning Month, making it the perfect time to consider your family's future financial well-being, including your decision of whether you need life insurance.

If, and how much, life insurance you may need varies depending on the stage of life

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\$22,310 annually on raising their child when accounting for expenses like rent, food, child care, apparel, transportation, health insurance premiums, and state tax exemptions or credits.

With that in mind, two big financial needs parents and caregivers should consider when purchasing life insurance are income replacement and education—here's why.

Income Replacement

Parents and caregivers should look at income replacement from two scenarios:

1. The amount that must be replaced in the event an income-earning parent or caregiver dies.
2. The cost to outsource the services provided by a parent or caregiver who doesn't work outside of the home.

Planning appropriately for scenario No. 1 is often straightforward—it's about helping ensure the bills and other financial obligations that person's paycheck covered will continue to be covered. Scenario No. 2, however, takes some research because it's about anticipating additional expenses associated with the loss of someone who provided services that would cost money to outsource (e.g., child care and household management). Notably, the average cost of child care in the U.S. is almost \$11,000 per year, according to a 2022 report from Child Care Aware of America. Life insurance can help pay for those necessary services, so don't forget about the important role that spouse or partner plays when discussing coverage.

Future Education Costs

Data from the National Center for Education Statistics reveals that between 2000 and 2021, average college tuition and fees increased by 69%. Additionally, according to the College Board Research's "Trends in College Pricing and Student Aid 2022"

report, the average cost of an education at a four-year public college is nearly

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road. When in doubt, know that a CPA—a certified public accountant—is ready to help guide you through the process. CPAs are strategically positioned to help manage your personal finances all year long. The Illinois CPA Society's free "Find a CPA" directory can help you find the trusted, strategic advisor that's right for you and your family based on location, types of services needed, and languages spoken. Find your CPA at www.icpas.org/findacpa.

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