Living the Single Life: Six Ways to Protect Yourself Financially; Insurance an Important Part of the Equation

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NEW YORK, September 20, 2012 ? One of the great benefits of being single is that your money is your own, to use as you see fit. You have the freedom to decide which savings plans and investment vehicles are right for you. When it comes to protecting yourself financially, insurance should be at the top of the list. In observance of *Unmarried and Single Americans Week* (September 16-22), the Insurance Information Institute (I.I.I.) provides advice to protect your greatest asset?you!

Thirty-three million people in the United States lived alone in 2011?53 percent of unmarried U.S. residents 18 and older were women; 47 percent were men, according to the U.S. Census Bureau. And being single can affect your insurance and financial needs. The I.I.I. suggests the following six ways to help you enjoy living the single life?securely.

1. Life Insurance

According to the U.S. Census, there were 13.6 million unmarried parents living with children in 2011. As a single parent it is crucial to make sure your dependents will be financially secure in the event of your death, so life insurance should be a key element of your financial plan. However, even if you do not have dependents, life insurance can be an excellent way to pay your final expenses or leave a significant contribution to a charity you want to support. Furthermore, whole life or permanent life policies create a cash value that, if not paid out as a death benefit, can be borrowed against or withdrawn on the owner?s request, creating a kind of ?forced? savings plan.

2. Disability Coverage

If you were disabled and unable to work as a result of an accident or illness, what would you do for income? Disability income insurance can replace lost income. Keep in mind that 43 percent of all people age 40 will have a long-term (lasting 90 days or more) disability event by age 65. While many employers offer disability coverage, some smaller businesses may not, so you may want to consider buying a private disability policy, which will replace 50 to 70 percent of your income.

3. Long-term Care

The good news is we are living longer. The bad news is that if you end up needing long-term care services, it can get pricey. If you live alone and do not have the financial resources to pay for for home health care, a nursing home or an assisted living facility, a long-term care policy can be a solution. In general, it?s a good idea to buy this type of insurance well before you turn 60?there is less chance you will be rejected, and the younger you are, the lower the premiums will be.

4. Health Insurance

No matter how healthy you are now, sickness can strike at any time. An employer-sponsored health insurance plan is the best way to go. The premiums are generally considerably lower than those for an individual health insurance plan because the plan is group rated and your employer contributes toward the cost. If your employer gives you a choice of plans, you need to understand your choices and pick the plan best suited for you If your employer doesn?t offer a plan, or you are unemployed, self-employed or decide to return to school you may want to buy an individual health insurance policy. Keep in mind that starting in 2014, you will be legally required to purchase health insurance should your employer not provide it.

5. Homeowners and Renters Insurance

Singles are somewhat more likely to rent than own their home; according to the U.S. Census Bureau around 20 percent of owner-occupied homes are one person households, while close to 40 percent of rental households are occupied by a single person living alone. If you rent a house or apartment, your landlord?s insurance will only cover the costs of repairing the building itself in the event of a fire or other disaster. You need your own coverage, known as renters insurance, in order to financially protect yourself and your belongings.

If you do own your home (whether it is a house or condo or co-op apartment), it is important to make sure you have both the right amount and the right type of insurance. Homeowners insurance covers the structure, personal belongings, liability and additional living expenses. With condo or co-op insurance, on the other hand, you will need to make sure you have two separate policies to protect your investment: your own insurance policy, whichprovides coverage for your personal possessions, liability, structural improvements to your apartment and additional living expenses; and a ?master policy? provided by the condo/co-op board. The latter covers the common areas you share with others in your building, such as the roof, basement, elevator, boiler and walkways, for both liability and physical damage.

6. Retirement Income

If you are single, chances are you will need to be more self-reliant when it comes to investing for your retirement as you may not have a spouse or children to step in and help out should you need that support in the future. Most single people will qualify for retirement income from Social Security, but that will likely be only enough to pay bare necessities in retirement. Some will have retirement income from a ?defined benefit? type of pension plan?one that pays an income based on your final income and years of service from an employer. Social Security income increases to match inflation, but defined-benefit payments do not, so they will become increasingly inadequate the longer you live in retirement.

For retirement income security, if your employer offers a 401(k) type retirement savings plan, you should contribute the maximum you can to it?especially if the employer matches your contribution. (The employer match is, in effect, extra pay for no extra work so don?t miss out on that!) If you don?t have a 401(k) plan available, start your own tax-favored retirement savings plan immediately. When you retire, you may consider using some of your retirement funds to buy an annuity, which pays you an income for the rest of your life, to ensure that your lifetime income (from Social Security, a defined-benefit pension, and the annuity) is enough to pay all expected continuing expenses.

Other Things to Consider

Talk to your insurance professional about getting the best insurance protection for your specific needs and make sure that you are getting advantage of all available discounts.

In today?s society good credit is more important than ever. A clean credit record will entitle you to higher credit limits, lower interest rates on credit cards and more favorable interest rates on loans. Many landlords now perform credit checks before leasing an apartment and some employers investigate credit histories before making job offers. So whether you are buying a home, applying for a new job or looking for the best price on insurance, a good credit history will go a long way toward helping you realize your financial and personal goals.

The I.I.I. has a full library of educational videos on its You Tube Channel. Information about I.I.I. mobile apps can be foundhere.

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