



## Group Voluntary Term Life Insurance FAQ



### What is group voluntary term life insurance?

Your employer has offered you the opportunity to purchase group voluntary term life insurance in order to protect your family or other dependents. Should you die during your working years, it would help them cover necessities when they lose the benefit and security of your salary. Some group voluntary term life insurance plans include an amount of coverage that doesn't require medical underwriting; however, if you wish to purchase extra coverage, that may require additional medical information.

### What are the advantages of group voluntary term life?

Group voluntary term life insurance helps those who depend on your income to cover any outstanding debts, pay off a mortgage or a child's education, and replace lost wages. Because it can often be obtained through the workplace, some level of coverage is usually available with no medical underwriting, sometimes on a pre-tax basis.

### How many people choose to get life insurance — and who are they?

According to LIMRA's 2020 Insurance Barometer Study, even though many people know they need insurance, in 2020 only 54 percent of all people in the United States were covered.<sup>1</sup> This may be because over 50% of Americans think term life insurance is more than 3x as expensive as it actually is.<sup>2</sup> A gender insurance gap exists, too: according to studies, fewer women get life insurance, and when they do, they often purchase less coverage than men: "While 58% percent of men

have life insurance coverage, just 47% of women have a life insurance policy according to the 2021 Insurance Barometer Study by Life Happens and LIMRA" and "in relationships between men and women where both partners have life insurance, nearly one in three women say their partner has more coverage."<sup>3</sup>

Life insurance ownership by generation, however, has a smaller differential: 54% of Baby Boomers, 52% of Millennials, and 57% of Gen X have purchased insurance. Marital status makes a big difference: 61% of couples own while only 39% of single people do.<sup>4</sup>

### What are term life benefits used for?

Your beneficiaries can use the benefits for everything from burial expenses to paying off the mortgage. The money is payable directly to your beneficiary and they can choose how to use it. Per Forbes.com, these are the main reasons people buy life insurance:<sup>5</sup>

- Burial/final expenses: 84%
- Help pay off mortgage: 50%
- Replace lost wages/income: 62%
- Home expenses: 48%
- Pay for college: 37%

### How much insurance should I buy?

It really depends on your individual situation. How many dependents rely on you? Do you have a partner and/or children? How would they fare without your income? Will your kids need money for college — or did you already set up an account to cover that? Will they be left with large debts to cover, or a mortgage?

What about burial costs? If there are no dependents, or if you have extensive savings for your dependents to draw on, you may not need as much insurance. One method for calculating how much insurance you need is the DIME method:

- **D**-ebt: Outstanding debts (credit cards, student loans, medical bills, etc. — but not including mortgage)
- **I**-ncome: Your income multiplied by the number of years your family will depend on it
- **M**-ortgage: The amount left on your mortgage
- **E**-ducation: The cost of your children's education

According to Forbes, it is best “to look at your total needs and subtract the assets your family could use if you passed away,”<sup>6</sup> while Policygenius.com suggests that the “amount of life insurance you need depends on your personal and financial circumstances and should account for your dependents and everyday living expenses.”<sup>7</sup>

### **What losses are not covered under Unum Life insurance plans?**

Most life insurance plans do not cover any losses where death is caused by, contributed to, or results from suicide occurring within 24\* months of your or your dependent's initial effective date of voluntary insurance and/or any increases or additional insurance become effective.

### **Do my life insurance benefits decrease with age?**

Coverage may decrease as you get older, generally beginning at age 65 or 70. Increases in coverage may not be elected after a reduction has occurred. See your specific plan for age-reduction details.

### **Who can I name as my beneficiary?**

You can name your spouse, family members, estates or trusts as your beneficiary. It is important to keep your beneficiary information up to date with your employer. For details on designating a beneficiary, please ask your Plan Administrator for additional information.

### **If I have more than one child, will my benefits cover all of them?**

If you have the option to purchase child coverage, you do not need to purchase coverage for each child. One policy will cover all of your children until they are no longer eligible for coverage.

### **Can I collect some of my life insurance if I'm terminally ill?**

Yes. If you are diagnosed with a terminal illness and have less than 12 months to live (24 months in Washington), you can request a portion of your life insurance benefit while you are still living; this may be referred to as a “Living Benefit.” \*\* The amount your beneficiary receives upon your passing will be reduced by any benefits already paid. This benefit may be taxable, so consult with a tax attorney or advisor before choosing to use it.

### **What happens to my Life Insurance coverage if I'm disabled?**

If you are seriously disabled, you may also be eligible for a Waiver of Premium, which would allow coverage to continue without any additional premium payments until a specific age — usually 65, but it may continue until age 70. Please see your Plan Administrator or Unum Claims Specialist for more information.

The policy or its provisions may vary or be unavailable in some states. The policy has exclusions and limitations which may affect any benefits payable. See the actual policy or your Unum representative for specific provisions and details of availability.

Underwritten by Unum Life Insurance Company of America, Portland, ME. In New York, underwritten by First Unum Life Insurance Company, Garden City, NY.

\*State variations may apply.

\*\* Receipt of accelerated death benefits may affect the eligibility for public assistance programs.

1. Facts + Statistics: Life insurance | III , accessed on 11/3/2021. 2. LIMRA, “2020 Insurance Barometer Study.” 3. Forbes, “How Much Life Insurance Do You Really Need?” How Much Life Insurance Do You Need? — Forbes Advisor, Updated August 24, 2021. 4. LIMRA, “2020 Insurance Barometer Study.” 5. Forbes, “How Much Life Insurance Do You Really Need?” How Much Life Insurance Do You Need? — Forbes Advisor, Updated August 24, 2021. 6. Forbes, “How Much Life Insurance Do You Really Need?” How Much Life Insurance Do You Need? — Forbes Advisor, Updated August 24, 2021. 7. Policygenius, policygenius.com How Much Life Insurance Do I Need? | Policygenius Updated May 19, 2021.

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