

The Importance of Life Insurance

By Mario McDaniel, eHow Contributor

When it comes to wealth management and [financial](#) planning, one of the most important, yet most overlooked products is life insurance. It often serves as the foundation to any plan, and most advisers consider it to be paramount in importance.

Protecting Your Family

- The major reason one would acquire life insurance is to protect his family after his death. Just think about it; how would your family pay for your mortgage, school tuition or even groceries if you were to suddenly pass away? A life insurance policy would protect your loved ones financially and help them keep their present lifestyle without much interruption. Life insurance would also cover any burial or cremation expenses you may have upon your death--which can often cost thousands of dollars.

Investment

- If you decide to purchase an [investment](#) type of insurance, called a whole life insurance policy, part of your premium will go to an account that can be accessed later, even without someone dying first. This can be used as a savings instrument to accumulate substantial wealth or it can be used in an emergency, such as a serious illness or disabling injury. The benefit of this type of insurance is that if you start early, even when you have no real beneficiaries, you are building up value for yourself.

Protecting Assets

- You may have real and personal property that you would not want to go to ruins if you should pass away. With a life insurance policy, you can protect a home, boat, business or any other property for which you have an outstanding loan or tax bill or which requires significant upkeep. This prevents your family or other beneficiaries from having to sell the property because they cannot afford to pay for it.

Leaving a Legacy

- People who purchase a life insurance policy may also be interested in leaving a legacy behind by donating the proceeds of their policy to a particular school or an organization. In most states, such organizations receive the sums tax free and you may be able to write off the premiums from your [taxes](#) as well.

Disclaimer: This is not investment advice. All information on this site is intended for educational purposes only. We are not liable for any potential damages that may be incurred from this information. Always consult a licensed financial professional before investing.