

# You're never too young for life insurance

For young people who are just starting out in the world of work, planning for death, disability or a serious illness is not exactly top of mind.



Ryan Chegwidden

Hollard Life says this is evident in the significantly lower number of their clients who are in the 20-30 year age group when compared with people between 30 and 40. “The average age of clients taking out life, disability and critical illness cover for the first time is getting older. Today, we’re seeing young people focusing on their careers and delaying marriage and families until well into their 30s. With the postponement of these major lifestyle decisions, insurance purchases are being delayed too,” explains Ryan Chegwidden, technical head at Hollard Life.

## Life is unpredictable

While you may be young and on top of the career game, the need to protect yourself from the financial implications of a serious illness, disability or even death are no less important than they are for older people with dependents. Most young people don’t realise that they already have an important responsibility to ensure that they are able to sustain themselves financially in the face of a life changing event. Life can take a challenging turn at any age, so make sure you’re prepared to live your life to the absolute fullest, no matter what the future holds in store.

### Key considerations

- Speak to a professional: Avoid the inherent pitfalls in a DIY approach and get the experience, advice and product knowledge of a professional financial advisor to ensure your money is well spent on the best cover for your needs.

- Your employee benefits may not be enough: Many companies offer cover as part of employee benefits packages but group-scheme policies usually don't provide anywhere close to the benefits and cover that an individually-rated policy will. Ask your advisor to assess whether these covers are the best value for money and that the benefits are right for your unique needs.
- You're never too young for disability cover: The real challenge in surviving a disability is being able to provide a future income for yourself. You might not have any major outstanding debt in the form of a bond, but you'll always have day-to-day living expenses. Your first priority should therefore be disability cover.
- Critical illness is not just for the old: Remember, if you develop a serious illness like cancer or heart disease and don't have critical illness cover in place, you may not be able to get cover in future. Not only is treatment for a serious illness expensive (and not always fully covered by medical aid) but there are other costs that people don't often expect. That's why it's so essential to have critical illness cover and to get it when you're young because when it's cheapest and easiest to acquire.
- Prioritise your financial plan: Many people are struggling with daily living costs such as rent, groceries and utility bills that take preference over purchasing life insurance. Ask your financial advisor to help you prioritise what you absolutely have to have and shop around for the best price and benefits for your needs.

"No one particularly enjoys thinking about their own death or the possibility of suffering poor health, but the reality is that we tend to have less savings and more expenses when we are young and building our asset base. The reality is that you need cover when you are young. This is the most productive time of your life when you are most reliant on your income to meet financial obligations now and in the future. Buy early in your career: not only is this the time when you need it most, but it's also the time when insurance premiums are cheaper," concludes Chegwiddden.

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