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Dear Reader-

Thank you for taking the time out of your day to broaden your knowledge of different areas of finance. Today's highlight is on protecting the things that are most important to you as a family. I hope you find this information insightful and helpful.

## Insurance Needs for Dual Income Families

The concept of the “traditional” American family is continually changing. The dual income family—with husband and wife each maintaining separate careers and contributing to the financial success of the household—has now become commonplace.

The economic challenges and opportunities of this century may require two incomes to meet overall family expenses. Many families ask themselves, “How will we be able to plan for our retirement, pay for our children’s education, and perhaps help our aging parents deal with some of their financial burdens?” These concerns may be especially pressing given today’s high cost of living and the current economic climate.

### The Cost of Working

Although it may seem as if dual income families will have more disposable income to afford life’s necessities, this may not always be the case. Families with both spouses working often lose *some* portion of the second pay-check to extra expenses, such as unreimbursed childcare, domestic help, job-related transportation, business attire and dry cleaning, and take-out meals. These additional expenses can eat away at that second income.

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second income.

Childcare concerns are especially critical when both parents work outside the home. Quality childcare is a major expense for many families with working parents—after housing, food, and taxes. It is this cost that often reduces the income that could be used to help fund education or retirement.

As American businesses continue to restructure and downsize, some dual income families may face the possibility of living on a single or reduced income for an unspecified period of time. For those who need the additional income to help pay for basic expenses, a loss or reduction of one income could have a serious impact on the family finances.

### Protecting Your Family's Future

How would *your* family protect its income if either working parent should die or sustain a disability? One strategy may be to purchase a permanent [life insurance](#) policy that will pay a benefit upon the death of the insured spouse. There are several advantages to life insurance plans. For example, policies bought at a younger age may have lower costs, build cash value, and maintain level premiums.

Generally, the cost for life insurance policies is lower when purchased relatively early in life. However, it is important to reevaluate insurance coverage as time goes on and circumstances change. The protection that life insurance policies provide for dual income families can best be calculated by periodically analyzing *all* life insurance needs to determine the best plan for your family.

Now, what about loss of family income due to *disability*? This possibility is not as unlikely as you might think. According to the Insurance Information Institute, 43% of all people age 40 will experience a long-term disability (lasting 90 days or more) by age 65. A debilitating illness or injury that eliminates or reduces your family's primary source of income can be challenging. So, consider purchasing [individual disability income insurance](#), which could help replace a portion of lost income in the event the insured spouse sustains a qualifying disability.

Dual income families have become a fixture in today's society. Although individuals may have different motives for working, most families come to depend upon that second income, whether it is used to meet current or future needs. Thus, it is important to consider the dual protection that life and disability income insurance policies on both spouses can provide. **(Mike Colburn | Colburn Financial)**

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