

Choosing Your Life Insurance Policy Beneficiaries: Making Sure All Your Loved Ones Are Covered

Choosing the beneficiaries for your life insurance policy is one of the most important decisions you will make. Life insurance is, after all, meant to protect your family and loved ones. While your immediate family may seem to be the obvious choice as your life insurance beneficiary, there may be other people and organizations which rely on you that you do not want to forget. Here are some of the most common-and commonly forgotten-life insurance beneficiaries you need to consider, and tips on how to decide how much you should allocate to each.

Beneficiaries

Children And Spouse-For most of us these are the beneficiaries to whom most of our funds will go. It is important to ensure that you choose a policy that will not only cover their daily expenses, such as any outstanding debts and mortgage payments, but also future expenses such as tuition fees for your children and a retirement fund for your spouse.

Parents-If your parents rely on you for help with expenses such as medical fees, prescriptions, or other living expenses, it is important that you leave a portion of the coverage to them. This will give you-and them-the peace of mind of knowing they will be covered.

Other Family And Friends -Whether it be siblings, nieces or nephews, or other close friends who rely on you for various expenses, ensuring that they are covered is important.

Business Partners Or Employees-If you own a business or are involved in any business ventures with other individuals, making sure that their interests are protected is important. It is also important that you have the necessary protections in place for any employees you may have to ensure they are not put in a difficult financial situation.

Charities And Organizations-If you offer financial support to any charities, organizations, or groups that rely on your support, making sure that it continues after you are gone is an important part of taking care of your responsibility in estate planning. An easy plan is to allocate an amount similar to that you currently provide over several years.