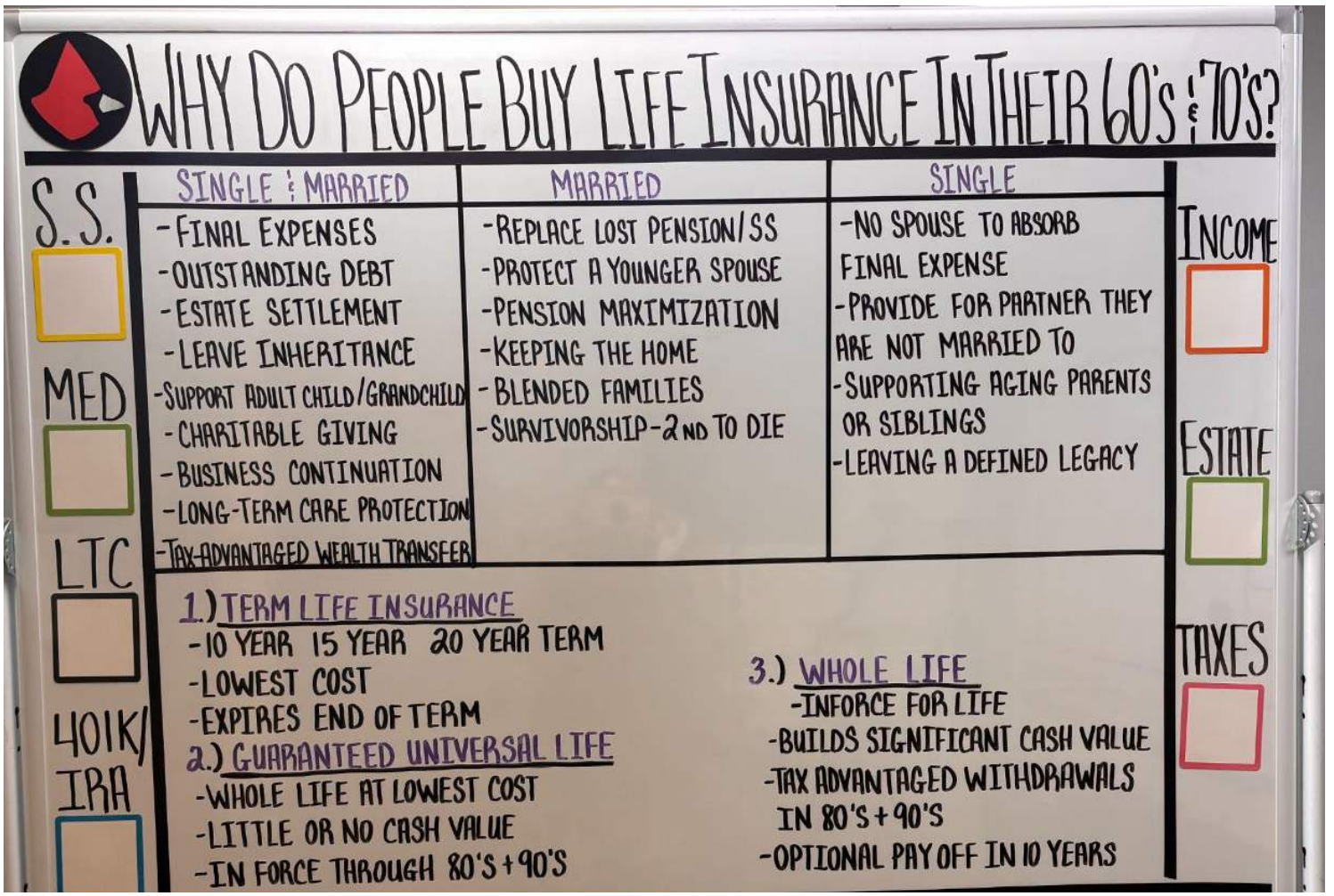
CARDINAL ADVISORS

Why Do People Buy Life Insurance In Their 60's & 70's?

Discover why people in their 60s and 70s buy life insurance, whether single or married, and how term, guaranteed universal, and whole life policies compare.



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People in their 60s and early 70s buy life insurance for reasons that are often different from younger buyers, usually less about replacing income and more about debts, estate planning, and taking care of specific people.

Reasons that apply to both single and married people

- **Final expenses:** Funerals and burials often cost 8,000–15,000 or more, and a small policy keeps that bill off family members.
- **Outstanding debts:** A mortgage, reverse mortgage, car loan, co-signed loan, or credit card balance may still exist, and a policy can clear it so heirs don't have to sell assets.
- **Estate taxes or settlement costs:** Larger estates may face federal or state estate or inheritance taxes, plus legal and probate fees, and insurance provides cash to pay them without forcing a sale of property or a business.
- **Leaving an inheritance:** A policy can create or equalize a legacy, for example giving cash to one child when another is inheriting the house or a business.
- **Supporting a dependent adult child or grandchild:** A child with a disability may need lifelong support, often through a special needs trust, and grandparents raising grandchildren may want a safety net for them.
- **Charitable giving:** Naming a charity, church, or school as beneficiary can leave a meaningful gift at a relatively low cost.
- **Business continuity:** Owners may need coverage to fund a buy-sell agreement or to help the business survive the loss of a key person.
- **Long-term care protection:** Some permanent policies include riders that let the owner use part of the death benefit for long-term care or a terminal illness.

- **Tax-advantaged wealth transfer:** Death benefits are generally income-tax-free to beneficiaries, which can make insurance an efficient way to pass on money.

Reasons more specific to married people

- **Replacing lost pension or Social Security income:** When one spouse dies, the household often loses one Social Security check, and some pensions shrink or stop, so a policy can make up the gap for the survivor.
- **Protecting a younger or financially dependent spouse:** A spouse with fewer savings, health problems, or a long life expectancy may need extra resources.
- **Allowing a "pension maximization" choice:** Some people take the higher single-life pension payout and use life insurance to protect the spouse instead of choosing a reduced joint-and-survivor option.
- **Keeping the home:** Coverage can let the surviving spouse pay off or keep up with the house instead of being forced to move.
- **Blended families:** In a second marriage, insurance can provide for the current spouse while still leaving an inheritance to children from a previous marriage.
- **Survivorship (second-to-die) planning:** A joint policy that pays after both spouses die is often used for estate taxes or legacy goals, and it can cost less than two separate policies.

Reasons more specific to single people

- **No spouse to absorb the costs:** Without a partner, final expenses and estate settlement fall to siblings, children, or friends, and a policy keeps that burden off them.

- **Providing for a partner they're not married to:** Unmarried partners don't automatically inherit or receive survivor benefits, so insurance can make sure they're taken care of.
- **Supporting aging parents or siblings:** Some single people help support family members who would struggle financially without that help.
- **Pets:** Coverage can fund a pet trust or reimburse whoever agrees to care for pets.
- **Leaving a defined legacy:** People without direct heirs often use insurance to make a specific gift to nieces, nephews, friends, or causes.