

Are you insuring your maximum potential?

Financial adviser Thomas J. O'Connell examines a white paper that says Generation X doesn't have enough life, property and disability insurance

Thomas J. O'Connell, Correspondent | May 11, 2016



Back in 2015 Chubb Insurance published a white paper called “A Lost Generation? Wealth Accumulator Are an Overlooked Opportunity for Advisers.” It focused on the roughly 60 million Americans born between 1965 and 1981 also known as the Gen X generation. The study described how as they have accumulated wealth, their property and liability coverages seem to under-cover their risk exposure. However, what the paper left out was one crucial component, their “maximum potential.”

What do I mean by maximum potential? Well, a 45-year-old who is earning \$150,000 a year, with a 2-percent income increase each year until age 65 will have \$5,500,000 pass through their hands. You read that correctly, \$5,500,000. What are you doing to protect your greatest asset, you? What if you died, became disabled, had a catastrophic incident that left you in a nursing home? How would you survive? How would your family survive? How would your kids go to college? How would you retire?

Let's pretend a minute and say that you got paid all that money up front on your first day of work. Knowing that this is the only paycheck, ever, would you treat it differently than the biweekly one you get now? I'd bet dollars to donuts you would. According to a New York Life study in 2014, the average GenX-er had only \$449,000 of life insurance and a majority of that term life insurance through an employer. Twenty percent actually had no life insurance at all. That's barely one-tenth of the money that will pass through your hands. The Council for Disability Awareness reports that only 50 percent of all GenX-ers have any kind of disability insurance.

Picture this, instead of going to work every day, you could go down into your basement and legally print all the money you needed for that day. Now imagine your house burns down and everything in it is destroyed. I'm pretty certain you would've had not only the house insured but the printing press as well. YOU ARE THE HOUSE.

What am I getting at here? Like the Chubb study, GenX-ers are falling behind on protecting themselves and families financially. As their personal economies continue to grow and get better, they are failing to cover their true risk exposure. There are plenty of free tools that you can find that will assess how much coverage you may need. Remember though because it's free doesn't always make it right. Better yet, find a qualified professional that'll help you through this process.

You aren't worth more dead than alive, which I hear all the time from people. Look at what you're human potential is. You'll never buy that much coverage, but your families will forever be grateful if you provided enough to protect their dreams, as well as yours.

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