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Pre-/Post-Quiz:

Before launching this unit, print the “Life” quiz from the “Lessons & Worksheets” section of the site, or send students to www.scholastic.com/NextGeneration/Students to take an interactive version of the quiz and print their answers. Explain to your class that the quiz is meant to be a benchmark to assess their prior knowledge of the topic and will help you organize class discussions. The quiz can also be used as a post-assessment tool after students have completed the unit lessons.

QUIZ ANSWERS

1 Why do most people invest in life insurance policies?
   □ A. To provide them with a way of protecting their assets, like savings and investments
   □ B. To replace the lost income to their families or dependents after they die
   □ C. To pay for final expenses, like funerals, burial costs, and medical bills
   ■ D. All of the above
   □ E. None of the above

2 A young married dad is applying for life insurance. Which of the following factors is not used to determine how much he'll pay for the insurance?
   □ A. His level of physical fitness
   □ B. His age
   ■ C. Where he lives
   □ D. His hobbies
   □ E. His job

3 Can life insurance companies charge smokers more money for life insurance than nonsmokers?
   ■ A. Yes
   □ B. No

4 Who usually pays more for life insurance?
   ■ A. Men
   □ B. Women

5 Which of the following people do you think would need life insurance the most?
   ■ A. A single working mom with two kids
   □ B. A single college grad without dependents starting his first job
   □ C. A single wealthy businesswoman without dependents
   □ D. An elderly retired man with a wife who is also retired

6 An insurance policy can provide more than a death benefit.
   ■ A. True
   □ B. False

7 A life insurance policyholder suddenly becomes ill and her health begins to decline. Her insurance company can't cancel the policy while it is in force, but it can increase her rates.
   □ A. True
   ■ B. False

8 If an adult is on a limited budget and has a significant need for life insurance coverage, her best option will probably be:
   □ A. Permanent life insurance
   □ B. Cash value life insurance
   ■ C. Term life insurance
   □ D. Whole life insurance

9 A young couple decides to purchase a 10-year term life insurance policy. What should they expect?
   □ A. The annual premium payments will stay the same for 10 years
   □ B. The annual premium payments will increase each year as long as they have the policy
   □ C. The annual premium payments will decrease after 10 years
   □ D. The annual premium payments will decrease each year as long as they have the policy

10 A 45-year-old man with a full-time job, a wife who works part-time, and three children under 12 is considering life insurance. Which of the factors below should have the most influence on his decision?
   □ A. His age
   □ B. His financial status
   ■ C. His family
   □ D. His employer
Lesson 1:  
Whose Life (Insurance) Is It Anyway?  

Estimated Time: 90 minutes

Type: Discussion and share, research projects, and reports

Description: Introduction to life insurance as it relates to students’ lives and futures

Learning Standards:  
Financial Literacy: Risk Management and Insurance  
Overall Competency: Use appropriate and cost-effective risk management strategies.

Standard 3: Explain the purpose and importance of health, disability, and life insurance protection.

Life Skills: Life Work  
Standard 5: Makes general preparations for entering the workforce. Benchmark 14: Makes an accurate appraisal of basic insurance needs.

Common Core State Standards for English Language Arts  
Reading: Informational Text: CCSS.ELA-Literacy.RI.9-12.1–Key Ideas and Details: Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.

Reading: Informational Text: CCSS.ELA-Literacy.RI.11-12.7–Integration of Knowledge and Ideas: Integrate and evaluate multiple sources of information presented in different media or formats (e.g., visually, quantitatively) as well as in words in order to address a question or solve a problem.

Speaking and Listening: CCSS.ELA-Literacy.SL.9-12.1–Comprehension and Collaboration: Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–12 topics, texts, and issues, building on others’ ideas and expressing their own clearly and persuasively.

Learning Objective: Students will understand the concept of life insurance and the role it serves in helping families to meet financial obligations (funeral expenses, ongoing living expenses, college, etc.) following the death of a loved one.

Educator Resources/Materials Needed:  
Insurance expert to provide real-world perspective on the need for and uses of life insurance; Hattie: Life Goes On video.

Subject/Skill Focus: Critical thinking, analysis of written material, math calculation, communication skills

Lesson Script/Teaching Steps:  
Unless they have had a death in their immediate family, your students may not know much about life insurance. This module introduces them to the concepts and the practical reasons a person should have life insurance.

Before conducting the lesson, you may want to view/review the following videos and links and then share them with your students. (See the Video Guide, pages 7.)

- The Life Insurance video segment Hattie: Life Goes On
- The Life Insurance section from the Life Happens website (go to www.lifehappens.org/lifeinsurance)

Once your students have watched the life insurance video, distribute the Coming to Terms With...Life Insurance Glossary to review the terms and begin a dialogue.

What is life insurance?  
Very simply, life insurance provides financial support (cash) to your family or other dependents after your death. This cash, known as the death benefit, helps those who are left behind to meet important financial needs like funeral costs, ongoing living expenses, and college funding. What’s more, there is no federal income tax on life insurance benefits.

What is a dependent?  
A child, husband or wife, possibly a parent, sister or brother, or even a business partner—anyone who depends on you financially.

How much life insurance does a person need?  
The answer isn’t really how much life insurance you need, it’s how much money your family will need after you’re gone. People should ask themselves these two important questions:

- How much money will my family need after my death to meet immediate expenses, like funeral costs and debts?
- How much money will my family need to maintain their standard of living over the long run?

Life insurance proceeds can help pay immediate expenses including:

- uncovered medical costs;
- funeral expenses;
- final estate settlement costs;
- taxes; and
- other lump-sum obligations such as outstanding debts and mortgage balances.
They can also help your family cover future financial obligations such as:

- everyday living expenses;
- money for college; and
- your spouse’s retirement.

But how do you know if you need $100,000, $500,000, $1 million, or more? The most common way to determine your life insurance needs is by conducting a “financial needs analysis.”

Here’s how it works:

- Start by evaluating your family’s needs.
- Gather all of your personal financial information and estimate what each family member would need to meet current and future financial obligations.
- Then tally up all resources that your surviving family members could draw upon to support themselves.

The difference between your family’s needs and the resources in place to meet them is your need for additional life insurance.

This may seem simple enough. But doing the actual mathematical calculation can get pretty complicated. The easiest way for students to gain a better understanding of what’s involved is to go to the Life Happens Life Insurance Needs Calculator at www.lifehappens.org/howmuch.

**What are the different types of life insurance?**

Discuss the two major types of life insurance, their key features, how they differ, and who might benefit from each type. Students may want to review the Life Insurance section of the Life Happens website at www.lifehappens.org/lifeinsurance.

**Term:**

- Term insurance provides protection for a specific period of time and generally pays a benefit only if you die during the “term.”
- Term periods typically range from one year to 30 years, with 20 years being the most common term.
- One of the biggest advantages of term insurance is its lower initial cost in comparison to permanent insurance. Why is it cheaper when initially purchased? Because with term insurance, you’re generally just paying for the death benefit, the lump-sum payment your beneficiaries will receive if you die during the term of the policy. Term insurance is often a good choice for people in their family-formation years, especially if they’re on a tight budget, because it allows them to buy high levels of coverage when the need for protection is often the greatest. Term insurance is also a good option for covering needs that will disappear over time, like a mortgage or college tuition.

**Permanent:**

- As the name suggests, permanent insurance provides lifelong protection. As long as you pay your required premiums, you’ll have the coverage for life regardless of whether your health deteriorates.
- Another key characteristic of permanent insurance is a feature known as cash value or cash-surrender value. In fact, permanent insurance is often referred to as cash-value insurance because these types of policies can build cash value over time, as well as provide a death benefit to beneficiaries. Cash values, which accumulate on a tax-deferred basis just like assets in most retirement and tuition savings plans, can be used in the future for any purpose.

Students may want to use the Life Insurance Product Selector at www.lifehappens.org/productselector to help them better understand the factors that go into deciding which type of insurance is right for a particular individual—term, permanent, or maybe a combination of the two.

**Think Again Activity Extension**

People understand the relevance of life insurance for couples with young children. If one of the parents died prematurely, it would be a major challenge for the surviving spouse to pay all the bills and maintain the family’s standard of living on his or her own. Life insurance provides cash to the surviving spouse to help cover all of the costs associated with raising a family with young children. But life insurance isn’t just an important financial tool for young families. People in many different life stages and circumstances can benefit from the financial security that life insurance offers.

Ask your students why the following categories of people might need life insurance:

**Single person**

Some single people help support aging parents, siblings, or other family members. Life insurance can guarantee that support doesn’t end if they die prematurely. Life insurance also helps ensure that a single person’s debts won’t get passed on to surviving family members.

**Stay-at-home parent**

While stay-at-home parents don’t earn a salary, the contributions they make to a family in terms of child care, transportation, cleaning, cooking, and other household activities are significant. It would take a lot of money to
pay for these important tasks if a stay-at-home parent were to die prematurely. In fact, it is estimated that these functions have an economic value of more than $45,000 per year (more than $130,000 if you consider all the “overtime” that stay-at-home parents work). Could the surviving spouse afford to pay someone to perform these services?

**Single parent**

Single parents are the sole caregivers, breadwinners, cooks, chauffeurs, and so much more. With so much responsibility resting on their shoulders, single parents need to make doubly sure that they have enough life insurance to help safeguard their children’s financial futures.

**Parents with grown children**

If one spouse died, the other would still have daily living expenses for the rest of his or her life, which could be 10, 20, or even 30 years these days. Would the couple’s financial plan, without life insurance, enable the surviving spouse to maintain his or her standard of living for an extended period of time?

> **Charting My Course Activity:**

Distribute copies of the *Charting My Course* activity sheet. Reinforce earlier lessons and discussions on different types of life insurance as you study the charts, answer the questions, and graph premiums. Talk about how or why the two charts are set up differently.

- The term insurance chart shows that premiums will remain level for a period of time, but then increase with age.
- The permanent insurance chart shows premiums and the death benefit remaining level over time, but the cash values grow the longer a person keeps the policy in force.

Use the educator answer sheet for *Charting My Course* to help students answer the activity questions.
Educator Answer Sheet: 
Charting My Course

Use the information from the charts below and what you’ve learned about term and permanent insurance to chart the premiums for the $250,000 life insurance policies using the blank graphs provided. For the term insurance chart, assume that our hypothetical 25-year-old male described below remains healthy throughout his life and is always able to qualify for a new 20-year term policy at preferred rates when his prior policy expires.¹

Once you’ve finished filling out the charts, answer the questions that pertain to the charts.

$250,000 Life Insurance Policies for 25-Year-Old Males

These two tables illustrate the basic difference between term and permanent life insurance policies for a 25-year-old male. The term chart shows the annual premium payments at different ages for both smokers and non-smokers for a 20-year term insurance policy. As the chart indicates, term insurance premiums increase with age. The permanent life insurance chart shows what a 25-year-old non-smoking male would pay for a $250,000 whole life policy that he buys at age 25 and holds on to forever. As long as he continues to pay his premiums, the policy will remain in effect up to age 100, and the premium will remain level. Additionally, cash values will increase steadily over time.

<table>
<thead>
<tr>
<th>Term Insurance</th>
<th>Age 25</th>
<th>Age 30</th>
<th>Age 35</th>
<th>Age 40</th>
<th>Age 45</th>
<th>Age 50</th>
<th>Age 55</th>
<th>Age 60</th>
<th>Age 65</th>
<th>Age 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-smoker</td>
<td>$145</td>
<td>$150</td>
<td>$150</td>
<td>$200</td>
<td>$335</td>
<td>$500</td>
<td>$765</td>
<td>$1,285</td>
<td>$2,200</td>
<td>$4,500</td>
</tr>
<tr>
<td>Smoker</td>
<td>$360</td>
<td>$420</td>
<td>$455</td>
<td>$750</td>
<td>$1,050</td>
<td>$1,550</td>
<td>$2,350</td>
<td>$3,915</td>
<td>$6,050</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Permanent Insurance</th>
<th>Age 25</th>
<th>Age 30</th>
<th>Age 40</th>
<th>Age 50</th>
<th>Age 60</th>
<th>Age 70</th>
<th>Age 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>$1,853</td>
<td>$1,853</td>
<td>$1,853</td>
<td>$1,853</td>
<td>$1,853</td>
<td>$1,853</td>
<td>$1,853</td>
</tr>
<tr>
<td>Guaranteed Cash Value</td>
<td>$0</td>
<td>$3,500</td>
<td>$25,750</td>
<td>$56,750</td>
<td>$96,000</td>
<td>$139,750</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

¹ Note that if the health of our hypothetical 25-year-old male was not so good when he needed to reapply for coverage, his rates would likely be much higher than what you see in the charts above.

² The permanent policy used in this illustration is a whole life insurance policy, one of the most common forms of permanent life insurance. Whole life policies provide a guaranteed death benefit and have level premiums that are guaranteed to never increase.
**Educator Answer Sheet (continued):**

What happens to the premium on the permanent policy?
It stays the same.

On the term policies?
The premiums go up over time. So if you buy a 20-year term policy at age 25, and decide at age 45 you need coverage for a longer period of time, you can expect to pay considerably more because you’ll be much closer to your projected life expectancy.

What differences do you notice between the term life chart and the permanent life chart?
The term premiums increase with age, while the permanent premiums remain stable. The permanent policy has a cash value that increases over time.

What differences do you notice between the two premiums shown on the term chart? Why do you think there is a difference in the rates of the two different groups (smokers and non-smokers)?
The smoker’s premium is higher. The life expectancy of a smoker is considerably shorter than that of a non-smoker, so life insurance rates are set higher.

Which policy is least expensive at age 25? Which will cost the most (in premiums) at age 50? At age 70?

How much money will the term policy pay if the policyholder dies during the term?
$250,000

What happens if the policyholder dies more than 20 years after purchasing the term policy?
The policy terminates after 20 years, so there is no death benefit and no payout.

What will the permanent policy pay if the policyholder dies?
The policy will pay at least the guaranteed death benefit ($250,000). Note to educators: Some permanent policies pay dividends, and give policyholders the opportunity to receive an enhanced death benefit and cash value growth. You may want to have your students do some additional research on permanent life policies to understand the difference between the guaranteed value and the projected value of a permanent policy.

What will the permanent policy pay if the owner is still alive when the policy ends (typically around age 100)?
At least $250,000.

What cash value can the permanent policyholder take away if he/she cancels the policy at around age 70?
At least the guaranteed value of $139,750.

Based on the information provided in the two charts, what conclusions can you reach about the main differences between term and permanent insurance?
Term insurance has a lower initial cost in comparison to permanent insurance. Term insurance is often a good choice for people if they’re on a tight budget, because it allows them to buy high levels of coverage when the need for protection is often greatest. Permanent insurance gives you coverage for life regardless of whether your health deteriorates.
Lesson 2: 
Better Safe

Estimated Time: 90 minutes

Type: Real-life scenarios and “what if” examples from students’ own lives

Description: Students focus on what financial obligations they may have in the future and how they will meet them. The role of insurance and the importance of planning become clear.

Learning Standards:
Financial Literacy: Financial Responsibility and Decision Making
Overall Competency: Apply reliable information and systematic decision making to personal financial decisions.
Standard 1: Take responsibility for personal financial decisions.
Standard 2: Find and evaluate financial information from a variety of sources.
Standard 4: Make financial decisions by systematically considering alternatives and consequences.
Financial Literacy: Risk Management and Insurance
Overall Competency: Use appropriate and cost-effective risk management strategies.
Standard 3: Explain the purpose and importance of health, disability, and life insurance protection.

Math Learning Standards for Grades 9–12 (National Council of Teachers of Mathematics)
Problem Solving: Instructional programs should enable all students to: build new mathematical knowledge through problem solving; solve problems that arise in mathematics and in other contexts; apply and adapt a variety of appropriate strategies to solve problems; monitor and reflect on the process of mathematical problem solving.

Life Skills: Life Work
Standard 3: Manages money effectively. Benchmark 1. Prepares and follows a budget (e.g., develops spending plan, saving plan, record keeping system, investment plan, tracks budget performance).

Common Core State Standards for English Language Arts
Reading: Informational Text: CCSS.ELA-Literacy.RI.11-12.7–Integration of Knowledge and Ideas: Integrate and evaluate multiple sources of information presented in different media or formats (e.g., visually, quantitatively) as well as in words in order to address a question or solve a problem.

Common Core State Standards for Mathematics
Number and Quantity: CCSS.Math.Content.HSN-Q.A.1: Use units as a way to understand problems and to guide the solution of multi-step problems; choose and interpret units consistently in formulas; choose and interpret the scale and the origin in graphs and data displays.

Learning Objective: Students begin to understand (if not embrace) the important role that life insurance planning will play in their future financial lives.

Educator Resources/Materials Needed:
Insurance agent or industry expert to work through the Better Safe activity and help explain the calculations, if desired

Related Activities/Student Worksheets:
• Better Safe

Subject/Skill Focus: Critical thinking and reasoning, math calculations, and organizational skills

Lesson Script/Teaching Steps:
Do students understand all the costs that must be covered when someone dies?

Conduct a brainstorming session and share ideas (all-class or small groups) to come up with different categories of expenses and resources: immediate costs (e.g., funeral), ongoing expenses (e.g., everyday bills), and future needs (e.g., college).

What existing resources can the family draw upon? Answers include: savings and investment accounts, Social Security survivor benefits, existing life insurance coverage, and income from the surviving spouse and/or other family members.

Unless a person owns a significant amount of life insurance coverage, existing resources are rarely sufficient to meet a family’s immediate, ongoing, and future financial needs. The sad reality is that for every American who dies with adequate life insurance coverage, there are probably several more people who die with no life insurance or not enough coverage. According to a research report from LIMRA International, 95 million adult Americans have no life insurance. When someone dies prematurely, whether that person owns life insurance often determines if surviving family members will enjoy a future of financial security or face a lifetime of financial hardship.
Students may have personal stories to share about their experience with the death of a loved one or friend of the family. If they are comfortable addressing the subject, ask them if they know how it affected the finances of that particular family.

- What were the financial consequences?
- Was the family able to maintain their quality of life or did they have to scale back?
- Were they able to stay in the same home? The same schools?
- What else?

Assign groups of students to research and bring in information about costs of immediate, ongoing, and future expenses: a funeral, a cemetery plot, a week’s worth of groceries for a family of four, rent on a two- or three-bedroom apartment, cell phone bill, tuition at a four-year or junior college. Each group will present their findings. Before they do, you can ask the rest of the class if they know what the items cost. They may be very surprised at how much money they will need—now and later—when a family member dies.

Refer to the Helpful Links section of the site for information on potential costs for current and future expenses.

> Better Safe Activity:
This activity is further reinforcement of the importance of planning your financial future before tragedy strikes. Tom Harris, the father of 8-year-old twins, bought life insurance when his girls were born but isn’t sure if his coverage has kept up with changes in his financial needs and goals.

Distribute the Better Safe activity sheet and talk about the immediate, ongoing, and future expenses and income needs. Help students work through the calculations to determine if Brandy Harris and her twins would be financially secure if Tom, the primary wage earner, were to die without purchasing additional life insurance.

Students will discover that the Harrises would not have enough insurance to help cover future expenses if Tom died prematurely without updating his coverage. This helps illustrate the role of life insurance and the importance of keeping one’s life insurance program up-to-date.

If the math is a bit complex for your students, be sure to explain it as simply as you can. After they have had time to work out the problems, distribute and discuss the answers.

There are several important lessons to be learned from this exercise:

- It’s important to plan ahead for the big “what ifs” in life, like what would happen to your family if you were to die prematurely.
- People’s life insurance needs change over time as circumstances in their lives change. It’s important to reassess one’s needs periodically.

Go to the Life Happens website at www.lifehappens.org/howmuch to view the Life Insurance Needs Calculator in a dynamic form.
The Harrises are the proud parents of 8-year-old twins. They have decided to review their life insurance needs. Tom, age 41, is the primary breadwinner, earning $45,000 a year as an electrician. Brandy earns $15,000 a year working at a part-time job, which allows her to be home most of the time with the girls.

Both Tom and Brandy had purchased $135,000 life insurance policies when the twins were born. But eight years later, a lot has changed in their lives, and they aren’t sure if their original policies are still sufficient to meet their financial needs. Using the information provided below, figure out whether Tom has enough coverage or needs to purchase more life insurance.

**Instructions.** To determine if someone needs more life insurance, you need to assume that the person is suddenly out of the picture—in this case, we assume that Tom dies now, at age 41. Here’s the process the Harrises go through to evaluate Tom’s life insurance needs.

They begin by determining how much income Brandy and the kids would need to maintain their standard of living. After doing the math, they determine $45,000 a year would suffice. Here is the complete list of items that Brandy wants in place if she suddenly is raising the twins on her own:

- an annual income of $45,000 for a period of **10 years**
- the twins’ college educations fully funded **right now**
- the mortgage and all other debts **paid off in full**

Using the financial information outlined below, determine if the life insurance Tom owns is enough to accomplish Brandy’s financial goals.

**Money coming in (without Tom’s earnings)**

| Brandy’s annual earnings | $15,000 |

**Current debts**

| Mortgage balance | $150,000 |
| Credit card debt | $3,000 |
| Car loan balance | $10,000 |

**Savings, investments, insurance**

| Savings/mutual funds | $50,000 |
| Retirement savings | $35,000 |
| Current life insurance coverage | $135,000 |

**Future income needs**

| Brandy and the kids would need | $45,000 annually |

With Brandy’s income, how much extra is needed for a single year?

(A) For 10 years? (Multiply the single-year amount by the correct factor in Table A)

$30,000

$264,000
**Educator Answer Sheet (continued):**

**Expenses**

(B) Funeral and other final expenses $ 6,500 (based on average cost of a funeral)

If Tom died, the family would have immediate additional costs on top of their ongoing debts.

(C) Current debts (total them up) $ 163,000

(D) College costs in 10 years $ 287,691 (this is for two)

(Note: the twins will attend college in 10 years)

Important Note:
Tom found that the current cost of tuition, fees, and room and board at a four-year private college was $158,072. To determine college costs 10 years from now, multiply the current cost by the correct factor listed in Table B below.

**Do they have enough?**

(1) Total up the family’s income and cash needs $ 721,191 (A to D)

(2) Total up the income-producing assets (including insurance) $ 220,000

(3) Which line is greater, (1) or (2)?

1) expenses are greater than income

(4) If (1) is larger, how much more life insurance would Tom need to accomplish Brandy’s financial goals for the future? $ 501,191

(5) As a multiple of his annual income, how much life insurance does Tom currently have (e.g., 1 times income, 2 times income, etc.)? 3 times his annual income

(6) After he buys the additional coverage, how much life insurance does Tom now own as a multiple of his annual income? Almost 11.4 times his annual income

Because questions ask for the amount in 10 years, students should use the highlighted factors.

**Table A**

<table>
<thead>
<tr>
<th>Years Income Needed</th>
<th>Factor$^1$</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>8.8</td>
</tr>
<tr>
<td>15</td>
<td>12.4</td>
</tr>
<tr>
<td>20</td>
<td>15.4</td>
</tr>
<tr>
<td>25</td>
<td>18.1</td>
</tr>
</tbody>
</table>

**Table B**

<table>
<thead>
<tr>
<th>Years Before College</th>
<th>Factor$^1$</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>.95</td>
</tr>
<tr>
<td>10</td>
<td>.91</td>
</tr>
<tr>
<td>15</td>
<td>.86</td>
</tr>
<tr>
<td>20</td>
<td>.82</td>
</tr>
</tbody>
</table>

$^1$Note: These tables help you determine Net Present Value (NPV), the amount of capital required today to satisfy future income or college cost needs, given an assumed investment return of 6%, inflation of 3% for living costs, and 5% for college costs.
Lesson 3: Who Needs Life Insurance?

Estimated Time: 60 minutes

Type: Group discussion, analytical thinking

Description: Students explore the purpose of life insurance by assessing the financial obligations and needs of their favorite fictional characters.

Learning Standards:
Financial Literacy: Risk Management and Insurance
Overall Competency: Use appropriate and cost-effective risk-management strategies.
Standard 1: Identify common types of risks and basic risk-management methods.
Standard 3: Explain the purpose and importance of health, disability, and life insurance protection.

Life Skills: Thinking and Reasoning
Standard 6: Applies decision-making techniques.
Benchmark 6: Analyzes the impact of decisions on self and others and takes responsibility for consequences and outcomes of decisions.

Life Skills: Life Work
Standard 5: Makes general preparations for entering the workforce.
Benchmark 14: Makes an accurate appraisal of basic insurance needs.

Common Core State Standards for English Language Arts
Reading: Informational Text: CCSS.ELA-Literacy.RI.9-12.1–Key Ideas and Details: Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.
Speaking and Listening: CCSS.ELA-Literacy.SL.9-12.1–Comprehension and Collaboration: Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–12 topics, texts, and issues, building on others’ ideas and expressing their own clearly and persuasively.

Learning Objective: To identify traits and characteristics of adults who may benefit from life insurance, and to understand the different kinds of life insurance.

Educator Resources/Materials Needed:
Karim Abouelnaga—The American Dream Put on Hold video and/or the Austin Haner—Life Lessons video

Related Activities/Student Worksheets:
- Who Needs Life Insurance?

Subject/Skill Focus: Problem-solving skills, critical thinking, drawing conclusions

Lesson Script/Teaching Steps:
Before starting this lesson, you might want to have students watch the Karim Abouelnaga—The American Dream Put on Hold video or the Austin Haner—Life Lessons video and discuss the personal stories of these two young people and how their lack of life insurance impacted them.

Explain to students that while it’s not a pleasant thought, one question lots of adults ask themselves when thinking about financial planning is: How will my family pay for my funeral costs, my outstanding debts, their ongoing living expenses, and future expenses like college if I am no longer here?

Since money does not grow on trees, one way adults plan for these expenses and obligations is with life insurance.

Once adults decide to invest in life insurance in order to provide income for their families when they’re gone, the next step is to determine how much life insurance coverage they need. There are two questions they can ask themselves to help them decide: (1) How much money will my family need after my death to meet immediate expenses, such as funeral costs and debts? and (2) How much money will my family need to maintain its standard of living over the long run?

> Who Needs Life Insurance? Activity:
To help them consider how adults evaluate these questions, students will consider the following: Who among your favorite fictional characters needs life insurance? By thinking about these characters and their varied life situations, students will gain insight into the purpose of life insurance and some of the key factors that contribute to an adult’s need for life insurance.

Hand out the student activity worksheet Who Needs Life Insurance? Instruct students to work in small groups. First students will describe some of their favorite fictional characters from books, TV, or movies. Next they will assess the financial needs and obligations of each character and then make a recommendation as to which characters might benefit from life insurance. When students are done, have them gather as a class to discuss the characters they’ve brainstormed and to draw conclusions about insurance needs for each one.

Educator Answers:
1. Answers should include the fact that the mother has three dependents, while there’s no indication that anyone relies on the superhero for financial support.
2. Answers will vary.
3. Answers should include the idea that a greater number of dependents may correlate with higher financial responsibility and obligations.
Remind students of the two main types of life insurance: term and permanent. Term life insurance provides protection for a specific period of time and generally only pays benefits if the policyholder dies during the “term.” Permanent life insurance is lifelong protection and will pay benefits as long as the policyholder pays the required premiums. Term life insurance tends to be cheaper than permanent life insurance when first purchased because it is for a temporary period; however, term insurance premiums can increase over time. Ask students which of the characters that they listed would benefit most from term life insurance, and which would benefit from permanent life insurance.

Conclude the activity with a discussion of this question: Why is the biggest factor in evaluating who needs life insurance the number of dependents a person has? Explain that life insurance can replace income but also is meant to support those who still depend on the policyholder after he or she is gone. This could include a policyholder’s children, aging parents, or a disabled sibling he or she supports financially. If the policyholder is a small-business owner, life insurance can also help support the employees and business after the policyholder passes away.