

More Than One in Three Parents Without Life Insurance Say Their Children's College Dreams Would End If Their Family's Primary Wage Earner Died

NEW YORK, Sept. 20 /PRNewswire/ -- Asked to assess the impact the death of the primary wage earner would have on their children's college plans, parents overwhelmingly said that their children would have to alter their plans, with repercussions ranging from taking out additional loans to being unable to afford college altogether.

The survey found that the stakes are dramatically higher for parents that have either no life insurance or little coverage. For instance, more than three in four (76 percent) parents with no life insurance coverage say that the death of the primary wage earner in their household would either make it harder to afford college (40 percent) or college would be completely unaffordable (36 percent).

By contrast, parents with life insurance coverage equal to at least five times their annual income are confident that their children would get a college education, even in the event of their premature death. Of this group, 84 percent say college would be just as affordable or easier to afford if they were to die prematurely, presumably because life insurance proceeds would be used to pre-fund their children's college education. Only 12 percent of this group say that the primary wage earner's death would make college harder to afford and just 1 percent say the loss would make college completely unaffordable. Insurance professional Mark D. Johnson, CLU, ChFC, RHU, chairman of the Life and Health Insurance Foundation for Education (LIFE), which sponsored the survey, says these findings highlight the financial risk many parents take by not having adequate life insurance coverage.

"The ability to afford a college education is not something that moms and dads should be leaving to chance, and unfortunately that's what so many parents are doing by not having adequate life insurance coverage," said Johnson.

Skating on Thin Financial Ice

The survey results were released in conjunction with "Skating on Thin Financial Ice", a Life Insurance Awareness Month event held yesterday in New York City and sponsored by the LIFE Foundation. At the event, Scott Hamilton, Olympic Gold Medalist and spokesman for Life Insurance Awareness Month, spoke about his own experience of losing his mother to cancer when he was 19. Because his mother did not own any life insurance, a lack of funds almost forced Scott to give up skating just as his career was starting to take off. He was only able to continue his training due to the generosity of an anonymous donor who saw promise in his skating ability.

"It's sad to think that the college plans of so many children would be threatened if they lost their parents," said Hamilton. "It makes me appreciate the security that my own life insurance protection provides my family. I was lucky, and I got to pursue my dreams even when it seemed I would never be able to afford to. But I don't rely on luck with my own family's financial security and neither should any mom or dad."

Also speaking at the event was Jermaine Suggs, 23, who had to drop out of the University of West Alabama three years ago when his father died with no life insurance. For three years, Suggs set aside his dream of a college education to help support his family. Just last month, Suggs resumed his education at Concordia College in Selma, Ala., thanks in part to a \$5,000 scholarship he received from the LIFE Foundation as one of the 2006 recipients of the organization's LIFE Lessons Scholarship Program.

"My father had life insurance but dropped it because his business was struggling and he felt he needed the \$9 a month he was spending on the coverage," said Suggs. "That insurance would have made such a huge difference for me and my family. People need to realize that you don't buy life insurance for yourself, you buy it for those that are left behind."

Additional Survey Findings

Conducted by KRC Research between August 31 and September 10, 2006, the random national telephone survey asked 541 Americans with children under the age of 18 to consider the likelihood their children would go to college, their financial preparedness to cover the costs, and the impact the death of the primary wage earner would have on their child's college plans. Here's how parents responded:

- * 94 percent of parents say it is definite or likely that their children will go to college

- * 77 percent of parents expect to be fully or mostly responsible for financing their children's education

- * Just 14 percent of parents say their family is well prepared to pay for their child's college education

 - 44 percent are doing okay, but need to continue saving steadily

 - 22 percent are behind in saving

 - 18 percent are totally unprepared

Among adults with children under 18 at home, 68 percent report having life insurance, 13 percent do not and 19 percent did not provide an answer. In addition, 42 percent report having life insurance coverage worth four times their annual income or less, 21 percent have coverage five times or more their annual income and five percent were not sure of the amount of their life insurance coverage.

About LIFE

The Life and Health Insurance Foundation for Education (LIFE) was founded in 1994 in response to the public's growing need for information and education on life, health, disability and long-term care insurance. LIFE also seeks to remind people of the important role insurance professionals perform in helping families and businesses safeguard their financial futures. To learn more about these topics, please visit <http://www.life-line.org/>.

About Life Insurance Awareness Month

Life Insurance Awareness Month was created in response to growing concern about the large number of Americans who lack adequate life insurance protection. According to LIMRA International, 68 million adult Americans have no life insurance. Those who own life insurance have an average of four times their annual income in coverage, which is considerably less than most experts recommend. Held each September, Life Insurance Awareness Month is an industry-wide effort that is coordinated by the LIFE Foundation.

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