Why Workplace Life Insurance May Not Be Enough: Planning for Comprehensive Family Protection

Employer-provided life insurance is a valuable benefit, but relying solely on a group policy may leave critical coverage gaps. Understanding how group insurance works helps protect your family's financial security no matter where life takes you.

The Reality of Employer Coverage

Group life insurance often provides a basic safety net, but it may not match your long-term financial obligations.

- **Guaranteed Basic Coverage:** Basic employer-provided coverage is typically guaranteed issue, requiring no medical underwriting to qualify. However, coverage amounts are generally minimal.
- **Coverage Limits:** Many workplace policies offer a flat rate (e.g., $50,000) or one to two times your annual salary. However, financial planning standards recommend 10 to 15 times your annual salary to help protect your family's mortgage, debts, and long-term living expenses.[1]
- **Lack of Portability:** Group coverage is typically tied to your employer. If you change jobs, experience a layoff, or retire, your policy usually terminates.
- **Limited Customization:** Group life insurance typically offers standardized, term-only coverage without cash value or permanent options, limiting customization for policy riders, terms, or extensions.
- **Pricing:** Group coverage can become expensive as you age because group rates are priced to accommodate a broad pool of risk without individual health underwriting.

Comparing Your Options

Group Life Insurance vs. Individual Life Insurance

Feature / Benefit	Employer-Provided Life Insurance	Individual Life Insurance
Portability	Policy typically ends when you leave your employer	Coverage stays with you regardless of job changes or retirement
Coverage Level	Often capped at 1–2x salary or fixed dollar amounts	Fully customizable to match your specific financial needs
Cost and Pricing	Basic group coverage is often low-cost, but supplemental rates may increase with age and plan revisions due to broad-risk pool pricing	Rates are based on your personal health and can be locked in for 10, 20, 30 years, or life.
Policy Type	Typically term insurance only; limited supplemental rides and no cash-value accumulation	Choice of term or permanent life options with customizable rider, terms, and conversion options
Ownership	Owned by the employer policyholder	Owned directly by you, giving you total control
Underwriting	Basic levels are typically guaranteed issue with no medical exam.	Requires individual underwriting, which often secures better long-term rates for healthy individuals.

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Key Advantages of Personal Life Insurance

- **Portability Features:** Your policy remains active as long as premiums are paid, providing uninterrupted coverage through career changes.
- **Tailored Protection:** Select a death benefit amount, duration, and optional benefits that fit your family's precise needs.
- **Price Stability:** Locking in an individual policy early allows you to secure stable, predictable rates based on your current age and health status.

Take the important step to review your current coverage and help provide your loved ones with the coverage they need.

Speak to your financial representative today to explore individual life insurance solutions.

[1] Life Happens. (n.d.). How much life insurance do I need? Retrieved August 26, 2026, from https://lifehappens.org/life-insurance-101/how-much-life-insurance-do-i-need/

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