

Lack of Understanding Leaves Almost Half of Americans Without Life Insurance

Northwestern Mutual study examines flexibility of key financial planning asset

MILWAUKEE, Sept. 1, 2015 /PRNewswire/ -- Only 51% of Americans own life insurance, and a primary reason is that it's a product that remains highly misunderstood. This is the latest finding from Northwestern Mutual's [2015 Planning & Progress Study](#).

This [annual study](#) exploring Americans' attitudes and behaviors towards finances and planning reveals that one of the greatest barriers to life insurance ownership is knowledge and education. For example, 14% of U.S. adults say they don't own life insurance because they don't know much about it or never thought about it. Other barriers include cost and prioritization, with two in five claiming life insurance is too expensive (43%) and nearly one in three saying it's a low priority (31%) compared to other expenses.

"At a time when so many Americans are wrestling with how to achieve long-term financial security, people are overlooking one of the most critical tools to meet that goal," says David Simbro, senior vice president of Life and Annuity Product, Northwestern Mutual. "Unfortunately, too many people lack a full understanding of all the ways permanent life insurance can be used to provide financial security. They see it as a single utility product, when it's really more like a Swiss Army® knife – it can be used for an amazingly diverse range of needs."

While the majority of the population is aware of the death benefits permanent life insurance provides, other uses aren't well understood:

- Only 23% know it can be used to pay mortgages and debts
- 15% know it can be used to pay estate taxes
- 12% know it can be used to instantly create an estate
- 8% know it can be used as a source of cash flow in retirement
- 5% know it can be used to help pay for college

"Managing risk and creating financial flexibility are critical elements to financial planning, but too often get relegated to the shadows in favor of accumulating assets," says Simbro. "But in an era of so much financial uncertainty – when longevity is increasing along with the cost of living – managing risk can't be overlooked. Permanent life insurance is an ideal way to manage risk, address uncertainties, and still add cash value and financial flexibility to a portfolio."

Of the age groups surveyed, Millennials are particularly likely not to have given thought to life insurance, with twice as many (28%) saying they have never thought about it or don't know much about it, compared to the general population (14%) who said the same.

To learn more about the flexibility of permanent life insurance and its various living benefits, check out this short animation: <http://u.nm.com/PLIflex>

About the Research

The *2015 Northwestern Mutual Planning & Progress Study* explores the state of financial planning in America today, and provides unique insights into people's current attitudes and behaviors toward money, goal-setting and priorities.

This study was conducted by Harris Poll on behalf of Northwestern Mutual and included 2,010 American adults aged 18 or older from the general population who participated in an online survey between January 12, 2015 and January 30, 2015. Results were weighted to Census targets for education, age/gender, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated; a full methodology is available.

About Northwestern Mutual

[Northwestern Mutual](#) has been helping families and businesses achieve financial security for nearly 160 years. Our financial representatives build relationships with clients through a distinctive planning approach that integrates risk management with wealth accumulation, preservation and distribution. With \$230 billion in assets, \$27 billion in revenues, nearly \$90 billion in assets under management in our investment products and services, and more than \$1.5 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to 4.3 million people who rely on us for insurance and investment solutions, including life, disability income and long-term care insurance; annuities; trust services; mutual funds; and

investment advisory products and services. Northwestern Mutual is recognized by FORTUNE magazine as one of the "World's Most Admired" life insurance companies in 2015.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI, and its subsidiaries. Northwestern Mutual and its subsidiaries offer a comprehensive approach to financial security solutions including: life insurance, long-term care insurance, disability income insurance, annuities, life insurance with long-term care benefits, investment products, and advisory products and services. Subsidiaries include Northwestern Mutual Investment Services, LLC, broker-dealer, registered investment adviser, member FINRA and SIPC; the Northwestern Mutual Wealth Management Company, limited purpose federal savings bank; and Northwestern Long Term Care Insurance Company.

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