PROTECT THE
FINANCIAL SAFETY NET.

75 MILLION FAMILIES RELY ON IT.
LIFE INSURERS PROVIDE A FINANCIAL SAFETY NET FOR 75 MILLION AMERICAN FAMILIES.

THE NEED

Financial protection: American families need protection against life’s financial uncertainties. In fact, most experts suggest an individual’s life insurance coverage should equal at least seven to 10 times his or her annual income. Yet today, about 40 percent of families are unprotected by life insurance. In addition, the 60 percent of households with life insurance only have enough to provide financial support for five years or less, on average.

Savings: American families worry about retirement savings. According to a 2016 Gallup Economy and Personal Finance poll, 64 percent of Americans are worried about not having enough money for retirement and 51 percent are worried about not being able to maintain their standard of living. The fact that fewer workers have traditional pension plans to rely on, combined with the strain on government plans like Social Security and Medicaid, add to Americans’ concerns.

Lifetime retirement income: Every day, about 10,000 Americans turn 65 – and many are underestimating their longevity. A Society of Actuaries study found that more than half of retirees underestimated their life expectancy by at least five years. This means they likely will miscalculate how long their retirement savings need to last, and risk spending their retirement years in financial stress.

Families need the financial safety net that life insurance companies and the professionals who represent them provide through life insurance, disability income insurance, long-term care insurance, and retirement annuities. These products provide peace of mind, now and in retirement.

www.SecureFamily.org
Only life insurers provide products that protect families from the impact of certain financial risks—providing peace of mind through life insurance, disability income insurance, and long-term care insurance. And only life insurers deliver lifetime income guarantees through retirement annuities—protecting individuals and families from the risk of outliving their savings. These protections and guarantees are not available from any other financial services companies.

Dedicated agents and advisors work with American families and businesses every day to help them achieve financial and retirement security. Industry professionals are uniquely positioned to serve consumers and help them navigate their range of financial challenges over the course of a lifetime. Our products are vital to a well-functioning society, and for millions of families, build on the floor of financial security that government programs provide.
FINANCIAL PROTECTION THROUGH ALL STAGES OF LIFE

Life insurers’ products allow Americans to safeguard against financial risks, protecting the financial security of families and businesses.

As the industry’s cornerstone, life insurance protects families against financial loss from the death of a loved one. It provides a source of reliable liquid assets if the need arises to pay for death-related expenses, such as medical bills and funeral costs. It provides funds to replace the lost income from a provider–helping families cover daily living costs, mortgage and tuition payments, childcare, and other expenses. At the end of 2015, there were 142 million individual life insurance policies in force.

Life insurance also is important for businesses of all sizes, which often purchase it to protect jobs after the death of an owner or key employee or to finance employee benefits, including important survivor and supplemental retirement benefits.

Disability income insurance provides workers with paycheck protection–helping to ensure mortgage payments, rent, or utilities can be paid in the event that a worker becomes disabled.

Life insurers also offer long-term care insurance, which can protect a lifetime of savings and help individuals maintain financial independence and dignity should long-term care services be needed.

PROVIDING RETIREMENT SECURITY

Life insurers are leading providers of retirement security solutions–helping families plan for a secure retirement through 401(k)s, 403(b)s, 457s, IRAs, and retirement annuities. Currently, life insurers manage 20 percent of all defined contribution plan assets and 14 percent of all IRA assets. In total, 13 percent of Americans’ retirement savings are in annuities—the only financial products that ensure retirees cannot outlive their savings by guaranteeing a paycheck for life.

Life insurers are leading providers of retirement plans to small businesses–representing 60 percent of the small plan marketplace. Life insurance companies and agents play an important role helping these small businesses offer retirement solutions to American workers.
BUILDING THE ECONOMY

- 75 million American families depend on the life insurance industry for financial and retirement security.
- The life insurance industry pays out $1.7 billion every day through payments from life insurance, annuities, long-term care insurance, disability income insurance, and other types of insurance products.
- More than 16% of Americans’ long-term savings is in permanent life insurance and retirement annuities.
- The life insurance industry generates approximately 2.5 million jobs in the U.S., including direct employees, those who sell life insurers’ products, and non-insurance jobs supported by the industry.
- The life insurance industry has $5.9 trillion invested in the U.S. economy, making it one of the largest sources of investment capital in the nation.
- Life insurers invest in American business for the long term. More than 38 percent of general account bonds held by life insurers had a maturity of more than 20 years at the time of purchase. More than 70 percent had a maturity of more than 10 years.
- Life insurers are a major source of bond financing for American businesses, holding more than 20 percent of all U.S. corporate bonds.
- Life insurers provide long-term capital to the commercial mortgage market, directly financing more than $404 billion of U.S. commercial mortgages.

- 75 MILLION American families rely on life insurance and retirement annuities.
- Life insurers pay out $1.7 BILLION every day to American families and businesses.
- More than 16% of Americans’ long-term savings is in life insurers’ products.
- The life insurance industry generates 2.5 MILLION jobs.
THE ROLE OF PUBLIC POLICY

The life insurance industry hopes to partner with Congress on public policy solutions that encourage Americans to save more, plan ahead, and protect their financial and retirement security.

As Congress addresses tax reform options, it should draw from prior tax reform efforts and do no harm to the industry that provides a private sector financial and retirement security safety net to 75 million American families.

In 2014, for example, Congress entertained a tax reform proposal that would have increased life insurance companies’ net tax liability by 26 percent over a decade. Life insurance companies already bear a significant tax burden under current law—accounting for 2.2 percent of corporate sector tax revenue, while representing only 1.8 percent of corporate profits.

Because life insurers’ products are capital intensive, higher corporate taxes would directly impact product design, availability, and pricing. Higher corporate tax rates would constrict the capital that life insurers need to offer the level of protection and guaranteed benefits provided only by life insurance, disability income insurance and long-term care insurance, and retirement annuities.

Life insurance and retirement savings products are taxed appropriately under current law. The savings that build up in life insurance and annuities do not escape taxation—they are taxed at ordinary income rates when policyholders make a withdrawal from their annuity or cash in their policy if protection is no longer needed. Additionally, life insurance and annuity owners pay premiums with after-tax dollars.

Americans need expanded access to guaranteed lifetime income through retirement annuities and education about retirement plan distribution options from the dedicated agents and advisors who help families achieve financial and retirement security.

The life insurance industry is committed to seeking public policy that expands access to private sector retirement security solutions for more workers and families.

As new laws and regulations are considered, policymakers must not make it more difficult or expensive for families to build their own financial safety nets.
ABOUT US

Americans to Protect Family Security is a partnership of America’s financial advisors, life insurance agents, and life insurance companies that is dedicated to educating policymakers about the role our products play in the financial lives of 75 million American families.

American Council of Life Insurers (ACLI), acli.com
American Fraternal Alliance (AFA), fraternalalliance.org
Association for Advanced Life Underwriting (AALU), aalu.org
GAMA International, gamaweb.com
Insured Retirement Institute (IRI), irionline.org
National African American Insurance Association (NAAIA), naaia.org
National Association for Fixed Annuities (NAFA), nafa.com
National Association of Independent Life Brokerage Agencies (NAILBA), nailba.org
National Association of Insurance and Financial Advisors (NAIFA), naifa.org
Women in Insurance and Financial Services (WIFS), wifsnational.org

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LEARN MORE ABOUT LIFE INSURANCE, RETIREMENT ANNUITIES, AND OTHER INDUSTRY PRODUCTS

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WITHOUT A SAFETY NET, YOU HAVE NOTHING TO FALL BACK ON.

75 million families rely on the financial safety net that life insurance companies and their financial advisors provide. Let's work together on a tax reform bill that keeps the financial and retirement security safety net in place for Americans.

JOIN US AT SECUREFAMILY.ORG.