Grandparents
For a growing number of families, grandparents are heading the household either by choice or necessity. To ensure they are prepared, grandparents should review their estate plans and other important financial matters, such as life insurance and retirement plans. Additional life insurance may be used to help provide for a grandchild’s living expenses, fund a child’s college education or the purchase of a first home.

Blended families
Children from prior relationships may make estate planning more complicated. Life insurance can also be used when one partner or spouse has grown children and wants to help the other partner maintain a shared residence.

Life insurance may be used as an alternate inheritance. For blended families, life insurance may provide a method of equalizing inheritances, if there are children from a previous marriage.

Available life insurance products
There are many life insurance products available to help meet the diverse needs of today’s families.

Term life insurance
Term life insurance is a basic type of life insurance, designed for people with insurance needs for a specified period of time. Term life insurance has a guaranteed death benefit and premiums are typically guaranteed not to increase for 10, 20 or 30 years. After the guaranteed level term period, the premium generally increases annually.

Term life insurance can be an effective way to supplement permanent life insurance during years when you need more insurance protection, i.e., when your family is growing and your expenses exceed your income.

Permanent life insurance
Permanent life insurance provides lifelong coverage, with a generally income tax-free death benefit for your beneficiaries. There are many types of permanent life insurance, each having unique features that may make it appropriate in certain situations. The two main categories of permanent life insurance are whole life and universal life.

Survivorship life insurance
Survivorship life insurance is a life insurance policy that covers two individuals and provides a life insurance benefit after the death of the last surviving insured. Survivorship policies can be whole life or universal life insurance.

The modern family unit is often composed of various family members, including children, parents, partners and extended family members. Today’s modern families have unique planning concerns and challenges, which should be carefully considered when creating a plan for your financial future.

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LIFE INSURANCE FOR TODAY’S FAMILIES

Today’s “family portrait” can have almost infinite possibilities — one size does not fit all. A family can take on a variety of configurations, including: Step-parents and blended families, single parent households, adoptive parents, same-sex or non-traditional gender partners whose relationships are recognized by some laws and not by others, siblings living together, foster parents, separated couples who choose not to divorce, opposite-sex partners who choose not to marry for various reasons, grandparents caring for children and other multi-generational households.

According to the Pew Research Center, in the American family today, 16% of all children live in blended families. Only 46 percent of children are living in a traditional family -- two married parents in their first marriage -- down from 73 percent in 1960.1

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3 The death benefit is guaranteed according to the terms of the contract and provided that premiums are paid.
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This material is for general informational purposes only and is not legal or tax advice. In general, partial withdrawals from a permanent life insurance policy in excess of the policy’s basis are taxable and limited circumstances exist where death proceeds will be taxable. The material may not reflect your particular circumstances. Neither Farmers Insurance nor any of its agents, employees or registered representatives is authorized to provide tax or legal advice. Please consult your tax or legal advisors for advice specific to your situation. Carefully read the contract prior to purchasing any life insurance or annuities. This material presents our general understanding of current law, as tax laws and IRS administrative positions may change. This material is not intended to, and cannot be used to avoid any Internal Revenue Service penalties.

Farmers New World Life Insurance Company, 3503 77th Ave. SE, Mercer Island, WA 98040.
82-76035 7-16
When planning for the financial future of your loved ones, families may need that most traditional of financial products, life insurance.

Life insurance, both term and permanent, can help cover a myriad of financial needs including:

- **Protection**: Life insurance may be able to help protect your family’s financial future in the event of your premature death.
- **Mortgage liquidation**: Benefits may be used to help pay off mortgages and other outstanding debts in the event of a premature death.
- **Business-succession planning**: Benefits may be used to facilitate the continuation or disposition of a family business through buy-sell arrangements and key person insurance.
- **Estate preservation**: Insurance may help cover estate expenses and help avoid the need to sell assets and/or borrow money to cover these expenses.
- **Charitable giving**: An insurance policy may allow you to make a donation to your favorite charity upon your death.

**Steps everyone should consider**

No matter what form your family takes, there are a few steps every family should consider to ensure their intentions are fulfilled when it comes to their long-term financial planning. Today’s families all desire the same reassurance when it comes to protecting and passing on assets to future generations.

Below is a brief description of some current issues faced by families and the possible steps toward creating a plan for their family’s financial health. Remember, this is not a comprehensive list, and you should always work with professionals such as your attorney or accountant to ensure necessary legal documents are drafted and filed correctly.

**Legal instrument for disposal of assets**

In the absence of a will, trust or other legal instrument directing the disposal of assets, each state has a statutory method that controls how assets will be passed from a deceased individual. This is known as intestate succession. Generally, for traditional families, assets will flow entirely to a surviving spouse; but if there is no surviving spouse, the assets may be divided among any surviving children. These rules vary from state to state. Of course, some of today’s families might find that intestate succession could help their loved ones from receiving the assets they should.

This may be especially true for unmarried couples or single parents. An attorney-drafted document may help enable individuals to express their desires for the distribution of their assets, as well as resolve potential issues regarding guardianship of minor children. If a ‘single’ person dies intestate, their estate may pass to their next of kin according to the probate process outlined by the laws of their jurisdiction. See your legal and financial advisors for advice on these topics.

**Power of attorney, the living will and advanced medical directives**

If an individual becomes ill or injured, and unable to make financial decisions or decisions about their medical care, they may be able to designate someone to carry out instructions on their behalf. For unmarried spouses, this may be particularly important. An unmarried partner, for example, may not have the legal ability to make medical decisions for an incapacitated partner.

In addition, today’s families may have other estate planning needs, such as domestic partner agreements, property ownership, and retirement plans. See your legal and financial advisors for advice on these topics.

**The advantages of life insurance**

Couples who are legally married under Federal law have certain advantages in their ability to pass assets between them, which may result in favorable tax treatment that other couples do not enjoy.

Life insurance can help fulfill a number of needs for unmarried couples, such as passing on assets while potentially minimizing the taxation of the assets. Unmarried couples can use life insurance to supply the surviving partner with the funds needed to help pay off a mortgage, cover living expenses, pay potential estate taxes or care for minor children.

At Farmers Life®, your declaration of a domestic partner relationship is all we need to establish an insurable interest. Other institutions may require additional proof before accepting your relationship, such as a Domestic Partnership Agreement. Always check with an attorney, tax advisor and estate planning professional for advice and a full understanding of these topics.

**Same-sex marriage, civil unions and domestic partnerships**

As a result of the Windsor Supreme Court decision,² spousal provisions applicable to life insurance contracts that are governed by federal law apply generally to same-sex spouses in the District of Columbia and states that recognize same-sex marriages. In the past, same-sex couples often named their spouses as the beneficiary of a life insurance policy or used a life insurance trust to pass life insurance proceeds to the surviving same-sex spouse. With recognition of same-sex marriages and the use of the unlimited marital deduction, same-sex couples may purchase joint and survivor life insurance policies which would allow them to provide generally income tax-free life insurance proceeds to their children or to other beneficiaries upon the death of the surviving spouse.

However, because some states recognize such marriages and others do not, you should check with your place of employment to see whether your status is recognized for company-provided life insurance as well as survivor distributions from a company-sponsored retirement plan. Always check with an attorney, tax advisor and estate planning professional for advice and understanding of these topics.

**Single parents**

Single parents have a different set of concerns. If you are a single parent, life insurance may be especially important. Just how much coverage you may need depends on how many children you have, your income, your current assets and other factors. See your legal and financial advisor for advice on this topic.
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1 U.S. Census Bureau, “Parenting in America,” December 17, 2015, pp 15-16.
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