

## Insuring a Stay-at-Home Parent

The job of homemaker can be very rewarding, and the care a stay-at-home parent provides is invaluable to his or her family. But when it comes to calculating life insurance needs, many families believe that obtaining coverage for the main breadwinner is sufficient. They often fail to realize that the premature death of a stay-at-home spouse would not just be a devastating emotional blow to the family; it could also cause significant financial hardship for the children and spouse left behind.

Because homemakers do not earn a paycheck, estimating the economic benefit of their contributions to the family can be tricky. What is clear is that the cost of replacing the services a stay-at-home parent provides without any direct compensation can be substantial. Exactly what those costs would be depends on the family's circumstances: if the children are younger, child care costs must be budgeted; if the other spouse works long hours and is unable to take over many of the responsibilities at home, the family may need to factor in the cost of hiring housecleaners and gardeners.

The first step in calculating how much life insurance coverage a family should purchase for a stay-at-home spouse is to consider how much it would cost to pay others to perform tasks the homemaker currently handles.

Here are some examples of jobs a stay-at-home spouse typically does on a regular basis, and estimated market wages for these jobs.

1.	Shopping	\$10.36 per hour
2.	Recordkeeping and Household Management	\$12.95 per hour
3.	Food Preparation	\$ 9.10 per hour
4.	Housekeeping and Maintenance	\$ 8.21 per hour
5.	Yard and Car Care	\$ 9.88 per hour
6.	Laundry & Clothing Care	\$ 8.21 per hour
7.	Family Care	\$ 9.27 per hour

In addition to having to pay for help in these areas, a family that has lost a parent may find that other expenses go up because of the time pressures on the surviving spouse. The family may dine out or buy expensive convenience foods more frequently than when there was a parent at home to cook, and a working spouse generally has less time than a homemaker to devote to shopping for bargains on groceries, clothing and other items.

Clearly, replacing the contributions of a homemaker and caregiver would be very expensive indeed, especially considering the number of years it takes to raise a family. All told, the economic benefit provided by a stay-at-home parent is estimated to be worth \$70,000 a year—or \$1.4 million over 20 years.

It therefore makes sense to take out a life insurance policy not just for the family's main earner, but also for the spouse who works at home. If something were to happen to a stay-at-home parent, life insurance could help the family through the difficult period of adjustment.

Proceeds from a life insurance policy could be used to cover final expenses, and allow the surviving spouse to take a leave of absence from work to spend time with the children. A lump sum could also be helpful in clearing debt. In some cases, the policy money will be needed to pay for child care or housekeeping services after the surviving parent returns to work. In other cases, it may be possible to save at least a portion of the life insurance proceeds to pay for college.

Losing a parent to death is a devastating blow to a family. But financial hardship as a result of that loss is not inevitable. Life insurance coverage can help ensure that the surviving parent would not be forced to work long hours or take a second job in order to pay the bills, but could, instead, focus on caring for the children.

If you are uncertain about what the specific life insurance coverage needs of your family might be, it may help to make a list of the services your family would need as a one-parent household, and the cost of those services. The fact finder below will help you calculate your potential expenses.

Child care	\$ _____
Cooking/Dining out	\$ _____
Yard work	\$ _____
Household cleaning	\$ _____
Household maintenance	\$ _____

Household management (bills/scheduling)	\$ _____
Other	\$ _____
Other	\$ _____
Total	\$ _____

It is important to assess your family's specific requirements, and prepare accordingly. With proper life insurance coverage, you can rest easy knowing your family's financial needs will be met well into the future.

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