

Why having life insurance is a critical piece of women's financial strategies.

By Sophia Duffy, JD, CPA, and Steve Parrish, JD



KEY TAKEAWAYS:

Many women rely on employer-provided life insurance; however, these policies may not provide adequate coverage.

Women can build financial security for loved ones through ownership of life insurance, both while working and in retirement.

Considerations such as marital status, children with special needs, and caring for older relatives make the need for life insurance particularly compelling for women.

For women at all wealth levels, ownership of life insurance can create a legacy for their families and for future generations.

When it comes to life insurance, Americans, on the whole, are underinsured; but women, in particular, are likely to experience a gap in coverage.¹ The percentage of Americans with a self-reported life insurance need-gap (40 percent) rose sharply in 2020 and remained elevated during and in the years immediately following the COVID-19 pandemic, though it may be slowly returning to pre-pandemic levels.² But there is still a large gap to fill—with less than half of women owning life insurance, and of those, 1 out of 4 owning life insurance through their employer only. While employer-provided insurance is convenient and cost-effective, the policy values are often insufficient—on average \$50,000 to \$100,000—and often the coverage amounts can't be adjusted to match changing financial circumstances, like an increase in wages or the purchase of a home. Furthermore, average employer-provided coverage amounts may cover only a year or two of salary and are not portable, meaning the insured will lose this coverage if she leaves her job. However, workplace insurance policies can be supplemented with affordable individually owned policies that can often be issued quickly and without the need for invasive medical tests.

There are two primary purposes behind the purchase of life insurance: the need for financial security and the desire to leave a legacy. A life insurance policy is unique in that it provides a generally tax-free death benefit, payable to the owner's designated beneficiary. If you're a woman who is the sole income provider or who earns income along with a working partner, you're part of a U.S. population that has grown significantly in recent decades. According to recent research estimates from 2025, about 31 %–37 % of women in heterosexual romantic relationships in the U.S. are *primary breadwinners* — meaning they earn more than their male partner,³ and approximately 49.6 % of married-couple families had both spouses employed in 2024.⁴ Now, more than ever, a woman's income is a critical part of the household's finances. With more families relying on the income provided by both spouses, women want the security of knowing that the loved ones who depend on that income can maintain their current standard of living and achieve future financial goals. An appropriate life insurance policy provides this peace of mind and is an especially effective way to leave a legacy for the benefit of future generations without diminishing other assets.

Building a foundation of financial security

Financial security for working women.

Consider this scenario: **Maria** is a 45-year-old woman. She is married to Raoul, and they have two children, ages 12 and 10. Her mother, who suffers from early-stage dementia, lives in their home, and Maria cares for her. Maria also works full-time and shares childcare duties with Raoul. Her salary is \$92,000, and it represents roughly 50% of the family's income. Maria has life insurance through her employer, with a death benefit of \$50,000. The couple budget their expenses well, but they worry about the rising costs of living and being able to save enough to send their children to college and meet their other long-term goals. A friend of Maria's recently passed away, and that has caused Maria to worry about the financial impact on her family if she were to pass away unexpectedly.

Maria's story is not unique. Her family relies on her income, and she wants to make sure her family would be provided for if she were to die unexpectedly. Her death would greatly impact the family's finances: Raoul would need to pay for the childcare and elder care duties Maria has been managing (which can be quite expensive), and Maria's income would need to be replaced so the family's living expenses could continue to be met. In addition, Maria's contributions toward the couple's long-term savings goals, such as saving for college for the children, would need to be replaced. Maria may also leave behind her own credit card debt and medical expenses, which will need to be paid off.

The life insurance provided by Maria's employer will cover some of these costs, but the funds will be quickly exhausted. An additional life insurance policy that more adequately reflects the family's needs will relieve the financial pressures that would be faced by the family and will provide Maria with the peace of mind that if something happens to her, family goals will not be derailed. Maria can arrange for the death benefit to go to Raoul outright, or it can be placed into a trust for the benefit of her family.



Maria's situation is the reality for the many women in the United States today who handle a multitude of responsibilities, providing income, domestic chores, childcare, and care for elderly parents, to name a few.

Financial security in retirement.

Even after retirement, a woman's financial concerns do not disappear. In fact, the need for individually owned life insurance is greater, because her employer-provided life insurance ceases upon retirement.

Certain expenses may actually increase in retirement. For example, rapidly increasing home values in desirable retirement areas may result in a couple paying the same or more in rent, real estate taxes, or a mortgage, even if they downsize their home. And if a woman predeceases her spouse during retirement, the expenses of the surviving spouse are not necessarily cut in half. The surviving spouse may want to remain in the couple's home and may have to pay for some household services that were provided by the deceased spouse.

If a woman is providing care for her spouse and she passes away, that care would have to be provided by a paid caregiver if no relatives are willing to step in. Formerly shared duties, such as budgeting and bill paying, may be overwhelming for the widower, requiring increased costs for professional services. And just because the couple was retired does not mean they stopped helping family members financially. They may have been supporting adult children or contributing to the childcare and financial well-being of their grandchildren.

Lastly, with the death of the wife in retirement, income sources and tax benefits may decrease. If both spouses were receiving Social Security payments, for example, the surviving spouse will receive the greater of the two benefits only. The deceased wife may have been receiving a pension or annuity that was good for her lifetime only, and that income will cease. She may also have been bringing in income from a part-time job. Compounding the challenge, the surviving spouse may file as a widower for two years after his spouse's death, but after that the surviving spouse must file as a single taxpayer, losing the tax advantages of widowed and married-filing-jointly status.

These needs suggest that, even in retirement and with grown children, there are many reasons a woman should have a suitable amount of life insurance. While alive, she is able to provide care to loved ones directly; after death, she may want to provide that care financially.

Financial security for partners and guardians.

More and more women are choosing to forgo marriage,⁵ and unmarried women have unique concerns related to the financial security of their families. Certain legal and tax benefits for married people are not available to unmarried individuals, and sufficient life insurance can help overcome this benefit gap. With married couples, for example, the surviving spouse can choose the higher of the two spouses' Social Security benefits payable during retirement. In some cases, however, if a woman is not married, her surviving partner cannot claim her benefit. The same can happen with defined-benefit pension plans. If the unmarried couple was enjoying the income from a pension plan earned by the deceased, her survivor will not be able to continue collecting that income after her death.

Life insurance is particularly helpful in these situations. As long as there is an insurable need, life insurance benefits can be provided to anyone as the beneficiary, including her partner, the caregiver of her children, or a trust. The generally tax-free life insurance benefit will help replace the lost benefits of the deceased and help pay for expenses that will be shouldered by the beneficiary.

Financial flexibility for business owners.

If you're a female entrepreneur, or business owner, you are among a group on the rise. The number of women-owned businesses increased by 21% between 2014 and 2019. From 2019–2024, women-owned businesses grew by 17.1%.⁶ With business ownership, there are many needs for liquidity that are critical to the success of the business, and often these needs can be satisfied with life insurance. When a business owner dies, the business can experience significant cash needs: Losses in revenue often occur, debts and lease agreements of the business may come due

immediately, and vendors may cease extending favorable terms. The business may suffer from this cash drain and be unable to recover. These risks can be minimized with key person or key employee life insurance coverage. The death benefit can cover revenue losses and provide the cash needed to satisfy the debts. Life insurance provides a financial cushion that supports the future success of the business.

Caregiver concerns: The expansion of the sandwich generation.

The sandwich generation phenomenon is impacting a growing number of women. The sandwich generation refers to the rising number of individuals, usually women, who care for children and aging relatives at the same time. As the life expectancies of the elderly are rising and the onset of cognitive diseases such as Alzheimer's has become commonplace, the parents of both spouses may need care for many years. In these multigenerational households, the incomes of the breadwinners must provide for the needs of all generations. If you're a woman with responsibility for both children and elders, the need to be properly insured becomes abundantly clear.

According to a Caregiving in the U.S. report, the number of Americans providing care to an adult or child with a medical condition or disability rose 45% since 2015 to 63 million in 2025. Sixty-one percent of those caregivers were women.⁷ The number of sandwich generation caregivers has increased due to the COVID-19 pandemic and the current economic environment. During the pandemic, 40% of millennials and 34% of Gen Xers were caregivers for aging parents, and 70% of caregivers for aging parents were paying the costs out of pocket.⁸

Young adults are also living at home longer, because of substantial student loan debt and the rising cost of housing. Roughly 1 in 3 adults ages 18 to 34 in the U.S. are living with at least one of their parents.⁹ Many of these young adults are working and can help with household expenses, but they are often using this time to save money to pay down debt or purchase their own residences. This places increased pressure on the household to support more individuals for a longer period of time.



Lastly, more and more grandparents provide childcare for their grandchildren. Over 2.4 million U.S. children are being raised by grandparents or kin caregiver,¹⁰ and 20% of those with grandchildren under 18 care for one or more grandchild at least once a week, with 8% providing daily or near-daily care.¹¹

For women who provide these multiple aspects of caregiving, a significant source of concern is “Who would manage the caregiving responsibilities if I were to pass away?” A woman’s spouse may not be able to take on all of these responsibilities, and replacing these crucial caregiving services may be costly. A life insurance policy can be individually tailored to take all of these circumstances into consideration and used to pay for caregiving services without creating an additional financial burden on the family.

Caring for a family member with special needs.

In recent years, the medical community and society as a whole have increasingly recognized a broad variety of special-needs issues. The cost of caring for children or adults with special needs can be

significant, depending on the nature of the disability. Families with children on the autism spectrum face an average of \$60,000 in costs per year. According to estimates, the lifetime cost for an individual with autism and no intellectual disability is an estimated \$1.4 million.¹² In addition, only 22.7% of adults with disabilities are employed, so lifetime financial support is usually necessary.¹³

Because the costs of care are so high, it is not uncommon for one member of the household, often a woman, to take a step back from her career to provide that care. The family may now rely on only one income, family support, or government services (which may decrease as a child with special needs reaches adulthood). Whether the woman providing the bulk of care is working or not, if she were to die unexpectedly, care for the child or adult would have to be arranged, and it could be costly. An employer-provided plan will likely not provide enough funds for lifelong care.

The right amount of life insurance is one of the few financial tools that can address this challenge. The tax-free death benefit will be immediately available for the individual’s ongoing care, payable either to the caregiver or to a special-needs trust.

Beyond death: A living need for security.

Today, many women continue to maintain their own separate financial assets, outside of the money provided by a spouse or shared as a couple. These assets can be set aside for her own use or to use in case of an emergency or a divorce. Cash value life insurance purchased to meet the protection needs of a woman can help address this desire for separate funds, after other savings vehicles have been considered.

First and foremost, by owning life insurance in your own name, you'll assure that there will be a death benefit available to whomever you name as a beneficiary. Additionally, the cash value building inside a whole life insurance policy offers lifetime benefits. The cash value represents known dollars that won't decrease, money that can be borrowed or withdrawn as protection needs change, and it is all within a product that has tax advantages, assuming it is structured properly. Recognizing that accessing the cash value will reduce the available cash surrender value and death benefit, this may be a particularly good fit for women who are risk averse or who are otherwise conservative about financial matters.

Recall that Maria is married to Raoul and has two minor children. It's not enough for Raoul to have life insurance on his own life. For the many reasons discussed above, Maria should own a policy with proper coverage on her life. A cash value life insurance policy can provide Maria with additional financial peace of mind. The policy's cash value can be accessed while she is alive to provide a separate source of funds for her to own and manage. This may be helpful as an emergency fund, if a problem emerges with her marriage to Raoul, or if she has different feelings about financial risk than her husband. In all likelihood, Maria will want to keep her policy in force after she retires. As her protection needs will likely be lessening at that point, the cash value can be used to supplement her retirement income, pay for the expenses of her children as they transition into adulthood, or be used to help manage the risks of retirement. With Maria owning a cash value life insurance policy on her own life, she not only addresses the risk of dying too soon, but she also addresses the need for financial security during her lifetime.

Creating a legacy

Val, age 54, is a successful marketing executive. She has two children: Emma, who is a sophomore in college; and Joe, a high school senior. Six months ago, Juan, her husband of 23 years, died suddenly. While dealing with grief, acting as the executor of Juan's estate, planning for Joe's graduation, and trying to maintain her job, she finally starts to contemplate what she calls "life after Juan." She thinks about her future, the future of her family, and the legacy she wants to leave.

The financial aspects of life insurance are all well and good, but what does this really mean for a widow like Val? A life insurance policy can't replace her lost spouse. Rather, owning a life insurance policy should be seen as looking toward the future. It's about creating a legacy that will last through generations. Life insurance is one part of a financial strategy that is built on a person's belief and value system. With proper preparation, a family's financial needs can be satisfied, and an ongoing legacy can be established that sets up future generations for success.

Consider how this applies to Val's desire to leave a legacy. Life insurance proceeds can be designated to fund life milestones that might otherwise be unattainable. For example, life insurance can be used to fund desirable goals even after she passes away, like helping to pay educational expenses for her children and future grandchildren, helping with the down payment for a child's home, providing funding for a wedding, or delivering a graduation present. Large gifts can also be made with life insurance proceeds to beloved charities or religious organizations. With a substantial death benefit, Val can make a difference—instead of buying a brick for a new parsonage at her church, she could potentially pay for the whole building. Life insurance can also be used to provide cash to pay for her estate expenses, such as burial costs and debts. This means that her family's assets and heirlooms will not need to be sold to satisfy these expenses.

At any wealth level, life insurance can create the foundation for building this legacy. If a woman owns a business, for example, life insurance proceeds can create the funds needed at death to assure the continuation of her family business. Or, if her children are not interested in continuing the business, she can donate the business to a charity

on a tax-favored basis and use life insurance as a wealth-replacement tool for the family.

Different cultures and families have different feelings about leaving a legacy. In some cultures, women are considered the center of the family—the glue that binds the clan—and as the matriarchs they are focused on the well-being of the family's descendants. In addition to passing on wisdom and traditions and acting as a role model, a woman can help her descendants financially through life insurance. This cash infusion at death can help fund the dreams she has for her heirs. And knowing she will be able to do this will provide a feeling of fulfillment and peace of mind.

Managing the costs of life insurance.

Of course, while owning a life insurance policy is important for a woman, the ongoing premiums must fit within her budget. With proper planning, this is often more manageable than may be initially thought. Age and health have a lot to do with the pricing of a policy, but it's worth noting that life insurance is typically less expensive for women, because women tend to live longer than men.

There are a variety of life insurance policies that are available, and there are various approaches that women can choose to fund their insurance policies. Below are three examples of how, for women in differing financial situations, life insurance can be built into protection strategies:

Serena is young and in a new job. She wants life insurance to provide security for her family in the event of a premature death. Serena can consider two approaches to owning and paying for life insurance. First, she can purchase a term insurance policy. At her age, the premiums will likely be very affordable. As her career blossoms, she can convert some or all of her term insurance to permanent, cash value life insurance. Another approach would be for Serena to purchase a cash value life insurance policy upfront and think of the higher initial premiums as a form of forced savings. She's paying herself first, securing a death benefit at an affordable price while she's young and healthy. With this approach, Serena will also be building tax-deferred cash value, which will likely come in handy in the future.

Leslie is 62, affluent, and preparing for retirement. Since her retirement income needs are largely covered, she's thinking about the legacy she wants to leave her children and grandchildren. She originally planned to leave her excess individual retirement account (IRA) assets to her family as her legacy. Because of the passage of the SECURE Act in 2019, however, her IRA proceeds can no longer be spread out over the lifetime of her adult children and grandchildren. Instead, the law requires her beneficiaries to liquidate Leslie's IRAs within 10 years of her death, which will result in a possibly costly tax bill over a shorter time period. Instead of stretching out her IRAs as a legacy, Leslie could purchase a life insurance policy on her own life, making her children and grandchildren the beneficiaries of the policy. The beneficiaries would generally receive the proceeds income tax free. If Leslie is worried about her beneficiaries' ability to handle money, she can arrange for the life insurance benefit to be owned by a trust.

Leslie's affluence gives her a ready cash flow to pay for the premiums on her life insurance policy. Based on her age, the cost of premiums could be prohibitive. But each year, she can withdraw proceeds from her IRAs to pay the premiums. This helps spread out her taxes on the IRAs over her lifetime, and assures her that whenever she dies, her beneficiaries will receive a known tax-free death benefit.

Constance is a successful business owner. She has a blended family. Her older children—from her previous marriage—are productive participants in her business. The younger children are stepchildren, the result of her recent marriage to Brian. Leslie loves Brian and her stepchildren, and she wants them taken care of financially. But she also wants to make sure that her older children inherit her business. A life insurance policy can be incorporated into her estate plan, serving a dual purpose. First, the policy, placed into an irrevocable trust, can provide liquidity at her death, making sure her business will be unincumbered by taxes and other expenses related to her death. Second, the remaining life insurance proceeds can be used as a death benefit for Brian and the stepchildren. The premiums for the life insurance policy can be paid for by her business, using a variety of tax-advantaged techniques.

As these three hypothetical examples demonstrate, women in different stages of planning and with different financial needs can benefit from owning a life insurance policy. Women have an interest in security in their financial dealings, and many women hope to eventually provide a legacy when they die. Whole life insurance is an established financial tool that provides both the peace of mind and living benefits needed for these goals. Whether the woman is married or unmarried, affluent or of modest means, purchasing a life insurance policy can be a wise financial decision.

Postscript.

As colleagues, we represent different generations and different genders. Yet we've both seen how life insurance, or the lack thereof, has affected women and their families, businesses, and communities. We know of untold situations where a family has suffered financially because of the premature death of an uninsured wife or mother. But we are also reminded of a work associate who had a wife and two small children. His wife died of cancer, leaving him a widower at a young age. She owned a life insurance policy, and though her family struggled emotionally after her untimely death, the proceeds from her policy eased the family's loss financially. Her husband was able to support and care for their children while maintaining his career. Fast forward 20 years, and it is gratifying to see that the two daughters are now educated adults and their father owns a successful business. Life insurance did not miraculously change the situation from sad to glad, but it did ease the difficult transition for the survivors. For these individuals, life insurance represents a living legacy from a woman who cared deeply about her family.

¹ Fewer women (48%) than men (54%) say they have life insurance. This fluctuating gender gap has persisted over the 15 years of the Insurance Barometer Study. Source: 2025 Insurance Barometer Study, LIMRA and Life Happens.

² Source: 2025 Insurance Barometer Study, LIMRA and Life Happens.

³ Women Who outearn Husbands Face Higher Marital Strain, Fobes Study 2025.

⁴ U.S. Bureau of Labor Statistics, 2024/2025 data.

⁵ "Why are women opting out of marriage around the world?", University of Houston, September 2, 2023, <https://www.uh.edu/news-events/stories/2023/january-2023/011123.php>

⁶ Women Entrepreneurs Driving Economic Growth, 2024, Entrepreneur HQ, "60+ Women in Business Statistics: 2026 Facts, Trends & The Future, Updated: October 22, 2025.

⁷ "Caregiving in the U.S. 2025," National Alliance for Caregiving. <https://www.caregiving.org/research/caregiving-in-the-us/>.

⁸ "Caregiving and COVID-19: How the Pandemic Is Expanding the Sandwich Generation," New York Life Sandwich Generation White Paper. https://www.newyorklife.com/content/dam/nyl/newsroom/docs/pdfs/New_York_Life_Sandwich_Gen_White_Paper.pdf

⁹ "Young adults are holding off on moving out of their parents' house — here's what's behind the trend", CNBC, November 17, 2024.

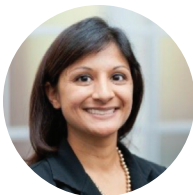
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¹¹ "Grandparents help grandkids in many ways — but the reverse may be true too, poll suggests", Institute for Healthcare Policy & Innovation, University of Michigan, November 12, 2024.

¹² "The Real Cost of Autism Treatment: Unveiling the Financial Burden", My Team ABA, March 3, 2025; <https://www.myteamaba.com/resources/cost-of-autism-treatment>

¹³ "Persons with a Disability: Labor Force Characteristics — 2024," Bureau of Labor Statistics. <https://www.bls.gov/news.release/pdf/disabl.pdf>

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