



GoFundMe vs. Life Insurance

GoFundMe is Not a Financial Planning Strategy: There are several reasons why you should strongly consider life insurance and not use GoFundMe as a fallback option:

Not Having Life Insurance Burdens Everyone: By failing to obtain life insurance and relying on a crowdfunding campaign, you are choosing to put the burden of your death on everyone else. This is a very self-centered choice, and although people hesitate to speak poorly of the deceased, they are not likely to look very fondly at your choice to leave those around you with avoidable financial costs. On a related note, your close family members may be embarrassed and humiliated to have to put up a GoFundMe campaign, and this could foster hard feelings that they may carry with them for a long time.

Not Having Life Insurance Disrupts the Grieving Process: Being left with funeral and burial expenses without knowing exactly how to pay for them puts a lot of stress on close loved ones. When they are planning a funeral and trying to grieve, the last thing they should have to worry about is how to pay for everything. A GoFundMe campaign might work well enough to cover these expenses, but someone still has to set all of that up and run the campaign. Do you think your close relatives will want to be doing this with everything else they have to deal with?

Not Having Life Insurance Could Leave Your Loved Ones Hanging: As we talked about previously, there is no way of knowing for sure how much you can expect to raise from a GoFundMe campaign. But typically, if you are not a well-known figure or your death did not make front page news, the only people who are going to donate to your campaign are those who know you and those who know your family members. Again, you might be able to raise enough to cover funeral costs, but you cannot reasonably expect much beyond that.



Taking out a life insurance policy can allow you to cover not only your final expenses, but also the financial needs of your close loved ones. For example, you could get a \$500,000 term life insurance policy that could be used to pay off your



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home mortgage, make up for your lost earnings until your youngest child turns 18, and perhaps even fund their college tuition.

Now, before you start thinking that this type of insurance is going to cost you an arm and a leg, consider that a younger and healthier person can often get \$500,000 in term life coverage for less than \$50 per month. Even if you are a little older and have some health conditions, you can still probably get a good amount of term coverage for around \$100 per month. At the end of the day, this is a small investment for the peace of mind of knowing that your loved ones will be taking care of if you should die unexpectedly.

Finding the Right Life Insurance Policy: Term life insurance is often a good option for those who want to leave enough money behind to take care of their close family members. However, if you are just looking for a policy to cover final expenses, whole life insurance might be worth looking into. The best place to start is to speak with an independent insurance broker. Independent agents operate differently from captive agents, because they work with a number of different carriers. This enables them to shop freely and find their clients the right coverage to fit their circumstances.