

Insurance When You're Young and Single

Coverage can be a great comfort, even in youth.

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The transition to adulthood is an exciting new stage that marks true independence. You may have graduated from college, taken your first job, and even, rented your first apartment. With this new freedom comes real responsibilities, including protecting yourself from the financial risks that life presents.

Auto.

Once you are no longer covered on your parents' policy, you will need to find insurance coverage in your name. It can be expensive for a young driver, so consider shopping around for the best rates and learn the myriad of ways to reduce this cost, such as coverage and deductible elections, the type of car you own, and available discounts.

Renters.

If you are moving into an apartment, you should consider renters insurance. You may not think you've accumulated much in value, but when you calculate the cost of replacing your computer, electronic equipment, HDTV, clothes, etc., it can total thousands of dollars. Renters insurance can be inexpensive. When shopping for a policy, ask about whether it includes liability coverage, which can protect you in the event you are sued by someone who is injured while in your apartment.¹

Health.

Health care coverage is frequently obtained through your employer. However, if your employer does not offer a health insurance program, you have two choices for obtaining coverage.

The first is to maintain coverage through your parents' health insurance plan. Federal law permits parents to keep adult children on their plan up to age 26. This choice may be relatively inexpensive, so you may want to ask your parents to inquire what the monthly premium is to add you to their plan.

The second option is to purchase a policy, directly, either through a private insurer, the federal health insurance exchange (HealthCare.gov), or through a state exchange, if available in your state of residence.²

Disability.

Your single most valuable asset is your future earning power. Your ability to work and earn an income is essential when it comes to your financial survival. Incurring a disability, even for a short period of time, can have substantial economic consequences, making disability insurance one of the most important insurance needs at this stage of life.

Life.

Since a young, single adult typically does not have other people depending upon their ability to earn a living (e.g., children, dependent parents), some believe the need for life insurance is minimal. However, due to a long life expectancy at this young age, life insurance coverage can be very inexpensive. You may want to consider obtaining some coverage to take advantage of low rates and good health, in advance of a time when you will have dependents.

Extended Care.

Given limited financial resources, extended care insurance may be a low priority. Nevertheless, you may want to have a conversation with your parents about how extended-care insurance may protect their financial security in retirement.

Making these decisions signals that a young adult has achieved a new level of maturity and responsibility. While it may seem overwhelming at first, conversations with a trusted financial professional may assist you in finding coverage that both meets your needs and fits within your budget. It may turn out to be a decision that means a great deal to you in the years to come.

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CITATIONS

1 - thebalance.com/best-rental-insurance-4158701 [9/20/2018]

2 - transamericacenterforhealthstudies.org/affordable-care-act/consumer-categories[12/13/2018]

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