

Financial Literacy Event Handout

Protection With A Purpose

Preparing for your Future and Evaluating your Life Insurance, Disability Insurance, and Long-Term Care coverage

EVENT KEY NOTES

✓ Life Insurance

- **What is it?** Essentially, Life insurance is a contract between you and an insurance company. In exchange for your premium payments, the insurance company pays a lump sum, known as a death benefit, to your beneficiaries after you pass away. Your beneficiaries can use the money for whatever purpose they choose.
- **Why is it important?** Buying life insurance helps protect your family and those you love from potentially devastating financial losses that could result if something happened to you.
- In addition to helping pay for final expenses, a life insurance policy can also provide financial security by helping to pay off debts, unpaid medical bills and help support the day-to-day living expenses of your beneficiaries.

✓ Long Term Care Insurance

- **What is it?** Long-term care (LTC) policies are designed to reimburse you for health care costs caused by chronic or critical illness, whether the care occurs at home or in a facility.
- Typically, LTC benefits are payable once someone has been diagnosed with cognitive dementia OR needs standby assistance with two or more activities of daily living (bathing, dressing, feeding, using the bathroom, walking, and getting out of bed).
- **Why is it important?** Long-term care insurance can help put you in the driver's seat of your health decisions.
- Medicare and Medicaid often do not cover long-term care expenses. Long-term care insurance helps protect your assets and spares family members from the day-to-day responsibilities of caregiving.

✓ Disability Insurance

- **What is it?** A Disability Insurance (DI) policy insures your paycheck if you become partially or totally disabled prior to retirement.
- **Why is it important?** If you become too sick or injured to work for an extended period, DI could help you cover a portion of your income, including bonuses and commissions.
- If you're 35 and under, the chances of you becoming disabled for at least six months during your working years is 33%*
- Even if you have group long-term disability insurance through your employer, it may not be enough and may not transfer if you seek different employment.

*Source: "Why Disability" published by National Underwriter

✓ Common Policy Types

1. **Whole Life-** For ages 0 to 90, Whole Life offers the guarantee that your premium will never increase, and that the death benefits will be there when you need them, plus offering access to growing cash value and other living benefits.
2. **Term Life-** Term life insurance is an economical access to death benefits while guaranteeing a premium for a set number of years.
3. **Hybrid LTC Plans-** These popular plans combine the benefits of both life and LTC insurance into one package, creating a solution that offers not only protection from potential critical illness but also provides added assurance of death benefits.
4. **Fixed Annuities-** These fixed contracts offer choices for highly competitive savings

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rates in a tax deferred package and can provide options for receiving guaranteed monthly/annual income.

LIFE INSURANCE WORKSHEET

This is a tool to help you get started in determining your life insurance needs. The next step is to meet with a qualified insurance professional who can conduct a thorough analysis of your needs.

OUTSTANDING DEBTS (Mortgage, Auto and Personal Loans)	\$
CHILDREN'S EDUCATION (Averages \$9,000-\$30,000/Year)	\$
FUNERAL COSTS + UNPAID MEDICAL BILLS	\$
INCOME NEEDS (Typically, survivors need 65-75% of a loved one's previous annual income)	\$
REPLACEMENT FACTOR (Multiply income needs by appropriate factor based on your current age) 20-25 25x 26-40 20x 41-50 15x 51-56 10x 57-70 5x 71+ individual consideration	X
TOTAL INCOME NEEDS	=
SUBTOTAL (Add the amounts in the shaded rows)	\$
LIQUID/CASH ASSETS	- \$
EXISTING LIFE INSURANCE POLICY BENEFIT	- \$
HOW MUCH LIFE INSURANCE YOU MAY NEED	\$

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