



L I F E T I M E P L A N N I N G

Insurance Needs

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Insurance

“To be prepared is half the victory.” —Miguel De Cervantes

Bear the Risks You Can Afford



Insure the Risks You Can't Afford



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Life Insurance: How Much Do I Need?

“You don’t buy life insurance because you are going to die, but because those you love are going to live.” —Advertisement

A simple calculation:

Example: Jane and John (married couple)

Annual salary **X** # of years to replace



Mortgage balance



Other debts



Future needs (college costs, funeral costs)



Savings



Existing funds for future needs

Total Needed

Salary: **\$100,000**



Age 48



Age 5



Age 8

Salary: **\$70,000**



Age 48

Savings:
\$20,000

College
Funds:
\$10,000

Mortgage Balance:
\$150,000

Car
Loans:
\$16,000

Jane's Number

Annual salary **X** years to replace (100,000 X 17*)

	\$1,700,000
+ Mortgage	\$150,000
+ Other debts	\$16,000
+ Future needs	\$207,000**
- Savings	(\$20,000)
- College Funds	(\$10,000)

\$2.043M

John's Number

Annual salary **X** years to replace (70,000 X 17*)

	\$1,190,000
+ Mortgage	\$150,000
+ Other debts	\$16,000
+ Future needs	\$207,000**
- Savings	(\$20,000)
- College Funds	(\$10,000)

\$1.533M

* # of years until youngest graduates college.

** Assumes \$200,000 needed for college and \$7,000 needed for funeral. Slide is for illustrative purposes only.

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Life Insurance: Term vs. Whole Life

“I don’t want to tell you how much insurance I carry with the Prudential, but all I can say is: when I go, they go too.” —Jack Benny

Term

- Covers for a specific term
(Usually between 5 to 25 years or until age 65)
- Premiums are relatively lower but increase after term expires
- Expires with no cash value, all of the premiums go to securing a death benefit to beneficiaries
- No flexibility, no ability to borrow against policy or to withdraw money
- Commissions tend to be lower



Whole Life

- Covers for the entire life
- Premiums are higher but remain level for lifetime
- Build a cash value from a percentage of premiums
- Cash value grows without being taxed
- Receive interest on the cash value
- Flexibility including ability to borrow against your policy
- Commissions may be significantly higher

Break Down on the Journey

“It’s not the disability that defines you. It’s how you deal with the challenges the disability presents you with.” —Jim Abbott

Advanced Healthcare Directive (Living Will)

If I become terminally ill or injured:

1. I want to have life sustaining treatment if I am terminally ill or injured. **Yes / No**
2. I want to have food and water provided through a tube or an IV if I am permanently unconscious. **Yes / No**

If I need someone to speak for me:

First choice for proxy: _____

Second choice for proxy: _____

Durable Power of Attorney

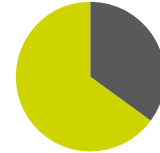
I Jane Smith

name John Smith

as my agent in financial matters.

Long-Term Disability Insurance

How much?



≈ 60%–70% of salary
(benefits aren't taxed)

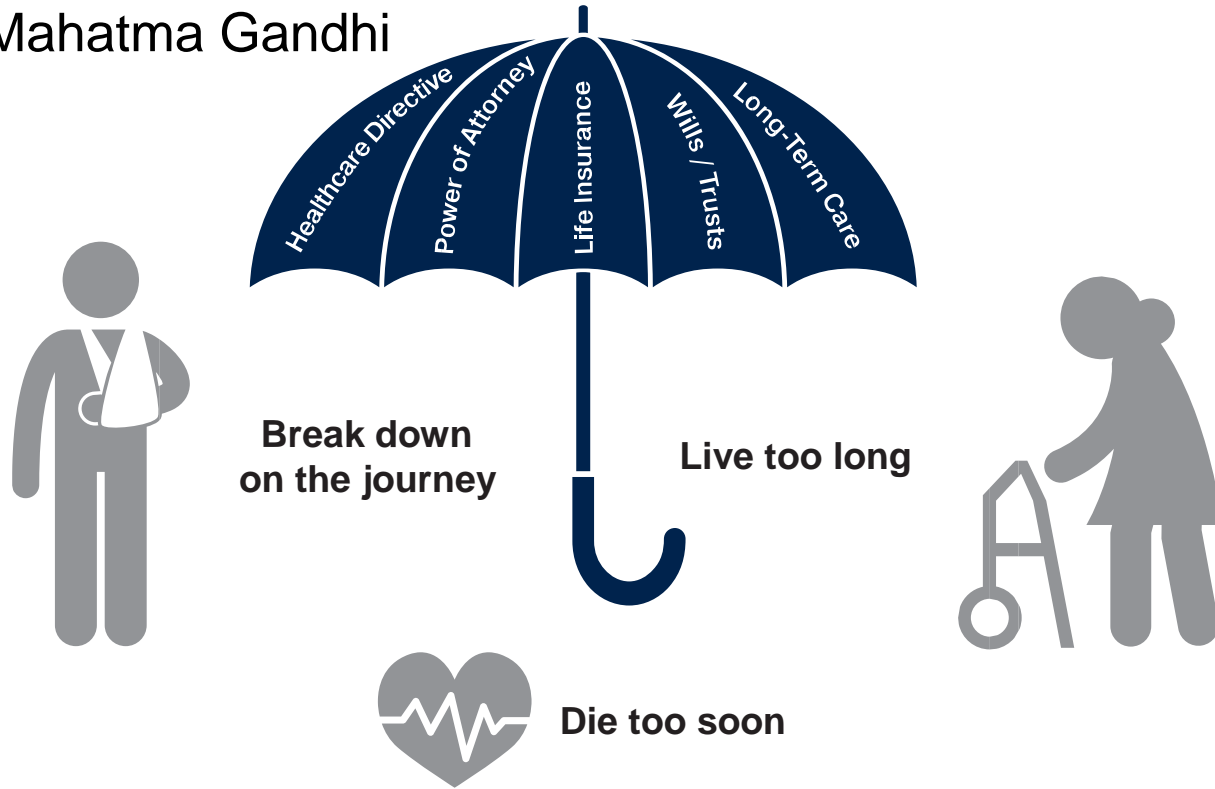
What features?

Non-cancellable, “own occupation” policy

Estate Planning: Major Components

“Live as if you were to die tomorrow. Learn as if you were to live

forever.” —Mahatma Gandhi



Index Definitions

The 10-Year U.S. Treasury Yield is generally considered to be a barometer for long-term interest rates.

The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs).

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of U.S. Government and corporate bonds that includes reinvestment of dividends.

The Bloomberg Barclays Aggregate Corporate Bond Index represents primarily investment-grade corporate bonds within the Bloomberg Barclays U.S. Aggregate Bond Index. The Bloomberg Barclays Aggregate U.S. Treasuries Index represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

The Bloomberg Barclays High Yield Bond Index covers the universe of fixed rate, non-investment-grade debt. The JPMorgan GBI-EM Global Diversified Index tracks total returns for local-currency-denominated money market instruments in the emerging markets.

The Bloomberg Barclays Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market and includes bonds rated investment-grade by at least two of the three major rating agencies (Moody's, S&P and Fitch). SBBI U.S. Large Company Stock Index is an unmanaged index of stocks of large U.S. companies.

SBBI U.S. Long-Term Government Bond Index is an unmanaged index generally representative of the bond market. SBBI U.S. Small Company Stock Index is an unmanaged index of stocks of small U.S. companies.

SBBI U.S. (30-day) Treasury Bills is generally representative of the rate of return on a savings investment.

The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap Index measures the performance of mid-capitalization stocks.

The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.

The S&P 500 Index is a market-capitalization weighted index of the 500 largest domestic U.S. stocks. Shiller Home Price Index tracks changes in home prices throughout the United States.

Treasury Inflation Protected Securities is generic U.S. Government inflation-index bonds.

The U.S. existing home sales median price tracks changes in residential property prices of existing single-family homes, condos and co-op sales.

Indices are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance does not guarantee future results.**

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