

# LET'S TALK MONEY<sup>®</sup>

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## Doubling Up Coverage

Two is better than one, at least for some consumers who need life insurance. Survivorship life insurance is joint life insurance protection on the lives of two people.

### How it Works

Survivorship life insurance pays its death benefit after the second person on the policy dies. This type of life insurance is generally less expensive than buying two individual life insurance policies for the same face amount, especially when one spouse is a high underwriting risk.

### When it Works

A versatile product, survivorship life insurance can help meet a number of personal income protection challenges. When a cash benefit is needed only after the second person on the policy passes on, survivorship life insurance can:

- Provide a financial legacy to children and other loved ones;
- Leave money to a favorite charitable organization;
- Fund an irrevocable trust, from which beneficiaries receive distributions free of federal estate taxes; and
- Pay for inheritance taxes outright from the cash benefit.

### Business Benefits

Family businesses and other closely held companies may also benefit from the utility of survivorship life insurance. In a business setting, this life insurance can provide the cash needed to pay estate taxes while successors take over the business.

When used for business purposes, you might work with a licensed financial professional and an attorney to pair survivorship life insurance with a succession plan and a buy-sell agreement. Family business owners may also consider life insurance as a way to equalize an estate for children or grandchildren who won't participate in the business.

### Term or Perm

Once you establish the need for insurance, you'll typically get to choose either a term or permanent life insurance policy. Term insurance premiums will rise over time and simply offer the death benefit. Permanent insurance premiums will typically remain the same, as long as you make payments on time, and this type of policy can accumulate cash value.



**Karen Petrucco**  
Account Manager

**LTM Client Marketing**  
125 Wolf Road, Suite 407  
Albany, NY 12205

Tel: 518-870-1082  
Fax: 800-720-0780  
kpetrucco@ltmlclientmarketing.com  
www.ltmlclientmarketing.com

I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

### Insurance Version

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# Retirement Expectations vs. Reality

According to the financial services industry organization LIMRA, retirees were more likely to say that basic living expenses were higher than anticipated than they were to say that these expenses were lower than anticipated.

## This is Real

The LIMRA Secure Retirement Institute found in an early 2017 survey that six in 10 retirees who said their basic living expenses were significantly higher than expected weren't confident they could enjoy the lifestyles they'd planned. But retirees found creating a formal retirement document helped them better gauge their retirement expenses. In the same survey, about seven in 10 with a formal written plan say discretionary expenses are about the same as expected, while half of retirees without any plan said the same.



# Four Retirement Saving Truths

With so much information floating around about retirement, it can be hard to separate fact from fiction. No matter where you are on your journey toward what you hope is a financially stable retirement, consider these four truths:



## Social Security payments won't make you rich.

Just because this government benefit comprises a major portion of retirees' income doesn't mean it's a lot. In 2017, the average monthly benefit for retired workers was only \$1,369.

**Saving early is best.** Time and compounding potentially make a significant impact on Americans' retirement income. Simply put, the earlier you begin and maintain a savings plan, the more you'll potentially accumulate for retirement.



## Living expenses may still be high.

When you stop working, related expenses will disappear. But other expenses, including vacations — because you have more time to take them — and medical expenses, may cost more than during your working years.



**Uncertainty is certain.** Will taxes rise? How about the cost of Medicare and related medical expenses? Will you outlive your retirement income? These and other challenges can put a crimp in your retirement plans.



## Prepare Now

What do you do? For starters, save early and save regularly. If you have access to a company 401(k) plan, contribute as much as the plan allows. If you can't save the maximum, save anything, especially if your employer matches your contributions. If you don't have a company plan or you want to contribute additional funds toward retirement, check out a traditional or Roth IRA.

As you near retirement, work to pay off as much debt as possible, especially high-interest credit cards. And work with a financial professional to prepare as best you can.

# Prepare for Almost Anything

Even the most prepared people can't predict when an expensive surprise will come their way or how much it will cost. You can, however, prepare financially for the unexpected by creating an emergency fund to help meet surprise expenses.

## Financial Emergencies

We have all experienced the shock of a big expense. For example:

- The car won't start and you learn it needs \$800 worth of work.
- The furnace breaks down and you have to choose between a \$5,000 replacement or a cold winter.
- Your company is struggling financially, and you find yourself in the unemployment line.

Unanticipated surprises like these can affect your budget in varying ways. An emergency fund may help you get through the rough spots.

## Funding the Fund

There are two basic ways to accumulate an emergency fund. First, deposit any financial windfall into

the fund. If you receive a bonus from your employer, an unexpected commission or a tax refund, sock it away in the emergency fund. You won't miss what you didn't have before.

In lieu of a windfall, find a little bit of money to save regularly and put it away. Aim for three to six months of expenses as a target. This discipline can help you build your emergency fund sooner than you might think.



# Have Travel, Save Money



Summer is traditionally when we find time to kick back, take a vacation and enjoy the weather. This season can also take a bite out of your budget. Here are a few tips to help you not break the bank this summer.

## Ways to Save

- If you plan to travel by air, consider off-peak hours and flexible travel dates. Both could save you a sizable sum.
- If you're staying home this summer, suspend your gym membership for a couple of months and bike, hike and exercise outdoors instead.

# Too Good to be True

As college debt soars, so do the number of scams trying to separate you from your money. The Federal Trade Commission, several states and the District of Columbia are cracking down\* on deceptive student loan debt relief scams. If you have student loans, it pays to beware.

## Know their Tricks

Scammers can duplicate government seals, making their emails look official. Among their false promises is their claim of fast loan forgiveness if you pay an upfront fee. First, no legitimate student loan lender will ask for that fee for debt relief. It's illegal. Second, no one can offer immediate loan forgiveness.

Check for the authenticity of anyone claiming to be from the Department of Education. Delete the emails and hang up on phone calls from pretenders. The department and legitimate private lenders offer ways to make paying back student debt easier.

\* Federal Trade Commission "Game of Loans: The stark truth about student loan 'debt relief' claims" by Lesley Fair, October 13, 2017



- Buy a grill and outdoor furniture at the end of summer, when clearance prices are likely to dominate.
- Keep your blinds and curtains closed during the sunniest part of the day. This will lessen the load on your air conditioning.
- Raise your AC thermostat a degree or three. This simple step will add up in savings over time.

# Protecting Women's Financial Contribution

Women continue to comprise a bigger part of the workforce, usually while maintaining traditional roles at home. Both roles prove women create significant economic input. Because of their economic contributions at home and away, women may need life insurance.

## A Snapshot

Women are involved in every facet of the workforce. According to the Department of Labor's Bureau of Labor Statistics (BLS)\*, there are 74.6 million women in the civilian labor force. Women are 47% of the workforce, and they own close to 10 million businesses. These enterprises account for \$1.4 trillion in receipts.

More often than not, women combine career with motherhood. The same BLS report shows seven in 10 mothers with children younger than age 18 are in the workforce – three-quarters of them full-time. Today, mothers are the primary or sole earners for 40% of households with children under 18 today, compared to just 11% in 1960.

## Figuring Value

While the value of women in the workforce continues to grow, the value of full- and part-time stay-at-home mothers is significant.

While it is relatively easy to gauge how much life insurance a person in the workforce needs, the economic value of a stay-at-home mom is a little more difficult to discern.

You might start with the cost of day care and after-school care needed for young children. Women also may don the hats of personal shopper, chauffeur, housekeeper, chef and more. If you were to pay for these services with overtime pay making up a significant part of your equation, it is easy to see how a stay-at-home mom is worth at least six figures a year.

## Choosing an Amount

Of course, life insurance is about more than funding the cost of a woman's household services. Buying a life insurance policy is a deeply personal experience, because it addresses an event we would rather not ponder. Still, life insurance is about preparing for the worst financially and hoping for the best.

It's clear women are a growing economic force, and that they need life insurance as much as the guy in the next cubicle — or corner office. Talk to a licensed financial professional to learn more.

\*Bureau of Labor Statistics Blog "12 Stats About Working Women" by Mark De Wolf, March 1, 2017



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Reviewed by,

Brian L. Finnell  
Associate Principal Analyst

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