

# LET'S TALK MONEY<sup>®</sup>

July/August 2019

## Reasons to Consider Owning Life Insurance in Retirement

If you are retired and your children are on their own, you may not need as much life insurance\* anymore. Then again, your life insurance benefits could continue to help you and your loved ones for years to come. Let's count the ways:

- 1. Provide Supplemental Income.** If you've owned a whole life insurance policy for a number of years, there is a good chance it has built-up cash value, which you can tap as an extra source of income or use to continue paying premiums.
- 2. Pay Off the Mortgage.** If you still have a mortgage, your life insurance death benefit might be enough to allow a loved one to live in your home mortgage-free after you're gone.
- 3. Replace Your Income.** Retirement isn't what it used to be. It's not uncommon to see older Americans returning to the workplace because they need the money or enjoy having the extra cash. Your life insurance death benefit can replace this extra source of income for your spouse.
- 4. Leave a Legacy.** You can be cash-poor and still leave a financial legacy to loved ones or a favorite charity via a life insurance benefit.
- 5. Equalize Your Estate.** If you own a business and you have a child who will



take over, life insurance can help equalize your estate for those children not involved in the business.

- 6. Accelerate Death Benefits.** Many policies have an additional feature, or rider, called an accelerated death benefit, while others may offer it as an option. Should you become terminally ill, you may be able to use this rider to withdraw a portion of your death benefit in cash. Other rules and restrictions apply.

**7. Help Pay for Long Term Care.** Some life insurance policies include a rider at an additional cost that allows you to withdraw a portion of the death benefit to pay for long term care costs.

**8. Pay Final Expenses.** Loved ones can use your policy's death benefits to cover funeral and other final expenses.

*\* Applications for life insurance are subject to underwriting. No insurance coverage exists unless a policy is issued and the required premium to put it in force is paid. The cash value depends upon the type of product, the face amount, the time in force and length and amount of premium payments. The withdrawals you make or any outstanding loans or loan interest you have will then simply be accounted for in the payout of your policy's death benefit.*



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Insurance Version

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## Take Charge!

While women have made gains in the workforce and on the financial front, they still have a way to go for full equality on both fronts. Women can overcome these challenges by taking charge and considering these steps:

Stay connected to maintain career options

Get insured to protect financial contributions to families

Put more money away to make up for career breaks and longer lives

Keep learning and negotiating as a way to reach pay equality

Review finances at least annually and adjust when life changes



## Closing the Gap: Women and Personal Finance

Studies show, on average, women earn less, have smaller retirement account balances and live longer than men. There is a temptation to talk about women's financial challenges rather than their solutions. But the reality is that a need is a need, regardless of gender, and women can better meet their financial needs when they understand their options.

### Career Advancement

The U.S. Bureau of Labor Statistics found that 42% of women in the labor force held a Bachelor's degree or higher in 2016, up from 11% in 1970. Having a college degree is a prerequisite for many jobs today — and women are clearly taking up this challenge. They can build on this with continuing education to help them advance in their careers.

Education and training matter for two reasons. One, women may take time off to start and raise a family, putting their career progression on hold. Two, any person taking a career timeout may see an adverse effect on how much they save for future goals. Less money earned is less money saved.

How do you meet these unique challenges? Continue to learn, either through formal or industry education, to increase your marketability. Online courses in both areas are now the norm rather than the exception, making it easier to continue your education while taking a career break. When returning to work, insist on equitable pay. While women are making gains, they still earn just under 82% of what men earn. In times of full employment, you have options if your current employer undervalues your contributions.

### Financial Catch-Up

The second part of meeting your unique financial challenges is to make up for lost time, financially speaking. The cold reality of money is that women may save less than men for long-term goals. You can overcome financial time-outs by planning for them both before and after the fact.

Take saving for retirement: The earlier you save, the more opportunity there is for time and compounding to potentially help your savings grow. If you know a career timeout is in your future, double up on your retirement contributions before your break, while finding ways to maintain a disciplined approach once resuming your career.

### Get Help

If you aren't sure how to overcome these financial challenges, a financial professional may help you sort out your options.

Understand your challenges, however unique they may be, and consider the steps you can take to conquer them. Take the emotion out of your decision-making and empower yourself to take the necessary steps toward a more secure financial future.



# When Disaster Strikes

Summer's here and damaging water and wind may soon follow. While you can't stop Mother Nature, you can take steps to limit the financial impact of a hurricane, tornado or flood.

## Practical Steps

If you live in a rainy area, it is crucial to make sure gutters and storm drains are clear of debris. Keep valuables and important papers on high ground and raise furnaces and water heaters to help prevent water damage if you live in a flood-prone area. Storm shutters may help prevent some damage if a windstorm strikes. Identify a safe room or area, should you have to shelter in place during a natural disaster.

## Get Insured

Owning homeowners or renters insurance

may help protect you financially from a variety of perils, but it won't cover flood damage. If you live in an area that may flood, look into the National Flood Insurance Program to make sure you are at least partially protected.



Your property insurance also won't cover earthquake damage. For that, you'll need specialized coverage. Your policy may include coverage for tornado or hurricane wind damage, but it may have a separate and higher deductible than the rest of your homeowners coverage. To learn whether you're covered or not, talk to an insurance professional.

# Leaving the Nest

When young adults leave the nest, they will confront a number of financial challenges for the first time in their lives, but there are some things they can do to ensure a successful experience.

- Practice good debt management. Credit cards are not free money, and balances for young adults often come with high interest rates. Paying any balance in full each month will keep the interest charges at bay.
- Start a regular savings regimen with the funds saved by not paying interest on credit card balances and build on it to develop good financial habits early in life.
- Use protection: Insure a first residence and belongings against a loss due to fire, theft and other perils.



## When Good Luck is Taxed

You just won money in bingo, a state lottery or a casino and the first thing you're thinking about is how your windfall will be taxed. Okay, maybe that's not the first thing, but you should know how your winnings are taxed because underpaying them could cost you.

### A Taxing Situation

When you have gambling winnings, the government becomes a financial partner of sorts. You may receive Form W-2G if your winnings exceed a certain figure, but you'll need to report the smallest amounts, even from a church raffle.

If you itemize on your tax return, you may deduct gambling losses up to the amount of your winnings. You should also keep a record of winnings and losses, including dates, names and locations of where you won or lost, in case you need to back up your tax return numbers. Professional gamblers have different rules.

To learn more about your own tax circumstances, talk to a qualified tax professional.



# A Life Insurance Questionnaire

How much do you know about life insurance? Take the following quiz and find out.

**Q: Does a guaranteed renewable life insurance policy mean premiums remain the same each year?**

**A:** Not if you own an annual renewable term life insurance policy, for which premiums continue to increase as you age. Whole life insurance, on the other hand, keeps premiums the same as long as you pay them on time.

**Q: Isn't there a type of term insurance that keeps premiums the same over time?**

**A:** Yes, there is. Level premium term features level premiums for a set number of years.

**Q: Will 10 times my salary be enough death benefit?**

**A:** Formulas can help, but figuring out your family's lost income and recurring expenses will provide a more accurate picture of how much life insurance you should carry.

**Q: Is the life insurance I get from my employer enough?**

**A:** Only you and your insurance professional can answer this question exactly, but you should know that you could lose your insurance if you lose your job.

**Q: Is it true I won't qualify for life insurance if I have health problems?**

**A:** This depends on what health issues you have. You can usually find some coverage, but it could be expensive.

**Q: Will I need to provide a medical exam or answer health questions to buy life insurance?**

**A:** Not typically if you own group life insurance through work or if you purchase a small term life policy. Some term insurance policies that don't require underwriting will insure you, but not offer a full benefit until after a waiting period of typically two years.

**Q: Will my life insurance policy pay benefits no matter how I pass?**

**A:** All life insurance policies have what's known as exclusions. Suicide is one such exclusion,

usually during the first year or two of ownership. Risky hobbies like cliff diving or careers such as a bomb disposal specialist may also trigger an exclusion.

**Q: Are life insurance death benefits taxable?**

**A:** You won't typically pay income tax on the amount, but it will count toward your taxable estate.



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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

March 11, 2019

Reference: **FR2019-0212-0077/E**

Org Id: 8408

1. 2019 Lets Talk Money July-August Insurance  
Rule: FIN 2210  
4 Pages

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jessica A. Polhamus  
Principal Analyst

jws

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