

# LET'S TALK

# MONEY<sup>®</sup>

July/August 2021

## Disability Insurance — Who Needs It?

Disability insurance generally provides an income benefit if you can't work because of an illness or injury. You may think this won't happen to you, but, according to the Council for Disability Awareness, one in four 20-year-olds will become disabled before they retire. Back injuries, cancer, heart disease, and other illnesses are responsible for the majority of long-term absences.

### Benefits for How Long?

Disability insurance falls into two categories. *Short-term disability* typically replaces 60%-70% of your salary from a few months to up to two years. It requires a brief waiting period before benefits start.

*Long-term disability* typically replaces 40%-60% of your salary for as long as you're disabled or until you reach retirement age. A common waiting period before benefits begin is

90 days, but you have the option of choosing a shorter or longer time. Some employers offer disability insurance as an employee benefit. If your employer doesn't offer coverage (or the coverage is limited) or if you're self-employed, buying long-term disability insurance is a smart move. Having your own policy also allows you to keep your coverage even if you change jobs.

### The Definition of Disabled

The definition of disabled varies depending on the policy. Some policies pay benefits only

if you can't work at any job for which you're qualified. Other policies pay if you can't perform the duties of your own occupation. A policy may pay partial benefits if you're able to work part time.

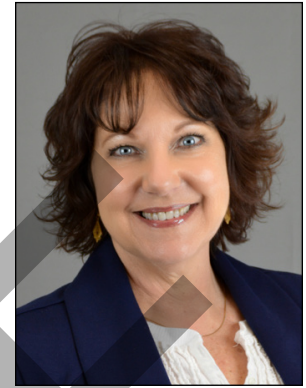
### Looking at Cost

The cost for a policy is typically one to three percent of your annual income. Factors that determine the cost include your age when you buy a policy, your health, the definition of disability, length of the waiting period, and the

length of time benefits will last. You may be able to customize a policy with extra features, such as annual cost-of-living adjustments. However, adding features will increase the price.

### Other Income Sources

When determining how much of your salary you would need to replace, consider other potential sources of income for which you might be eligible, such as employer-provided sick pay, Social Security Disability Income (SSDI), or workers' compensation (for job-related illness or injury).



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Insurance Version

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# Navigating the Financial Aid Maze

Wasn't it just yesterday that your child was starting kindergarten? And now you're preparing to pay college tuition. Take a deep breath and review some basic information about financial aid.

## It Starts with the FAFSA

Start by submitting a Free Application for Federal Student Aid (FAFSA) form early. Forms will be accepted from October 1, 2021 – June 30, 2022 for the 2022-2023 school year. You can find the form on the [studentaid.gov](http://studentaid.gov) website.

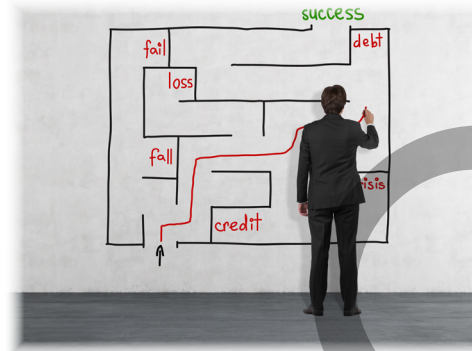
Information on the FAFSA is used in determining your child's eligibility for federal, state and school financial aid. The information is shared with the colleges your child lists on the FAFSA. Then each college's financial aid office uses it to figure out how much aid your child may receive at that school.

## Types of Federal Aid

Federal financial aid takes several forms:

- ❖ Grants, including Federal Pell grants, Federal Supplemental Educational Opportunity Grants (FSEOG) and Teacher Education Assistance for College and Higher Education (TEACH) grants, are based on financial need and don't have to be repaid. Special grants are also available to children of certain armed-forces members.
- ❖ Federal work-study is another option. It provides part-time employment while a student is enrolled in school.
- ❖ Loans may be offered as part of a financial aid package and must be repaid with interest. Direct subsidized loans are

made to eligible undergraduate students based on need. Direct unsubsidized loans benefit eligible undergraduate, graduate, and professional students and are not need based. Direct PLUS loans are made to graduate or professional students and parents of dependent undergraduate students to help pay education expenses not covered by other financial aid.



## Beyond Federal Aid

❖ Scholarships are monetary gifts based on need-academic merit, talent, or a particular area of study and don't have to be repaid. Schools, employers, nonprofit and private organizations, religious groups, professional and social

organizations and even individuals may offer scholarships to help students pay for college or career school. The U.S. Department of Labor has a free scholarship research tool at [www.careeronestop.org/toolkit/training/find-scholarships.aspx](http://www.careeronestop.org/toolkit/training/find-scholarships.aspx)

- ❖ Private loans offered by banks are also available to help pay college expenses. However, these loans are generally not as affordable as federal loans. Colleges may have their own loan programs as well.

You can get more information on funding from a school's financial aid office.

# Balancing Act

Online banking and mobile banking apps may have made it easier to keep track of your checking account balance, but it's still important to make sure your records match your bank statement.

## Balance Your Checking Account

1. Start with the opening balance (the amount of money showing in your account).
2. Subtract transactions, including checks you've written, ATM withdrawals, automatic bill payments and debit card charges.
3. Add expected deposits, credits and any interest earned.
4. Deduct fees and charges.
5. Record the ending balance (your available funds).



If the balance doesn't match your account statement, go through your records again to find the discrepancy. Common errors include forgetting to record a transaction, transposing numbers and adding or subtracting incorrectly.

## Expensive Mistakes

Your financial institution will charge you an insufficient-funds fee for each transaction that overdraws your account. Consider setting up overdraft protection or automatic transfers from a savings account.

# Spotting a Scam

In 2019, there were 27,000 reported fake-check scams, resulting in losses of more than \$28 million. Recognizing the telltale signs of a scam may prevent you from becoming a victim.

## Common “Scamagories”

In most fake-check scams, the victim is told to deposit a check and then given a plausible reason why some of the money has to be returned to the sender. Common scams to watch out for include:

**Mystery Shopper.** After “hiring” people as mystery shoppers, scammers send a check with instructions to deposit it in a personal bank account. Shoppers are told to wire some of the money through a money transfer service. Unfortunately, the consumer usually discovers that the check is counterfeit only after wiring the money.

**Car-Wrap Deals.** Victims who agree to use their vehicles for advertising are asked to wire money from a checking account to decal installers, who never materialize to do the wrap.

**Claiming Prizes.** Sweepstakes “winners” are given checks and told to send money to cover taxes, shipping, handling and processing fees.

**Overpayments.** Scammers who buy items that someone is selling online “accidentally” send a check for more than the cost and ask for a refund of the difference.

## Avoid Fake-check Scams

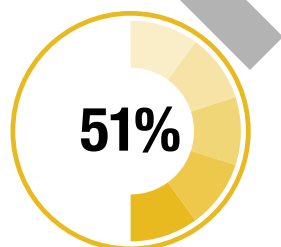
Never send money to someone you don't know. If you are a victim of a fake-check scam, report the scam at [ftc.gov/fakechecks](https://www.ftc.gov/fakechecks) or [ftc.gov/giftcards](https://www.ftc.gov/giftcards).



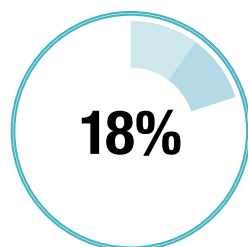
# Don't Be a Victim

Counterfeit check scams typically fall into these basic categories:

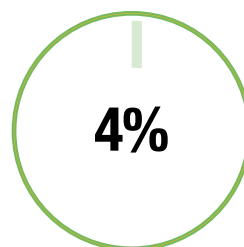
**Job & Income Opportunities**



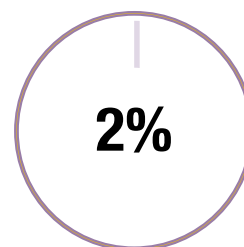
**Online Selling**



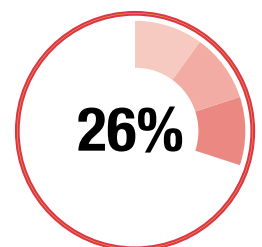
**Winnings & Grants**



**Loans**



**Other Stories**





# Changing Priorities

You might have originally purchased a life insurance policy\* to protect your young family from the loss of your income in the event of your death. But what if you no longer need that protection? Life insurance is versatile and can play a variety of roles in a financial plan. Consider how such flexibility could benefit you and your loved ones.

## Tap Your Policy's Cash Value

You can supplement your retirement income by accessing your permanent policy's cash value or borrowing against it. Remember that loans and withdrawals may reduce the amount of the policy's death benefit.

## Add a Long-term-care Rider

This rider allows you to use a portion of the policy's death benefit to pay long-term-care expenses. When applicable, adding a rider to your policy may be more affordable than buying a stand-alone long-term-care policy. The death benefit is reduced only if you use the coverage.

## Include an Accelerated Death-Benefit Rider

You can use the policy's death benefits if you're diagnosed with a terminal illness that will substantially shorten your life. Using the benefit will reduce the death benefit for your beneficiaries.

## Leave a Legacy

Life insurance can be used to benefit loved ones or to make a charitable donation to an organization that's important to you.

## Replace Lost Income

Social Security and pension benefits typically stop at your death, potentially leaving your spouse with an income deficit. Life insurance proceeds can make up the shortfall.

## Pay Final Expenses

Life insurance proceeds can be used to pay your funeral and burial 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. Accessing cash values may result in surrender fees and charges and may require additional premium payments to maintain coverage and will reduce the death benefit and policy values. Guarantees are based on the claims-paying ability of the issuer. Riders may incur an additional premium. Rider benefits may not be available in all states. Riders that pay benefits for events other than death will likely reduce the policy's death benefit and cash value.*

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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

Reference: **FR2021-0301-0277/E**  
Link Reference : FR2020-1217-0081

Org Id: 23568

1. LTM JulyAugust 2021 - Insurance

Rule: FIN 2210  
5 Pages

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury  
Principal Analyst

hrm

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