

LET'S TALK

MONEY[®]

March/April 2020

More or Less

How much life insurance should a person carry? The answer varies wildly, even among experts, but we know that “how much” changes as life changes. The important question to ask is, “How much insurance should **you** carry?” There are a variety of life circumstances that can influence your answer.

When You're Younger

Some life insurance companies like to offer their rules of thumb, which can range from six to 12 times your annual income. While convenient, this rule doesn't take into account the specifics of an individual life or family. You may have a special-needs child to support, a business to carry on or a spouse who is unable to provide financial support, increasing how much you need.

Generally, younger people have longer time horizons for which their families will need their income. During this time, your family may outgrow a house and children may head off to college, each with its own set of expenses. Even stay-at-home spouses offer financial help in the form of childcare and home care that you may have to pay for should the unthinkable occur.



When You're Older

These and other child-rearing expenses can shrink as your children become adults, but don't count on it. As evidence, you only need look at the financial support many parents offer their boomerang adult children, who may have trouble finding suitable employment. You may also carry a lot of debt when you're older, which may have to be settled whether or not you're here to pay it.

On the other hand, maybe your children made it financially on their own from the start, your mortgage is shrinking and your debt load is low. Your income, however, may be at its highest point as you near retirement. Your life insurance should reflect that.

Then, once you reach retirement, you may think about reducing your life insurance benefit. However, some retirees still carry life insurance that offers cash value to supplement their income. Others want to leave life insurance as a legacy for loved ones and favorite charities.

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.

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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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7 Last-Minute Tax Breaks

If you haven't filed your 2019 federal tax return yet, the Internal Revenue Service offers some reminders that may help reduce your income taxes for the year, but don't forget to consult a tax advisor about your individual tax picture, too. Here is a sampling of tax breaks that may help you reduce your 2019 tax bill.

There are few limits to the amount you can deduct when you itemize on your tax return, thanks to the Tax Cuts and Jobs Act.

Limits have risen not only for income tax brackets and the standard deduction, but also for tax deductions like the Lifetime Learning Credit.

The maximum credit allowed for adoptions is the amount of qualified adoption expenses up to \$14,080, up from \$13,810 the previous year.

The Health Flexible Spending Account (FSA) saving limit rose to \$2,700.

The Health Savings Account (HSA) contribution limit increased to \$7,000 for family coverage and \$3,500 for single coverage. Out-of-pocket limits also increased slightly.

If you receive alimony payments according to an agreement that was new or suitably modified in 2019, you won't owe federal income taxes on the amount.

You may deduct amounts over 7.5% of your adjusted gross income for medical expenses.

Protect Yourself in Cyberspace

Data breaches continue to make news, putting millions of Americans' financial information at risk. How can you help safeguard your vital financial information if you do business online?

Take Precautions

Most financial institutions will send you alerts about various account activities, including withdrawals over a certain amount and unusual credit card charges. Some may offer this automatically, while most will allow you to opt in to alerts.

When dealing with financial accounts online, always make getting to your information as hard as possible for those who would do your financial reputation harm. This means using double verification, including having a code texted to your email or smartphone, and using a password manager to change the password each time you visit.

Don't forget to check your accounts regularly, monitor your credit rating for suspicious activity (including fraudulent new accounts in your name) and shred any hard copies with identifying financial information that you receive by mail — even new credit card offers.

Stolen Info?

If your credit information is stolen, report it immediately to the police. This is theft. Also report the theft to the affected financial institution and major credit monitoring agencies. You have the right to freeze your account for any reason and it's free, making this a possible option if you know hackers stole your information. Know, though, that if you seek credit, the credit agencies can't give your financial information to anyone until you unfreeze your credit information.

Money Hacks to Simplify Your Life

Life is nothing if not busy, so we often can't find the time we need to take care of financial tasks, whether big or small. Consider these ways to save time.

Modernize

Many financial institutions have smartphone apps that let you do almost everything from getting statements to making deposits. But if you don't trust the apps yet, consider checking out how today's ATM machines let you take withdrawals, make deposits and more.

Shopping is also faster online, but even major brick-and-mortar retailers are reducing checkout times with do-it-yourself checkout scanners. Also explore apps that simplify your budgeting, track your expenses and organize multiple investment accounts.

Automate

If you're like many people, you use direct deposit for your paychecks. Why not ask your employer or financial institution to automatically put a portion of them into savings? You might also automate your 401(k) contributions to increase when you receive a pay raise and rebalance your portfolio periodically. And if you don't pay your bills online yet, consider this option.

Consolidate

Most insurance companies will give you a discount if you buy multiple policies from them, such as home and auto insurance. If you have multiple credit cards, consider merging them into one low-interest rate card. While on the subject of credit cards, consider those that offer rebates and cash back (along with low interest rates). If you don't get your phone and television from one provider, consider it because most will offer a discount for a package plan.

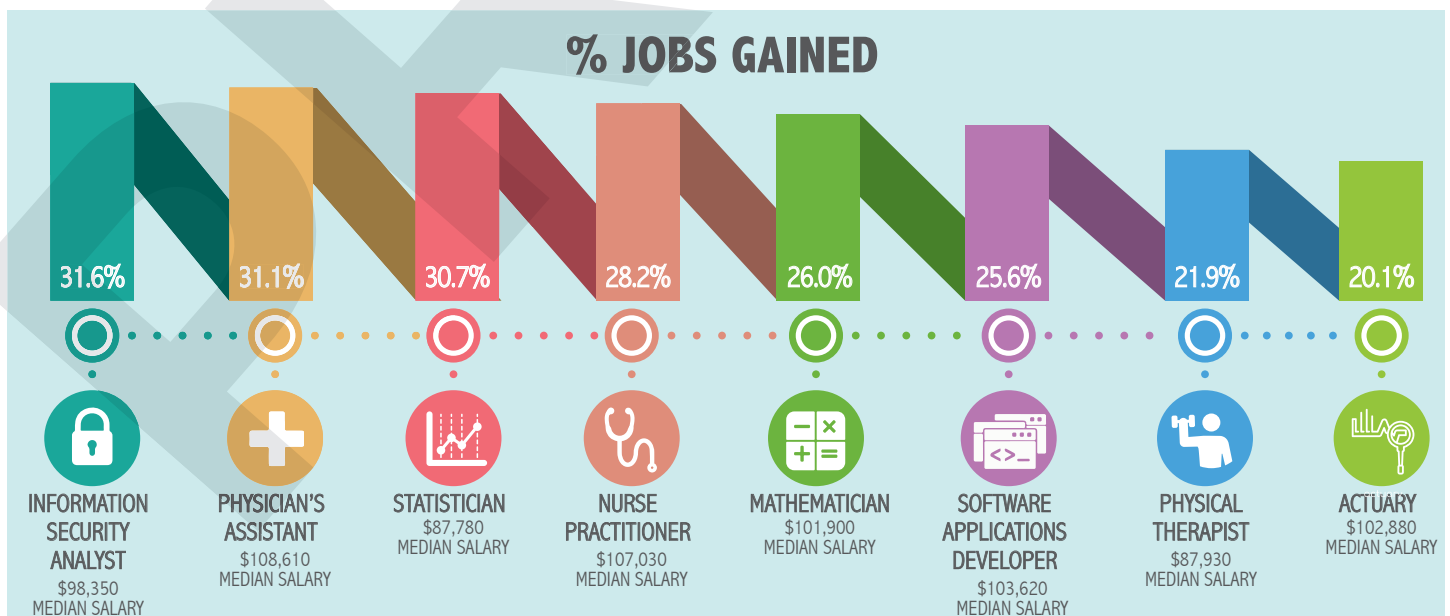
5 Ways to Cut College Costs

If you have a child who is a junior in high school, you may have road trips to explore colleges on your schedule in a few months. Before deciding on a school, explore ways you can cut increasingly expensive college costs.

- 1 Stay home.** Some state colleges and universities offer scholarships to keep top-performing in-state students at home.
- 2 Commute.** If your child attends a college close by, commuting could save a bundle on room and board costs.
- 3 Look at Community Colleges.** Community college is a cost-effective way to gain the general credits most colleges require. Really ambitious high school students can also get community college credits at night and during the summer while in high school.
- 4 Take AP Courses.** If students take advanced placement (AP) courses in high school and pass a standardized AP exam for the subjects taken, they can gain credits most colleges will accept.
- 5 Shorten College.** An aggressive schedule combined with credits gained from community college and AP courses can help some students get a bachelor's degree in three years, reducing expenses by about a quarter.

Fastest-Growing Occupations

Another way to make college cost-effective is to explore whether your student is working toward a degree in a growing or shrinking industry. Take a look at the projected growth to 2028 salaries and the 2018 median income, for these jobs:



Taking a Ride with Life

Do you know that life insurance offers a variety of options depending on the type of policy, just like when you're buying a new car? As in a new car, these options, known as "riders" in insurance-speak, can make all the difference. Take a look at the following riders* (in alphabetical order) and talk to your insurance professional to see if any fit with your insurance needs:

Accelerated Death Benefit Rider

If the insured person has a terminal illness, that person may receive a portion of the benefit while alive to pay medical expenses.

Accidental Death Benefit Rider

This rider pays an additional amount of typically up to two times the death benefit in the event of an accidental death.

Cost of Living Rider

Some whole life insurance policies allow you to increase your coverage by the same percentage the government's Consumer Price Index increases.

Guaranteed Insurability Rider

This rider guarantees that you can renew your policy regardless of health. Some policies even allow benefit increases at certain birthdays without medical underwriting.

Long-Term Care Rider

Like the Accelerated Death Benefit Rider, this rider allows you to take early benefits to pay for long-term care.

Paid-Up Additions Rider

This rider uses whole life dividends to increase the policy's cash value and death benefit.

Return of Premium Rider

A few term life insurance policies offer this rider, which returns some or all of the premium at the end of the agreed-upon term.

Term Conversion Rider

This rider can be an important one for younger policyholders who buy term insurance because of its affordability, but intend to convert to whole life insurance down the line. The rider guarantees a coverage without medical underwriting.

Waiver of Premium Rider

If you become disabled and can no longer work, this rider will waive your premium payments.



**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. Riders may incur an additional premium. Rider benefits may not be available in all states. Guarantees are based on the payment of required premiums and the claims paying ability of the issuer. 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

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1. 2020 Lets Talk Money March/April Insurance
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The communication submitted appears consistent with applicable standards.

Reviewed by,

Wayne L. Louviere
Manager

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