

Talk of the Town

Insurance Planning In Retirement: Why It's The Most Important Thing You Can Do



James D. Stillman

INSURANCE. Don't you just hate that word? Those darn insurance companies are always out to screw us just so they can get rich and build bigger buildings, right? Has your financial adviser or broker ever told you that you don't need life insurance now that you're retired? That it's only for when you're younger and have kids and a big mortgage and a bunch of debt or other obligations. You certainly don't need it to bury you, because you've got more than enough money to do that. Well – NEWS FLASH – life insurance can be used for many things that I'll touch on later, so be

careful of ignorant advice like what I just listed.

What about Long Term Care insurance? Have you ever been told it's too expensive, you don't need it, you can't get it, Medicare will take care of it, or you can "self insure"? Now, be honest, I know you've heard it. What if we could show you how to get it for little to no cost? Would you consider it? Did you know that Medicare does not pay for Long Term Care (aside from a measly 100 days)? All it takes is one episode without proper coverage and you could be broke! A nursing home costs approximately \$75,000 per year here in North Carolina, and the average length of stay is 2.5 – 3 years. Do the math and you'll realize how those costs can really add up. A couple age 65 years or older has a 70% chance that at least one of them will need long term care, yet only about 10% of folks that age have a plan in place. You tell me, is that smart? And folks, it's only going to get worse as people live longer.

What about healthcare and medical costs in retirement? If you're over age 65, are you paying too much for your Medicare Supplement plan? Did you know that plans are standardized by the government and benefits are identical for all the plans with the same letter? So, if you're paying \$200 a month for a plan that you could get for \$100 a month from a different company, why would you do that? I simply don't know that many people willing to "flush money down the toilet"!

What about guaranteed income? Do you have a plan that "insures your income" for the rest of your life? You can set up a plan that's like having your own personal family pension plan. I think that's a good thing and everybody should explore the options.

Ladies and gentlemen, here's one simple question: Why do we have any kind of insurance? Think about it. It's really very simple. It's to ensure that you don't have to pay a bill you can't afford to pay or simply don't want to pay. Insured "pooled assets" allows us to take advantage of this, and quite frankly, it's a brilliant concept! It's the old concept of "we're in it together".

The insurance company simply administers the process, manages the money, and they hope to make a profit doing so, but ultimately it is to benefit all of the insured.

We have a saying here at JDS Wealth Management and our associated teams that goes like this: "ALL OF US ARE SMARTER/BETTER THAN ANY ONE OF US". In other words, pooled knowledge and pooled assets can be powerful. So, let's take a brief look at insurance planning in retirement.

Life Insurance: Can be used for various things, because the death benefit is INCOME TAX FREE and cash value can grow TAX DEFERRED. 1) Safe growth of assets, 2) income replacement, 3) tax planning, 4) charitable giving, and 5) Long Term Care benefits - to name just a few.

Long Term Care: Single or periodic premium options, can be attached to a life insurance contract or annuity contract to give tremendous leverage of your dollars, can also be structured with Return of Premium if benefits are not needed or you simply want to cash it in.

Annuities: Can give you a personal family pension. Why not guarantee and protect (at least some of) your income, so you don't have to constantly worry so much about what your investments are doing?

Medicare Supplements: DON'T OVER PAY! Get in touch with Kelly at the office and she'll run some numbers for you.

Be sure to tune in to "The Safe Harbor Retirement Planning Show" every Saturday at 10am and Wednesday at 8am on WSIC AM 1400 & FM 100.7. Also, feel free to check out our website for a ton of information, lists of our free reports, our uploaded radio shows, to request copy of my book "Finding Safe Harbor in Retirement" or a free consultation, or to sign up for any of our upcoming seminars.

And, as always, remember: The purpose of the money dictates where you put it!

Until next month,

James D. Stillman

"Common Mistakes Retirees Make"

Thursday August 11th & Tuesday August 16th
(Check-In at 5:30pm, Doors Close at 6:00pm)



Mickey & Mooch - Huntersville

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