

Protection Presentation

SLIDE 01: 5SEC

Hello and welcome to the Wealth Building Cornerstones Protection Presentation.

SLIDE 02: 6SEC

Think of the protection of your financial world as your safety shield as you go through life.

SLIDE 03: 18SEC

Your safety shield's responsibility is to protect you from potentially financially devastating events. Things like loss of income, sickness, disability, premature death, home damage, car accident lawsuits, liability lawsuits, negligence lawsuits, car damage, bodily injury and so forth.

SLIDE 04: 8SEC

So it's extremely important to have your safety shield set up properly to protect your income, property and liabilities, and final affairs from these types of events.

SLIDE 05: 28SEC

Let's start by talking about income protection. Your income drives everything you do financially. It is your most valuable asset. We have to make sure it is protected properly. There are two main ways to protect someone's income. The first way is disability insurance. Disability insurance for replacement of income should you become disabled is vital. If we don't have disability insurance, we should get it in place to make sure we have our income properly protected.

SLIDE 06: 1MIN 2SEC

Think of it like this: which job would you rather have? Job one or job two? So job one, I have seventy five thousand dollars a year of income normally, if I am not disabled. But if I became disabled, I would have zero income per year. Under job two, conversely, I have seventy three thousand dollars a year of income, and if I became disabled, I would then get fifty two thousand dollars a year of income while disabled. So for a minimal cost, we can protect one of our most valuable assets, being our income stream. You have to remember you are insuring multiple years of income potentially all the way through retirement. For example, if this person was disabled for twenty years, this would amount to a total of one million, forty thousand of total income paid under disability. Our income is a very important piece of our financial lives; it's what drives everything we do so we have to have it protected properly.

SLIDE 07: 50SEC

So having disability insurance is one of the ways we need to be protecting our incomes. The second way is through Total Life Insurance Death Benefit. Total Life Insurance Death Benefit should be viewed as years of lost income replacement should an income earner pass away. Some guidelines here are: Insure your income for your years left until retirement. This is your economic value for your family. At a

minimum, have enough years of income replacement to get the youngest children out of the house or through college, or ten to fifteen years of income replacement for a spouse. So Disability Insurance and Total Life Insurance Death Benefit are actually insuring the same thing. They are insuring a loss of income. One is due to the event of a disability; the other is due to the event of death.

SLIDE 08: 54SEC

Now when we are talking about Life Insurance Death Benefit and protecting income, there is a maximum amount of Life Insurance Death Benefit that a company will issue on anyone. It is determined by multiplying a person's earned income by the approximate number of years left until retirement. This is their economic value for your family. So what you see here are a list of the different multipliers that an insurance company will generally use at different ages to determine the maximum amount of live insurance they would issue on somebody's life. Where the second bullet point here also says the value of their assets, whichever is greater. In other words, the maximum amount you can get is either the years left until retirement times people's incomes, or the value of their assets, whichever is greater. For a non-working spouse, their economic value is generally half of the working spouses.

SLIDE 9: 23SEC

Now let's talk about property and liability protection. When you're talking about property and liability protection, you are talking about umbrella insurance, car insurance, and home insurance. The guideline here is to insure your economic worth. At a minimum, talk with your property casualty agent about having a million dollar umbrella policy covering uninsured underinsured motorist coverage, if applicable.

SLIDE 10: 36SEC

So thus far, we have discussed our safety shield protecting our properties and liabilities, and our income. The next piece protects our final affairs. In this area, we want to make sure we have up to date wills and trusts addressing things like guardians for minor children, powers of attorney, maybe a testamentary trust for children, estate planning trusts, etc. Whatever is pertinent to someone's specific situation, and then reviewing them once in a while to make sure everything is the way it still should be. This concludes the protection presentation. Thank you.