

# Spokane Estate Planning Council

## “Planning for the 99%”

**Risk Management –  
What to protect and when?**

**Presented by –  
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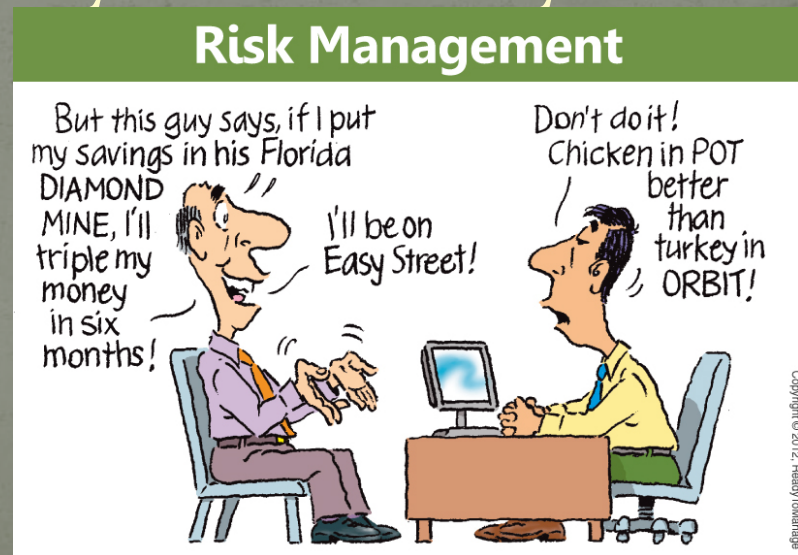
# Understanding the Risks

- In a modern society we have many risks we need to protect against.
- It seems that we could insure just about anything!
- Tangible Risks
  - Home, Car, Property, Stuff
- Intangible Risks
  - Life, disability, health, liability



# Our Role as Advisors in Risk Management

- We all have a responsibility in discussing Risk Management with our clients
  - Ask the questions – do you have coverage against the risks?
  - Are you protecting areas of your life that may be overlooked?



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# The Outline for our time together

- Define the Risks
  - Tangible
  - Intangible
- How age and “Life’s Chapter’s” impact our need for the right protection at the right time.



# Tangible Risks

- Home (renters)
  - Fire, vandalism, storms, flood, breakdown
    - Understand the limits and where you may need riders or extended coverage
    - Replacement coverage and how will it really pay for a loss...
- Auto
  - Know your limits, underinsured motorist, liability protection



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# Tangible Risks



- Personal items
  - Usually minimal protection, buying riders or supplements is a good idea...
- Business property
  - For business property owners - review annually the protection
- Rentals – For the client with one rental this can be a big area of exposure – especially liability risk

# Intangible Risks

- Life
  - Protecting the life we have and the “human life value”
    - The type of life insurance – term versus permanent?
    - How much and for how long?
- Disability
  - While working - having the coverage to protect income
  - Long-term care – when retired the need for long-term care protection



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# Intangible Risks

- Health –
  - Understanding the health coverage and what it protects
- Liability – Having adequate liability protection –  
Liability umbrella coverage to close the gap



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# Other Risks

- ❑ Errors and Omissions
- ❑ Officers and Directors
- ❑ Extended Warranty
- ❑ Home appliance and infrastructure protection
- ❑ Travel
- ❑ Critical Illness
- ❑ Longevity
- ❑ Mortality risk – Annuity
- ❑ Pet
- ❑ Terrorist
- ❑ Identity Theft
- ❑ Sexual Harassment, discrimination, employee behavior



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# The Millennial's

- Defined by those between the ages of 18 – 35

In order of priority

- Tangible –
  - Home or renters insurance
  - Car
- Intangible –
  - Health
  - Life
  - Disability
  - Liability



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# Millennial Example

- Family years – ages 30, married, two pre-school kids
- Both working – income of \$75,000
- Debt of –School loans - \$50,000
  - Mortgage - \$200,000
  - Credit cards - \$15,000
  - Car loans - \$40,000
  - Savings \$5,000
  - Retirement accounts and college savings - \$20,000
- Insurance needs –
- Tangible protection needs for sure
- Health, Life, Disability



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# The Generation – X

- Defined by those between the ages of 35 and 50
- Tangible Assets
  - Home
  - Car
  - Stuff
- Intangible Assets
  - Health
  - Life
  - Disability
  - Liability



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# Generation – X Example

- Single parent – age 46, \$100,000 income, two children ages 14 and 12 – shared custody with other parent
  - Debt –
    - Mortgage \$200,000
    - Car - \$20,000
    - Credit cards - \$10,000

Savings - \$3,000

Retirement and College - \$35,000

Risk management

Property and stuff

Life

Health

Disability



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# The Baby Boomers

- Those between the ages of 50 and 70
  - **Tangible assets**
    - Home(s)
    - Cars
    - Stuff with riders
  - **Intangible**
  - **Health**
    - Liability
    - Long term care
    - Life
    - Disability
    - Travel



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# Baby Boom Example

- Couple Ages 65 and 55 – second marriage for each, grown kids from prior marriages – kids OK but not great – need parents support... Income \$200,000 (older spouse will work till 70).
- Debt – Mortgage – none – home paid for \$300,000
  - No other debt
  - Savings \$150,000
  - Retirement accounts - \$1,500,000
  - Plenty of toys and state pension of \$4,000 per month
  - Deferred Social Security until 70 – longevity in both their lives
  - Risk Management -
    - Protecting the stuff!
    - Health – Good Medicare Supplement
    - Umbrella - Liability protection
    - Travel
    - Long-term care insurance ??



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# WW II – The Greatest Generation

- Those 70 and older
- Tangible Assets
  - Home(s)
  - Car
  - Stuff
- Intangible
  - Health
  - Long-term care
  - Liability
  - Life
  - Travel



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# WW II Generation Example

- Widow – age 80, Two children (one independent the other is “needy.”) Social security and pension income of \$3,000 per month. Home paid for, still drives, wants to live at home for the rest of her life. Mom lived to age 95.
- Debt – none
- Owns her home valued at \$200,000, plenty of stairs and risky rooms, 20 year old car (25,000 miles).
- Savings \$50,000
- Retirement account \$150,000
- Risk Management
- Property and car protection
- Health Insurance – The best Medicare supplement coverage
- Liability coverage
- Long-term care protection (if she already has it...)



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# Cost of Protection

- As a percentage of income – the overall cost for protection for each generation – as a guide - is as follows –
- **Millennial's** – Tangible – 3 – 5% - \$2,000
  - Intangible – 5- 10% - \$7,500
- **Gen-X** – Tangible – 3 – 5% - \$4,000
  - Intangible – 5- 10% - \$10,000
- **Baby Boomers** – Tangible – 3 – 5% - 4,000
  - Intangible – 5- 10% - \$15,000
- **Greatest Generation** – Tangible – 3 – 5% - \$2,000
  - Intangible – 5- 10% - \$7,500



# Questions and Sharing



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