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Next Steps
Terms and conditions to be completed and returned to FinancialPoint.

Data Gathering Questionnaire
To be completed and returned to FinancialPoint.

Risk Tolerance Questionnaire
To be completed and returned to FinancialPoint.

Resources and Helpful Information

Satisfaction Survey
To be completed and returned to FinancialPoint.

Contact Information
888.243.7351
FCS@FinancialPoint.com

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Next Steps

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Financial Counseling Services are provided as part of your Service members and Veterans Group Life Insurance benefits. As a partner, FinancialPoint provides beneficiaries with valuable financial information and expert consultation to ensure they have the tools necessary to manage their finances effectively. FinancialPoint experts will assist beneficiaries and accelerated-benefit-option (ABO) policyholders in meeting their current and future financial needs. These services include:

- Budgeting assistance
- Analyzing net worth
- Understanding the estate settlement process
- Retirement planning
- College cost assessment
- Mortgage obligations
- Investment strategies

Beneficiaries can contact FinancialPoint experts via a toll-free telephone number, email, or by mail. For one year, FinancialPoint's professional staff will provide unlimited and confidential telephone counseling along with customized planning information and reports to beneficiaries and ABO policyholders. This service is available at no charge to you.

About FinancialPoint

FinancialPoint provides confidential financial planning information and counseling to individuals. Users receive personalized assistance and customized reports to make informed financial decisions.

FinancialPoint® Terms and Conditions

1. I acknowledge and understand that FinancialPoint a) is not acting and will not act as a financial advisor; b) is not providing and will not provide me with any specific investment advice; c) is not making and will not make specific investment recommendations, manage money or take custody of assets; d) is not making and will not make any predictions with respect to future events or the performance of any investments; e) is not charging and will not charge me a fee for providing information; f) is not offering and will not offer to sell me any financial products or services; and g) is not and will not be under any obligation to monitor my financial situation or to update information previously provided. I understand that information provided by FinancialPoint is for educational purposes only and that I should consult with a local professional to receive specific advice.
2. In the event I desire to utilize the services of a financial advisor, FinancialPoint will refer me to a financial advisor in my local area. The decision as to whether or not to utilize a resource identified by FinancialPoint is my decision and I understand that I have the sole and independent obligation to decide whether or not to retain such resource. I acknowledge that FinancialPoint does not assume any liability with regard to the services performed by any resource.
3. I understand that FinancialPoint will provide me with information based on the personal information that I provide. I acknowledge that the information provided by FinancialPoint is solely educational in nature and that I will not rely on such information should I determine to make any investments. In the event I determine in my sole discretion to make any investments, I understand that it would be in my best interests to meet with a financial advisor.
4. I understand that while FinancialPoint uses reasonable efforts to provide accurate and up-to-date information, errors or omissions may occur and laws/regulations may change. I acknowledge and understand that FinancialPoint makes no warranties with respect to the information it provides. I agree that under no circumstances shall FinancialPoint or any party involved in creating, producing, or delivering the information be liable for any direct, incidental, consequential, indirect, punitive or other damages that result from my use of, or my inability to use, the materials provided by FinancialPoint. This limitation may not apply if applicable law does allow the limitation or exclusion of liability of incidental or consequential damages.
5. I understand that FinancialPoint shall keep confidential all information I provide and that FinancialPoint will not sell or disclose my information to third parties without my prior written consent.
6. This Agreement shall be interpreted under and governed by the laws of the State of Illinois, without regard to its conflict of laws rules.

By signing below, I acknowledge and agree with these Terms and Conditions.

____

Print Name

____ ________________________

Signature Date

Next Steps

If you would like to receive
a complete financial plan
from FinancialPoint®

1 *The more information you provide, the more accurate and helpful financial plan we can develop for you* → **Complete the Data Gathering Questionnaire**

2 We will use this information to make investment recommendations → **Complete the Risk Tolerance Questionnaire**

3 Keep a copy of all financial information for your records → **Send the questionnaires using the self-addressed stamped envelope**

FinancialPoint will review your responses, then contact you if we need additional information or have questions about your answers. Upon receipt of all necessary data, we will respond with a detailed, personal financial plan.

We suggest you review the HelpSheets℠ located at the end of this booklet.
The topics may provide valuable information for you at this difficult time.

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Data Gathering Questionnaire

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Client Information

Client Name ______________________ D/O/B ______________

Spouse/Partner ______________________ D/O/B ______________

Status (circle one): O Married O Single O Not Married/Together O Widowed O Other

Home address ______________________

City, State, Zip ______________________

Phone# ______________________ Fax# ______________________

Would you like to receive your reports via U.S. Mail or E-mail? O US Mail O E-mail ______________

If U.S. Mail, where would you like your mail sent? O Home O Work O Other

Client

Occupation ______________________ U.S. Citizen: O YES O NO

Employer ______________________

Address ______________________ Approximate annual income (before taxes) $ ______________

City, State, Zip ______________________ Approximate net worth $ ______________

Phone ______________________ Fax ______________ E-mail ______________

Spouse/Partner

Occupation ______________________ U.S. Citizen: O YES O NO

Employer ______________________

Address ______________________ Approximate annual income (before taxes) $ ______________

City, State, Zip ______________________ Approximate net worth $ ______________

Phone ______________________ Fax ______________ E-mail ______________

Dependent Children

______________________ D/O/B ______________

______________________ D/O/B ______________

______________________ D/O/B ______________

______________________ D/O/B ______________

Please list any special interests or hobbies: ______________________

____

____

Prior Investment Experience

Indicate H=High, M=Moderate, or L=Low

Listed stocks and bonds	______	Insurance	______	Public limited partnerships	______
Mutual funds	______	Annuities	______	Other (please indicate):	______
Tangible assets	______				

Client Signature ______________________ Date ______________

Spouse/Partner Signature ______________________ Date ______________

Client Information

What are your financial concerns?____

____

____

Do you currently manage your own portfolio? ○ YES ○ NO

Do you have the following?	Client		Spouse/Partner	
Power of Attorney / Appointment	○ YES	○ NO	○ YES	○ NO
Will	○ YES	○ NO	○ YES	○ NO
Living Will	○ YES	○ NO	○ YES	○ NO
Health Care Power of Attorney	○ YES	○ NO	○ YES	○ NO
Trust	○ YES	○ NO	○ YES	○ NO

Additional Comments:____

____

____

Proceeds Anticipated

Insurance Proceeds

	Received	Anticipated
Life insurance proceeds		
Prudential	$ ________	$ ________
Other ____________________	$ ________	$ ________
Life insurance proceeds currently reside in:		
Prudential	$ ________	$ ________
Bank Account	$ ________	$ ________
Money Market	$ ________	$ ________
Other ____________________	$ ________	$ ________
Social Security benefits		
Spousal	$ ________	$ ________
Children	$ ________	$ ________
Pension benefits		
____________________	$ ________	$ ________
____________________	$ ________	$ ________
____________________	$ ________	$ ________
Annuities		
Bank Account	$ ________	$ ________
Money Market	$ ________	$ ________

Assets – Types of Investments

Personal Taxable Accounts

	Approximate Current Value	Owner (How Titled)
Liquid Assets (*e.g.*, Bank Accounts, Money Markets Accounts)	$______	______
Fixed Annuities and Cash Value Life Insurance (in force)	$______	______
Bonds	$______	______
Bond Funds	$______	______
Stocks	$______	______
Stock Funds	$______	______
Variable Annuities	$______	______
Insurance Death Benefit (value of your policy)	$______	______
Other Investments (not including your home)	$______	______

Please describe: ______

Tax-sheltered Accounts – Pensions, IRAs, 401K, Roth IRA

Liquid Assets (*e.g.*, Bank Accounts, Money Market Accounts)	$______	______
Fixed Annuities and Cash Value Life Insurance (in force)	$______	______
Bonds	$______	______
Bond Funds	$______	______
Stocks	$______	______
Stock Funds	$______	______
Variable Annuities	$______	______
Insurance Death Benefit (value of your policy)	$______	______
Other Investments (not including your home)	$______	______

Please describe: ______

Life Insurance & Estate Planning

Life Insurance

Estimated final expenses $ ______ *medical costs

Burial expenses $ ______

Do you wish to pay off your debts including mortgage with insurance proceeds at your death? ______

Do you wish to fund minor children's education with insurance proceeds at your death? ______

Current Cash Flow Worksheet #1

Current Monthly Income

Wages, salary, tips (take home)	$
Cash dividends	$
Interest received	$
Social Security Survivor Benefits	$
Survivor Pension income	$
Rents, royalties	$
Other income	$
	$
	$
Total Monthly Income	**$**

Current Fixed Monthly Expenses

Home Equity line of credit	$
Other debt payments	$
Mortgage payment or rent	$
2nd home mortgage	$
Automobile note	$
Personal loans	$
Credit cards	$
Life insurance	$
Disability insurance	$
Medical insurance	$
Long-term care insurance	$
Homeowner's insurance	$
Automobile insurance	$
Umbrella liability insurance	$
Real estate taxes	$
Other taxes	$
Savings (regularly)	$
Investments (regularly)	$
Other expenses	$
	$
	$
Total Fixed Monthly Expenses	**$**

Current Variable Monthly Expenses

Electricity	$
Gas	$
Telephone	$
Water	$
Cable TV	$
Home repairs and maintenance	$
Home improvements	$
Food	$
Clothing	$
Laundry	$
Child care	$
Personal care	$
Automobile gas & oil	$
Automobile repairs	$
Other transportation	$
Education expenses	$
Entertainment/dining	$
Recreation/travel	$
Club/association dues	$
Hobbies	$
Gifts/donations	$
Unreimbursed medical and dental expenses	$
Miscellaneous	$
	$
	$
Total Variable Monthly Expenses	**$**

Current Net Cash Flow

Total monthly income	$
Total fixed monthly expenses	$
Total variable expenses	$
Discretionary Income (Income - Expenses)	**$**

Cash Flow & Liabilities Worksheet #1

Retirement

	Client	Spouse/Partner
Desired retirement age:	____________	____________
Estimated length of retirement (years)	____________	____________
Estimated pension benefits	$ ____________	$ ____________
Estimated survivor pension benefits	$ ____________	$ ____________
Estimated Social Security benefits	$ ____________	$ ____________
Desired income during retirement	$ ____________	$ ____________

Real Estate

Primary Property Description:	Primary	Home Equity Line of Credit
Approximate current value	$ ____________	$ ____________
Approximate loan balance	$ ____________	$ ____________
Original loan amount	$ ____________	$ ____________
Date of origination	$ ____________	$ ____________
Interest rate	$ ____________	$ ____________
Term (*i.e.*, ARM, 20 year fixed)	$ ____________	$ ____________
Monthly payment (principal and interest)	$ ____________	$ ____________

Secondary Property Description:		
Approximate current value	$ ____________	$ ____________
Approximate loan balance	$ ____________	$ ____________
Original loan amount	$ ____________	$ ____________
Date of origination	$ ____________	$ ____________
Interest rate	$ ____________	$ ____________
Term (*i.e.*, ARM, 20 year fixed)	$ ____________	$ ____________
Monthly payment (principal and interest)	$ ____________	$ ____________

Liabilities

General Description:	Approximate Balance	Current Monthly Payment	Interest Rate
Auto loan	$ ____________	$ ____________	$____________
Auto loan	$ ____________	$ ____________	$____________
Credit card debt (total)	$ ____________	$ ____________	$____________
Education loans (total)	$ ____________	$ ____________	$____________
____________	$ ____________	$ ____________	$____________
____________	$ ____________	$ ____________	$____________
____________	$ ____________	$ ____________	$____________

Expected One-Time Expenditures (to be made within the nest 5 years) (new car, vacation, home repairs, etc.)

	Client	Spouse/Partner
#1 ____________	$ ____________	$ ____________
#2 ____________	$ ____________	$ ____________
#3 ____________	$ ____________	$ ____________
#4 ____________	$ ____________	$ ____________

Cash Flow & Liabilities Worksheet #2

College Savings

Are you currently or will you be paying for tuition?	○ YES	○ NO	
Are they public or private institutions?	○ Public	○ Private	
In what year will you begin to pay for college?	______________		
Type of degree?	○ 2 year	○ 4 year	○ Advanced

	Children's Names	Date of Birth	Estimated Current Tuition
1st Child	______________	______________	$ ______________
2nd Child	______________	______________	$ ______________
3rd Child	______________	______________	$ ______________
4th Child	______________	______________	$ ______________

	Current Savings	Percentage of Tuition Expenses You Would Like to Pay
1st Child	$ ______________	______________ %
2nd Child	$ ______________	______________ %
3rd Child	$ ______________	______________ %
4th Child	$ ______________	______________ %

Rate of Return

Percentage you expect tuition to increase each year ______________*6% has been a recent average

Estimated annual percentage earnings on savings ______________ %

Client Objectives

Please indicate the five most important factors in planning your financial future.

- ○ **INCREASE** my net spendable income
- ○ **IMPROVE** my quality of life
- ○ **SAVE** tax (including income tax, capital gains tax and inheritance tax)
- ○ **INCREASE** my expected income in retirement
- ○ **GAIN** peace of mind by feeling financially comfortable
- ○ **REDUCE** paperwork
- ○ **IMPROVE** my insight into present and future values of my pension schemes
- ○ **INCREASE** my financial security
- ○ **REDUCE** time spent worrying about my financial affairs
- ○ **ACHIEVE** financial independence
- ○ **IMPROVE** my business performance
- ○ **SAFEGUARD** my family and dependents
- ○ **IMPROVE** the organization of my financial affairs
- ○ **INCREASE** my financial awareness
- ○ **REDUCE** personal, business and investment risks
- ○ **INCREASE** the net amounts I give to charity
- ○ **OTHER** ____________________

____

____

Client Documentation

Please forward the most recent copies of the following documents in the attached envelope, by fax or via e-mail. Please include as much of the following information as possible. These documents will help us create an accurate and detailed financial plan.

- FinancialPoint Risk Tolerance Questionnaire (tab 2)
- FinancialPoint Data Gathering Questionnaire (tab 3)
- Last year's tax return
- Latest statement for savings accounts, CDs, checking accounts, money market accounts, mutual funds, brokerage accounts, IRAs, trusts and other investments
- Annuity and life insurance contracts
- Cost basis of investments listed above
- Retirement/pension plan statements
- Wills, trusts, durable powers of attorney, health care powers
- Any other items that may be of importance in assisting you with your financial planning goals

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Risk Tolerance Questionnaire

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Name: ______________________ Date: ______________ Age: ________

Please indicate how you feel about the following statements on a scale one to five, 1 (strongly disagree) to 5 (strongly agree).

		Disagree				Agree
1	I feel confident about the future.	1	2	3	4	5
2	I work and my job (or if I do not work, my pension) is secure.	1	2	3	4	5
3	I make decisions easily.	1	2	3	4	5
4	I worry others will take advantage of me.	1	2	3	4	5
5	I would say that I am an aggressive investor.	1	2	3	4	5
6	My emergency fund of liquid assets equals six months’ expenses.	1	2	3	4	5
7	I will not need any of my invested funds for at least ten years.	1	2	3	4	5
8	I will begin to use this money soon and expect to use it over a long period of time.	1	2	3	4	5
9	I expect to use 10% of my savings within the next year.	1	2	3	4	5
10	I have invested in stocks, bonds or mutual funds before.	1	2	3	4	5
11	I understand that investments in stocks, bonds or mutual funds may lose value.	1	2	3	4	5
12	I anticipate a change of employment within the next five years.	1	2	3	4	5
13	I feel comfortable managing large sums of money.	1	2	3	4	5
14	I would like to retire early if possible (or if retired, feel comfortable).	1	2	3	4	5
15	I have a child or family member that requires or will require long-term care.	1	2	3	4	5
16	If the value of my accounts dropped by 20% over the next year due to a broad decline in the market, I would sell some of my stock positions.	1	2	3	4	5
17	If the value of my accounts dropped by 20% over the next year due to a broad decline in the market, I would invest more in stocks.	1	2	3	4	5
18	I have trouble saving money or have never used a budget.	1	2	3	4	5
19	I will be making a major purchase within the next five years (home, etc.,).	1	2	3	4	5
20	I am still repaying my college loans.	1	2	3	4	5
21	I have school-aged children.	1	2	3	4	5
22	I am in good health.	1	2	3	4	5
23	My parents, if still living, are in good health, or, if deceased, lived to age 75.	1	2	3	4	5
24	I would be very concerned if I did not achieve the required return.	1	2	3	4	5
25	I would be very concerned if my account was worth less due to inflation.	1	2	3	4	5

Name: ______________________ Date: ______________ Age: __________

26 I would be very concerned if my portfolio declined in value over a short period of time. 1 2 3 4 5

27 Please indicate how you feel about the following statements on a scale one to five, 1 (not very important) to 5 (very important).

	Not Important				Very Important
Capital preservation	1	2	3	4	5
Growth	1	2	3	4	5
Low volatility	1	2	3	4	5
Inflation protection	1	2	3	4	5
Current cash flow	1	2	3	4	5
Aggressive growth	1	2	3	4	5

28 The table below shows 14 different portfolios. The risk level increases as you move down the list from very low to very high. For each portfolio, an average risk level is given, an expected annual return, a range of returns and a worst-case scenario. Please pick the portfolio that best reflects your desired return and how much risk you are willing to take.

Overall Risk Level	Expected Compounded Return (Infl=3%)	Expected Annual Range of Returns*	Worst Case**	Indicate Choice Here (√)
Low/Low	6.0%	0.0% To 11.0%	-4.0%	
Low/Low	6.5%	-1.0% To 13.0%	-7.0%	
Mod/Low	7.0%	-1.5% To 15.0%	-9.0%	
Mod/Low	7.3%	-2.0% To 16.0%	-10.0%	
Mod/Low	7.5%	-2.5% To 17.0%	-11.0%	
Mod/Mod	7.8%	-3.0% To 18.0%	-13.0%	
High/Mod	8.0%	-4.0% To 19.0%	-14.0%	
High/Mod	8.3%	-5.0% To 20.5%	-16.0%	
High/High	8.5%	-6.0% To 22.0%	-20.0%	
High/High	8.8%	-7.0% To 24.0%	-22.0%	
High/High	9.0%	-8.0% To 26.0%	-24.0%	
High/High	9.5%	-9.0% To 28.0%	-27.0%	
High/High	10.0%	-11.0% To 31.0%	-31.0%	
High/High	10.5%	-12.5% To 33.0%	-35.0%	

* These estimates are based on a statistical measure of one standard deviation. This means that based on the assumptions used in developing these projections, the portfolio returns will fall within these ranges two out of every three years.

** We use the term "worst case" to describe the worst annual return that a portfolio is likely to experience ninety percent of the time.

Name: ______________________ Date: ____________ Age: ________

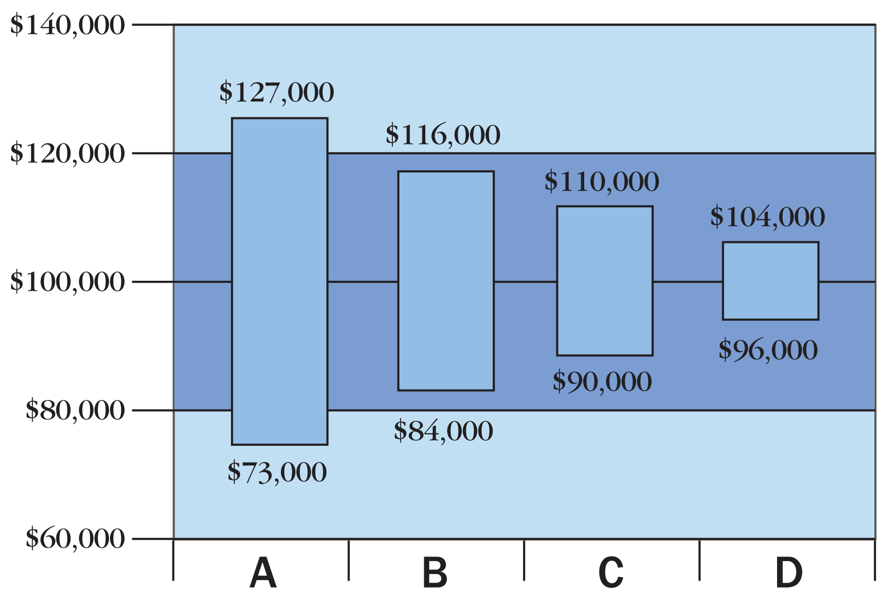
29 The following chart shows the possible range of values for four different investments of $100,000 after one year. The ranges represent possible ending values for each portfolio. For instance portfolio A's value could be as high as $127,000 or as low as $73,000 at the end of one year. (Please choose (√) the portfolio that you would feel most comfortable owning.

Investment **A** ☐

Investment **B** ☐

Investment **C** ☐

Investment **D** ☐



Acknowledgements

By signing this questionnaire you agree that your answers are correct to the best of your knowledge. You also understand that this questionnaire does not make or imply any guarantee regarding the attainment of your investment objectives.

Signature ______________________ Date ____________

Spouse/Partner Signature ______________________ Date ____________

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Resources and Helpful Information

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Coping with Grief

Coping with the dying and loss of a loved one can be a very emotionally trying experience. Whether it is a parent, sibling, friend or relative, the reality of losing someone who was close to you can feel overwhelming. While it is true that time heals painful wounds, there are more immediate ways that you can deal with the grief and adjust to your loss. By identifying and accepting your feelings, finding comfort in friends and family, and not being afraid to ask for help, you can ease the grieving process.

The Stages of Grieving

Each of us copes with grief in a different way. Typically, however, most people go through the following common stages of grieving in the order listed:

1. Shock, denial and isolation: The usual feeling experienced is “This can’t be happening to me.”
2. Anger, rage, envy and resentment: The usual feeling experienced is “Why me?”
3. Bargaining: The usual feeling experienced is “If you just make it better, God, I promise to....”
4. Depression: The usual feeling experienced is “It’s no use.”
5. Acceptance: The usual feeling experienced is “I acknowledge what has happened, and I can get through this.” If a loved one’s death is expected after an illness, family members may have anticipatory grief, which can shorten the process. More severe reactions typically occur after a sudden and unexpected passing.

Common Experiences

It is normal for the grief-stricken to experience the following symptoms shortly after learning the bad news:

- Crying;
- Inability to sleep;
- Lack of interest in eating;
- Difficulty in explaining feelings to others;
- Exhaustion;
- Irritability and uneasiness;
- Confusion;
- Fear of the future;
- Anger (e.g., toward a higher power or toward the deceased for abandoning you); and
- Sensitivity (e.g., toward a song or smell that reminds you of the deceased).

Depression and loneliness may set in following the funeral. Relatives and friends have gone back to their lives and may no longer be readily available to offer support. However, these feelings should subside as time passes, as you come to accept the reality of the situation and as you shift from mourning a loved one's death to celebrating his or her life and wonderful memories.

Grief Relief

There are many ways to ease the mourning process. Here are a few suggestions:

- Don't hold back your feelings. The emotions you'll experience upon first learning of the loved one's ill condition or passing will probably come upon you automatically. Experts say the sadness you feel and the tears you shed are absolutely necessary to promote the healing process. Don't deny these feelings. You need to let them out, whether privately or in the comfort of family and friends. Crying is a stress reliever and an endorphin releaser that will make you feel better. Don't be afraid to cry or to confide in loved ones. Talk through your difficult emotions with them.
- There are different ways to vent your emotions. As a cathartic release, some people like to write letters to the deceased expressing exactly how they feel. Others take solace in their faith and the counsel of a religious leader.
- Offer your shoulder to cry on. Be a comforter and a listening ear for friends and family who are also in mourning. It is natural to want to lean on others during this trying time. Be willing to let your grieving relatives and friends lean on you, too. This instinctual urge to be a caregiver can give you the strength and courage to better cope with your grief.
- Honor the deceased's memory. Besides perhaps displaying pictures of the deceased at the wake or giving a moving eulogy at the funeral, consider having a post-funeral get-together with family and friends in which home movies, photographs and keepsakes of the deceased are shown and discussed. Create a family-tree scrapbook with your children, and write a short biography of the deceased that could be included in it. Some survivors like to express their feelings creatively, by painting a portrait of the deceased or writing a poem or song about the person. Plan an annual visit to the gravesite, followed by a family dinner. Dedicate part of your work, such as a book, film or other project, to the memory of the deceased, or consider launching a special fund or scholarship in the deceased's name.
- Get outside help. You may choose to talk to a therapist or counselor about your feelings, especially if the sadness lingers. Perhaps you have unresolved issues about the deceased or things you wish you would have told that person before he or she died. Confiding in an expert can help. Also, consider joining a support group for family survivors and mourners.
- Consider taking a hiatus. Aside from taking funeral leave at work, be prepared to give yourself ample time to heal and reflect. After the funeral, you may want to take a leave from your obligations and just get away for a short time, not necessarily to forget, but to recharge your batteries and ponder the impact of the deceased on your life. Take a relaxing vacation in a comfortable setting. Reunite with mourning relatives in another state, or spend some time alone, perhaps on a mountain-climbing expedition, kayaking trek or excursion to a woodsy cabin.
- Get on with everyday life. Give yourself enough time to properly mourn and reminisce. But don't be afraid to return to normalcy. Just as the deceased would have wanted you to pay your respects and remember him or

her appropriately, so, too, would that person have wanted you to enjoy life and make the most of its opportunities. Go back to your family, your job and your every-day routines with the renewed commitment to do the best you can and savor every moment.

While it's important to lament the loss of a loved one and let your feelings flow, don'' forget to cherish his or her life. Death is, on the surface, a sad occasion. Dig deeper, however, and you'll realize that this occasion is more a celebration of a life, a revisiting of joyful memories shared with a special person that you'll treasure for the rest of your days.

Support Resources

There are several groups you can join and organizations to call for resources that can soothe your grief and allow you to network with other mourners. Consider contacting:

- National Hospice Organization: (703) 243-5900
- Compassionate Friends: (630) 990-0010
- National Funeral Director's Association: (414) 789-1880
- National Organization for Victim Assistance (crime victims): (202) 232-668
- Institute for Victims of Trauma: (703) 847-8456
- American Trauma Society: (301) 420-4189

Collecting the Benefit on a Life Insurance Policy

If you have life insurance, in most cases you won't be around when it comes time to pay off. However, some insurance companies have begun to offer policies that allow you to collect at least some of the death benefit on the policy before you die. Typically this occurs when you're faced with an expensive terminal illness, such as full-blown AIDS. Otherwise, your beneficiaries will collect the death benefit on your policy.

Filing a Claim

To make the process much smoother, inform your spouse or executor of your estate where your policy is located. To file a claim, the beneficiary will need to notify the insurance company's claims department. The claims department then sends a form for the beneficiary to complete and return along with the policy and a certified copy of the insured's death certificate. Keep a copy of the policy and mail everything to the insurer by certified mail.

Naming a Beneficiary

While still alive, always name a beneficiary on your life-insurance policies; the money passes to the beneficiary free of any probate delays, expenses or income taxes. If you don't name a beneficiary, or if the beneficiary dies before you do, the policy's proceeds are considered part of your probate estate. It could be months before they are distributed. Events such as this remind us of the importance of taking one day every year to review your affairs and make sure that everything is up-to-date.

Collecting the Proceeds

In most cases, your beneficiary will receive a check in the mail for the lump-sum amount of the death benefit, unless the beneficiary indicates that he or she wants the money converted into an annuity (which pays a specified sum every year). Some companies make a point of having a company representative deliver the check in person. This may seem like a personal gesture, but sometimes it is a way for the insurer to try to sell its products.

As the beneficiary of a life-insurance policy, you don't have to accept a visit from a salesperson to get the death benefit paid to you. If you prefer, when a salesperson calls to schedule an appointment, simply thank him or her politely for their concern and interest and then tell him or her to mail the check.

If the Insurer Denies the Claim

Although most life-insurance claims are paid without much fuss on the part of the insurer, there are times when a claim may be delayed or denied. The most common problem occurs when the insured person dies within what is known as the *contestability period*, typically the first two years that the policy is in force. During this period, if the person named in the policy dies, the company has the right to investigate the cause of death to ensure that the person insured didn't misrepresent his or her health in order to obtain the policy. For example, if you were to die of cancer within eight months of buying your policy, and you had known you had the disease at the time you bought the policy, but had lied on the policy application, your beneficiary wouldn't be able to collect on the policy. Your failure to disclose the disease amounts to using fraud to get the coverage.

Like other kinds of insurance companies, most life-insurance companies are regulated only on the state level. If you have a question or complaint about the tactics used by a life-insurance salesperson, or if you have a problem with the way a life insurer handles your claim, you should contact your state department of insurance.

You'll find the addresses and telephone numbers of your state's insurance regulators in the government listings of your local telephone directory. Be aware that some state insurance departments are less than zealous in guarding the rights of consumers; you may have to file a lawsuit to collect on a life-insurance claim that was denied for no legitimate reason.

The Probate Process

After the death of a person, a court proceeding usually is held. This process is called *probate*. The following breaks down what to expect in probate court and ways to avoid probate altogether.

Going to Probate Court

Your *executor* is the person responsible for settling your estate. The executor asks the probate court to recognize your will and authorize the executor to administer your estate according to the will's terms. With the court's approval and under its supervision, your executor will pay all the bills, taxes and legitimate claims made against your estate. He or she will also challenge claims that are not valid. The executor then distributes the remaining assets to the heirs you've named in accordance with your instructions. After performing these duties, the court will release the executor from any further duties and then close your estate.

When your will is probated, your witnesses will be called to court to testify that the signatures on the will are yours and theirs. You can eliminate this process in most states by executing a *self-proving affidavit* at the same time you execute your will; this affidavit takes the place of a court appearance by the witnesses. To make a self-proving affidavit valid, it must be signed and witnessed by a notary public or some other person authorized under state law to administer oaths.

In recent years, there's been controversy about the expense and time involved in probating a will. Probate can take anywhere from several months to more than a year, and costs can be as much as five percent of the value of your estate. In response to these concerns, many states have taken steps to simplify probate procedures; if your estate is very small, you may be able to avoid probate entirely.

Avoiding Probate

In addition to bypassing probate due to a small estate, there are other methods that people use to transfer property at the time of death:

- One of the most common methods is *joint tenancy with right of survivorship*, which occurs when one of the owners of property held in joint tenancy dies. The property then automatically transfers and belongs to the surviving joint owner. While this method can be an effective way to pass along property ownership, it can have its drawbacks: while you're alive, you can lose your property to the creditors of your joint tenant. Also, giving someone a joint tenancy in property you previously owned by yourself can incur gift taxes.
- Making gifts is another way to transfer property to another while you are alive. Under federal law, you can give as much as $11,000 annually to anyone you choose, without incurring any tax liability; if you're married, your spouse may do so as well. However, making an outright gift means there's no way to control the property once it has been given, so if you are concerned about the recipient's ability to handle money, this tactic may not be right for you.
- You can avoid probate for specific assets, including proceeds from life-insurance policies, pension and IRA benefits, by naming a specific beneficiary. You may even want to name a contingent beneficiary; this can eliminate property going into your probate estate if the first beneficiary dies when you do or within a short period of time after your death. You can also escape estate taxes by transferring ownership of the life-insurance policies to the beneficiary or by

creating a life-insurance trust. However, you may still face the prospect of paying gift taxes if you continue making the premium payments, even when the amount of the premiums falls below the normal $11,000 annual exclusion.

In some cases the IRS has included life-insurance policies as part of the deceased's estate even when he or she tried to give the policy to the beneficiary, but retained what are called *incidences of ownership*, such as the right to change premium payments or borrow against the policy.

- Another very simple way to avoid probate is to open a kind of bank account known as a *Totten Trust*: the account is in your own name, but you are designated as the trustee for your beneficiary. When you die, the beneficiary will receive the money in the account. These accounts, also known as *P.O.D. accounts* (for "Pay On Death"), differ from other kinds of trusts because you get total control over the money in the account while you are alive. You can add money, make withdrawals or even close the account without having to worry about the beneficiary making a claim that you breached your duty as trustee. Your bank's account representative can provide more information about how to set up a Totten Trust account in your state.

Receiving an Inheritance

If you're due to inherit money or property through the will of a deceased loved one or friend, you'll want to prepare yourself properly. It is important to think about how you can best use this inheritance to help reach your financial goals and life ambitions. Talk to a financial expert about your options, and learn about potential tax ramifications before making any decisions.

Uncle Sam and the Waiting Game

Receiving an inheritance can be a somewhat drawn-out process. After you've been named as a beneficiary in a will, it may take weeks or months for the executor of the estate and the probate court to administer the deceased's assets and property. Be patient while all the legalities are ironed out and the executor checks everything properly to make sure the will is carried out exactly as specified.

It is also important to be aware of taxes that may apply toward the estate, which may decrease the amount of money coming to you. Before you get your share of an inheritance, Uncle Sam may deduct federal, state and/or local taxes from the estate if its net taxable worth is more than $1,500,000, which will increase gradually in future years to an unlimited amount in 2010. However, in 2011 it will revert to $1,000,000.

After the Inheritance Arrives

Once you receive the distribution of assets and property, you may feel a bit intimidated or indecisive about what to do with it, especially if it is a large amount. Many beneficiaries spoil themselves by splurging on extravagances and expensive indulgences. In fact, one study showed that 90 percent of the people who came into large sums of money spent it all within five years. Before you begin spending any of your inheritance, consider these tips:

- Take a timeout. Resist the urge to spend right away. Instead, deposit the money into a safe, liquid account such as a bank savings account that bears interest, a short-term certificate of deposit or a money-market mutual fund. This way, at least your money will be earning interest for you while you weigh your options.
- Talk to a professional. Consult a financial planner or investment consultant on how to make this money work best for you.
- Create a financial plan. List your individual and family goals. Anticipate short- and long-term objectives, such as funding your child's college tuition, paying off your mortgage or launching your own business. Think about retirement needs for you and your spouse. Budget wisely for the future, and create a budget and savings schedule that you'll be disciplined to follow.
- Plan for taxes. Before you begin spending, think about the tax consequences. Are there better ways to use your money and pay less in taxes?
- Be wary of scams. If you've inherited a sizable amount of money, be cautious of strangers, solicitors or even friends and relatives who may be looking to swindle you out of some of your money via get-rich-quick schemes, fraudulent promotions or programs and favors. Try to avoid publicity about your inheritance.

What is an Estate?

All of the property you own at the time of your death, including property in which you have partial ownership, makes up your *estate*. Under federal estate tax law, your estate consists of:

- Your individual property;
- Your share in jointly owned property;
- Life insurance;
- Pension benefits;
- Death benefits;
- Property you transferred to another while you were still living but of which you maintained control; and
- Anything else you own when you die, such as your right to the repayment of debts that are owed to you.

Is There an Estate Tax?

The federal government imposes no estate taxes on any property you leave to your surviving spouse, provided that he or she is an American citizen. Due to legislation enacted in 2001, you can leave fairly large amounts to persons other than your spouse without incurring federal estate taxes. For example, in 2006, as much as $2,000,000 of your estate is exempt from any estate taxes. This amount will increase periodically until the year 2010, when Congress is supposed to repeal all federal estate taxes. Whether or not that will actually come to pass remains to be seen, however, as Congress gave itself the right to reinstate these taxes in the future.

Some states do impose inheritance taxes, which are payable not by the estate but by the estate's beneficiaries. However, most provide relatively large exemptions for spouses and surviving children. On the other hand, if you leave property to more distant relatives or to someone unrelated to you, the amount of the inheritance tax assessed can be fairly large.

Advantages/Disadvantages of Annuities

The primary advantage of an annuity is that your investment earns income on a tax deferred basis.

The main disadvantages of an annuity are:

- Upon distribution, all income is taxed at ordinary rates with none being categorized as capital gain; and
- The death benefit and insurance company's administrative costs may dilute your return compared to other available investments.

Understanding Investments

The world of stocks, bonds, mutual funds and other investments often can seem complicated to the amateur investor. However, if you take the time to read up on the subject, ask questions and observe how markets and investment vehicles perform, you can become a quick learner. Get educated on the terminology, and learn about different strategies and options before investing your money. The more you know, the more in control and confident you'll feel.
The Basic Laws of Investing

The reason people invest money is to make it grow. However, investing almost always carries risk: the risk that you could lose *principal* (the initial amount of money you've invested) or the risk that your investment won't keep pace with the rate of inflation (currently about three percent) This can erode your future purchasing power. Keep in mind that, generally, the more risk you take, the greater your potential for reward.

Investing is usually most rewarding when done over a longer period of time. While many people invest for the short term to capitalize on a hot performing *security* (a stock, bond or other investment vehicle) and earn quick money, many others invest for the long term, for goals such as funding a child's tuition or saving for retirement. Over the years, they build *investment portfolios* (a group of various investment vehicles) that helps lessen their risk of losing money through *diversification*, by spreading out their investments across a broad range of securities.

Investment Strategies

Investing for the long term means riding out the waves in the market. There may be times when the value of one or more of your investments drops. Hopefully, the value will rise again and your money will continue to grow. If your investment continues to perform poorly over an extended period of time, you may want to sell it and invest your money in a different vehicle. Your investment strategy, goals and tolerance for risk may change as the years pass. Therefore, it is important to know how your investments are performing.

Contributing regularly and patiently to your investments over the years can make your money grow substantially, due to compounded returns over time. For this reason, it is important to start investing early for retirement and long-term goals.

Because of the uncertainties involved, it is important to determine the level of risk you're willing to take before investing your money. Therefore, you should determine what type of investor you are:

1. Conservative: You don't want to risk any of your principal. Safer, fixed-rate investments such as certificates of deposit and savings accounts may be more appropriate for you.
2. Moderate: You don't mind taking on some risk, but you'd like to balance it with conservative investment choices. A mix of aggressive, moderate and conservative stocks and securities may be more appropriate for you.
3. Aggressive: You can tolerate a high degree of risk and volatility in the stock markets. This approach is best suited for those who are ready to invest for the long haul. Higher-risk vehicles such as technology stocks, futures and junk bonds may be more appropriate for you.

If you're investing for the long term, experts recommend creating an investment portfolio that features a diversity of investment vehicles: a combination of different high-, moderate- and low-risk investments. You thus can offset significant losses by an aggressive-risk vehicle with gains earned through other investments in your portfolio. You also should consider your age when choosing among investment risk types: many financial planners encourage investors in their twenties and early thirties to invest more in higher risk vehicles, which can reap a relatively high rate of return (typically 10 to 15 percent) over the long span of years until their goals are met. People in their fifties, however, may wish to buy into more low- to moderate-risk investment vehicles; they have less time until retirement and thus less time to recoup any losses sometimes incurred by more aggressive investments.

Types of Investments

You either can invest in a more conservative vehicle with a *fixed rate of return* (that has a set rate of interest or earnings) or a more aggressive vehicle that fluctuates with the stock market and offers a *variable rate of return*.

The types of fixed-return investment vehicles include:

- Savings accounts: Offered by banks, these safe investments have relatively low rates of return.
- Certificates of deposit (CDs): You agree to keep your money in a CD account offered by a bank for a fixed period of time in exchange for a slightly higher rate of return than a savings account.
- Money-market accounts: These are offered through banks like savings accounts, but have slightly higher rates of return; These may require a high initial deposit and a limited number of withdrawals.
- Fixed annuities: These accounts are offered by insurance companies and earn a set rate of interest over a fixed period of time. This provides a greater security of principal and less risk, but also less potential for high returns on your money.

The types of variable-return investment vehicles include:

- Stocks: A *stock* is a share, or part ownership, in a company. *Common stock* allows you to attend company meetings and vote. *Preferred stock* typically allows you to receive guaranteed fixed *dividends* (cash returns paid on the stock based on its performance), but not additional benefits if the company experiences growth. You can buy stocks through brokerage firms or through companies themselves.
- Bonds: These allow you to "loan" your money to an issuer (either the government or a company) in exchange for paid interest. Though bond issuers possibly can default, experts often deem bonds safer than stocks because bondholders are paid before stockholders in the event a company becomes insolvent. If you hold the bond until maturity, you are guaranteed to receive the full principal plus a fixed rate of interest. In general, as interest and inflation rates go up, the value of bonds go down. Bond terms vary from a few months up to 30 years. Most bonds can be purchased at banks or brokerage firms. Types of bonds include:
    - Savings bonds: treasury bills and other bonds issued by the U.S. government;
    - Municipal bonds: sold by cities, local governments and states;
    - Zero-coupon bonds: bought at a discount and worth their face value at maturity;
    - High-yield (junk) bonds: risky securities issued by governments or companies with poor ratings;
    - Insured bonds: pay lower interest rates but are less risky; and
    - Convertible bonds: can be converted into stocks

- Mutual funds: This is a type of investment, managed by a corporation that puts the money of shareholders into a diversified variety of stocks, bonds and other securities. The funds invested by each shareholder are pooled together to create a greater potential for a larger return. Mutual funds provide a simple, cost-effective way to create your own portfolio of diversified investments that match your individual financial goals. You can purchase mutual funds directly through the fund company or via a bank, brokerage firm or other financial institution.
- Variable annuities: These vehicles, sold through insurance companies, allow your investment money to grow at a variable rate by putting your funds into a range of investment vehicles, including stocks, bonds and money-market funds.
- Retirement vehicles: You may be able to invest money for your retirement in a 401(k) or IRA plan. Eligible investment choices for either plan usually include mutual funds, stocks, bonds, annuities or CDs.
- 401(k) plans: These allow your contributions to be tax deductible and your earnings to accumulate tax-free. Your employer also may contribute matching funds as a percentage of your salary (e.g., your employer matches 50 percent of your contributions up to three percent of your salary).
- Individual Retirement Accounts (IRAs): Contributions may be tax deductible and earnings accumulate tax-deferred or tax-free depending on type of IRA. Withdrawals from some IRA's are taxed at ordinary income rates in the year of withdrawal.
- Real estate: Buying a family home can be the largest investment you ever make. Some investors put their money into other kinds of property, including land developments, apartments, commercial construction ventures and more.

Consider talking to a financial expert before making a major financial decision that involves risk.

Federal Deposit Insurance and Your Investments

For most of us, the return we get *on* our money is important, but not as important as being assured of the return *of* our money. To help protect customers at financial institutions, the federal government provides insurance protection in the event of the financial institution failing. If the bank, savings and loan or credit union where you deposit your money is protected by this insurance, you are entitled to receive all of your money back, provided your accounts don't exceed the limits of the insurance. (For convenience sake, we will use the term *bank* to describe any of the above institutions, unless the information pertains specifically to one or the other.)

What is Federal Deposit Insurance?

The Federal Deposit Insurance Corporation, commonly referred to as the FDIC, insures depositors at banks and savings and loans; the National Credit Union Share Insurance Fund insures credit-union members. To obtain federal insurance coverage, financial institutions are expected to meet certain minimum financial requirements and pay a fee for the insurance.

Currently, federal insurance protects depositors up to a maximum of $100,000. Contrary to what some people believe, FDIC coverage is for a total of $100,000 per depositor, not $100,000 per account. If, for example, you have $10,000 in a checking account and another $100,000 on deposit in passbook savings and certificates of deposit at the same bank, your total protection is limited to $100,000, which means you may not get the additional $10,000 back if the bank should fail. Even if you opened the accounts at separate branches, it is all considered subject to the $100,000 limitation, as a branch can't fail unless the entire bank goes under.

There are some ways to have more than $100,000 on deposit at a single financial institution and have the entire amount receive complete federal insurance coverage. For example, a married couple could have $100,000 in separate accounts held in each spouse's name and an additional joint account with another $100,000. In this scenario, all $300,000 would be covered by federal deposit insurance. Trust accounts you set up for your spouse, a child or a grandchild are also covered up to $100,000, regardless of the amount you have deposited in other accounts at the same bank. Yet if you set up a trust for a parent or anyone other than a spouse, child or grandchild, the trust account's balance is combined with your other accounts when determining FDIC coverage.

Coverage of Retirement Investments

In December of 1993, the rules regarding coverage of IRA (individual retirement account) and Keogh (a retirement plan for self-employed taxpayers) accounts changed. Before, IRAs and Keoghs each were eligible for full coverage of up to $100,000. After the change, these accounts are now lumped together and entitled to a total of $100,000 in coverage. So if you have $80,000 in a Keogh and another $40,000 in an IRA at the same bank, only $100,000 of the total will be covered by FDIC insurance, leaving you with a potential loss of $20,000 if the bank should fail.

Protecting Yourself

For many people, $100,000 of federal deposit insurance is more than adequate. If you do have more than $100,000, it is probably best to simply open another account at another federally insured bank in which to deposit the excess.

Unless you are willing to risk losing all your money, stay away from any financial institution that hasn't obtained federal deposit insurance coverage, even if it claims its depositors' funds are privately insured or insured by a state government fund. One of the great tragedies of the 1980s and early 1990s was the failure of a number of institutions lacking FDIC coverage. In some cases, depositors at these banks were left waiting for months and even years before receiving only a small amount of the money they had placed on deposit; in other cases, they received nothing at all.

Although more and more financial institutions have joined the federal deposit insurance system, there are still some that haven't, usually because they can't qualify for coverage. This may be especially true for so-called Internet banks, which may consist of little more than a Web site and a scam artist. To attract customers, these institutions usually advertise that they pay much higher interest rates on accounts than you can get at federally insured banks. Unless you can get proof that a bank has federal deposit insurance, you should steer clear of it entirely.

One final tip: mutual funds that you purchase through your bank are not considered bank accounts for the purpose of receiving FDIC coverage. Stocks and other investments sold through your bank's brokerage arm aren't covered either.

Estimating Your Retirement Nest Egg

Retirement has changed dramatically over the last 30 years. In the early 1970s, one retired, drew a pension and received Social Security benefits for four or five years before passing on. Today, retirees are healthier, live longer and are more active; it is not unusual for people to spend 25 or more years in retirement. This makes planning for retirement more important than ever before.

While everyone wants a long, fulfilling retirement, there are some problems that develop because of better health and longer life spans. While it was easy to put away enough money to cover the cost of four or five years of retirement, it is much more challenging to plan and save for an active retirement that may be significantly longer. The information below can help you plan ahead for a sound financial retirement.

Envision Your Retirement Lifestyle

If you have spent much time thinking of retirement, you probably have asked yourself, "How much will I need to have saved before I can retire?" It is a big question with many factors. For instance, the amount you need may be lower if you will receive government benefits such as Social Security or a pension. Alternatively, your government benefits might be very low, requiring you to provide more of your retirement income than you otherwise would have. In any case, it can be intimidating to calculate how much you will need for the future.

To start planning, first determine how you want to spend your retirement. You may envision retirement as leisure on a tropical island, as time to improve your golf game or maybe as a spot next to the lake so you can go fishing. The key to achieving a satisfying retirement is to know what you want.

Calculate the Cost of Your Desired Lifestyle

Once you determine how you want to spend your retirement years, you will need to estimate what it will cost to live that lifestyle today. Obviously, if you are planning on extensive travel, your retirement expenses will be much higher than if you plan on staying in your current home and just taking it easy. An easy rule of thumb is that you will need about 70 percent of your current income, annually, to maintain your current standard of living.

The worksheet below will help you develop a rough estimate of how much you will need to fund your retirement. To make the calculation easier, we have simplified the process as much as possible. The assumed rate of return is seven percent, which is substantially lower than the 10.23 percent, 10-year return of an historical portfolio made up of 50 percent stocks and 50 percent bonds (using the Vanguard Index 500 Fund and the Vanguard Total Bond Index Fund as proxies). This return is not overly aggressive but will allow your withdrawals to keep pace with inflation.
This calculator assumes you spend down your assets during retirement. This will keep your standard of living high, minimize required capital and may allow you to leave substantial assets to your heirs or to increase your standard of living if your actual investment return exceeds seven percent.

To use the worksheet, follow these steps:

1. Enter your current estimated annual expenses on line A. Next, on line B, enter the number of years until you retire.
2. For line C, refer to the Social Security benefits statement that you should receive in the mail about three months before your birthday. Use the number for normal retirement age to estimate your Social Security benefits. This information may also be obtained online at www.ssa.gov.
3. If you have a pension, you will need to examine the documents detailing your currently accrued benefits. Record this number on line D. You also should check to see whether your pension benefit will increase by the cost of living.
4. Next, in the Inflation Factor Table, find the factor that matches up with the number you entered on line B. Multiply this number by the number on line A, and record on line E.
5. Line F is the sum of your Social Security benefit and any pension benefit you may have multiplied by the inflation factor. If your pension does not increase by the rate of inflation, multiply your Social Security benefit by the inflation factor, and then add in your pension benefit.
6. Subtract line F from line E. This gives you your annual spending requirement during retirement that is not covered by pension and Social Security benefits. Record this on line G.
7. Finally, multiply the number on line G by 18.15, the annuity factor for 25 years with a seven percent return and four percent inflation. This is approximately how much you will need at retirement to provide the inflation-adjusted income you entered on line A for a 25-year retirement.

You should be aware that these calculations involve spending down your retirement assets. If your return is higher than seven percent during retirement, you may wish to increase your annual spending, or you may be able to leave assets to your heirs. Now that you have some idea how much you need, you can start planning to achieve it!

Retirement Capital Needs Worksheet

A	Estimated Annual Expenses	____________________
B	Years to Retirement[1]	____________________
C	Social Security Benefits[2]	____________________
D	Pension Benefits[3]	____________________

	Inflation Factor Table						
Years (line B)	5	10	15	20	25	30	35
Factor	1.22	1.48	1.80	2.19	2.67	3.24	3.95

E	Amount needed in first year of retirement (A x inflation factor)	____________________
F	Sum of Social Security and pension benefits (C + D)* inflation factor[3]	____________________
G	Annual additional need (E-F)	____________________
H	Total need (G x 18.15)	____________________

[1] Round to nearest multiple of 5

[2] Combined annual amount for both spouses if married

[3] Some pensions do not increase to adjust benefits to cost of living. If your pension does not periodically increase benefits, multiply only SSI benefits by the inflation factor then add current pension benefits.

Must I Pay Taxes on Money I Inherit from a Retirement Account?

Beneficiaries who inherit money from a decedent's Individual Retirement Account (IRA), 401(k) or an annuity must pay taxes at ordinary income rates on the money received. Commonly called "income in respect of a decedent," this covers any accounts funded with pretax income and which grow on a tax-deferred basis. While an inheritor may be able to spread out the withdrawals of such funds to minimize the tax bite in any one year, the impact will still likely be significant.

Saving for Retirement

The thought of not having to work and living the relaxed life of a retiree is a pleasant one. However, planning for your retirement requires setting effective strategies early, especially when it comes to saving money. You can help ensure future comfort and peace of mind by exploring all of your investment options and disciplining yourself to save now.

The Importance of Starting Early

It is difficult to determine exactly how much money you'll need at retirement. Some experts recommend saving 80 percent of your current annual income for every year you plan to spend in retirement. Other financial planners recommend investing at least five to 10 percent of your annual earnings toward retirement. However, one thing is certain: the earlier you begin to invest, the better chance you have of accumulating enough money to live the way you want when it is time to retire. Thanks to compounded earnings that grow over the years, your invested money can work hard for you, provided that you put your dollars into the right kinds of investment vehicles long before retirement.

To demonstrate how important it is to start saving early, consider that investing only $100 a month at an eight percent rate of return starting at age 35 can net you more than $149,000 if you retire at age 65. However, if you wait until age 55, $100 a month at eight percent would earn you only around $7,000 by the retirement age of 65.

How to Invest

The way you invest your money for retirement is a very personal decision. It is important to realize that any type of investment carries risk, either the risk that you could lose money or the risk that your money won't grow at a rate great enough to keep pace with the rate of inflation (currently between two to three percent). Some investment vehicles are riskier than others. You may not have the patience or the tolerance to put your money into higher risk investments, which can fluctuate widely in value. Conversely, conservative, low-risk investments like certificates of deposit may frustrate you with their lower rates of return.

Experts recommend creating an investment portfolio that features a diversity of investment vehicles: a combination of different high-risk, moderate-risk and low-risk investments. Significant losses by an aggressive-risk vehicle can thus be offset by gains earned by other investments in your portfolio. Age also should be considered when choosing among investment-risk types. Many financial planners encourage younger retirement investors (e.g., ages 20 to 35) to invest more in higher-risk vehicles, which can reap a relatively high rate of return (e.g., 10 to 15 percent) over the long span of years until they retire. People in their fifties, however, may wish to buy into more low- to moderate-risk investment vehicles, being that they have fewer years until they retire and thus less time to recoup any losses incurred by more aggressive investments.

There are many types of investment vehicles to choose from, including:

- Savings accounts: A safe investment protected up to $100,000 by the FDIC, but with a relatively low rate of return (often less than three percent);
- Certificates of deposit: Protected like savings accounts, but at only a slightly higher fixed rate (e.g., five percent over three years);

- Money-market accounts: Same benefits as above and a slightly higher return rate, but usually with more restrictions;
- Bonds: A relatively safe investment over the long term that allows you to "loan" money to the government or a corporation for a set number of years in exchange for paid interest;
- Stocks: A riskier but potentially more rewarding investment that allows you to buy shares (partial ownership) in a company;
- Mutual funds: Each fund is a diversified pool of investments (e.g., stocks, bonds, cash, etc.) supervised by professional fund managers. Each fund varies in risk from low to aggressive.

Investment Plans

- Traditional IRAs: Many people opt to invest their retirement savings in traditional Individual Retirement Accounts (IRAs). The maximum contribution is the lesser of $3,000 ($6,000 for married couples filing jointly) or the amount of earned income. You may contribute to an IRA if you are not an active participant in an employer-sponsored plan. If you are, you may still contribute to an IRA if you have an adjusted annual gross income of less than $40,000 ($60,000 for married couples filing jointly). Contributions are tax deductible and earnings accumulate tax-deferred. Withdrawals are taxed at ordinary income rates in the year of withdrawal.
- SIMPLE IRAs: A SIMPLE (Savings Incentive Match Plan for Employees) IRA is offered to workers of tax-exempt companies or governmental employers that have no more than 100 employees earning at least $5,000 a year. You may contribute up to $10,000 a year in 2006 or $10,000 a year in 2005 and your employer can match those contributions up to certain amounts.
- Spousal IRAs: If you are covered by a qualified retirement plan, you may be able to contribute to your spouse's IRA and deduct your contribution if your combined adjusted gross income doesn't exceed $150,000. Other restrictions apply.
- Roth IRAs: These vehicles are popular because they allow you to receive tax-free earnings if certain conditions are met. The maximum contribution is $3,000 ($6,000 for married couples filing jointly). Anyone with adjusted annual gross income of less than $110,000 ($160,000 for married couples filing jointly) may contribute. The initial contribution has no tax effect. Withdrawals made after reaching age 59 1/ 2 are tax-free if the IRA has been in existence for over five years. A regular IRA can be converted to a Roth IRA if a person has less than $100,000 of annual adjusted gross income. The amounts converted are taxable at ordinary income rates, although no penalties apply.
- Employer-sponsored 401(k) plans: If your employer offers one, experts recommend joining a 401(k) plan, which allows your contributions to be tax-deductible and your earnings to accumulate tax-free. Your employer may also contribute matching funds as a percentage of your salary (e.g., your employer matches 50 percent of your contributions up to three percent of your salary). The maximum contribution is $15,000 per year in 2006 with a maximum catch-up contribution of $5,000 for those over the age of 50. The employer's plan will state the eligibility requirements to join the plan. To participate, you usually must be over age 18, a full-time employee and have been employed a designated period of time not to exceed one year. Withdrawals after age 59 1/ 2 are taxed at ordinary income rates in the year of withdrawal.
- SIMPLE 401(k) plans: A SIMPLE (Savings Incentive Match Plan for Employees) 401(k) works like a SIMPLE IRA in that it allows employers with no more than 100 employees earning a minimum of $5,000 for the preceding year to

offer tax-deferred retirement-savings vehicles to workers. You can contribute up to $10,000 a year in 2006, and your employer usually is required to match these monies up to certain levels.

- 403(b) plans: These work like 401(k) plans, but are only offered to employees of public education systems, charitable organizations, not-for-profit hospitals and certain other institutions.
- Keogh plans: These investment vehicles for self-employed individuals typically allow you to contribute up to 25 percent of your net income on a tax-deferred basis with a maximum of $30,000 annually. Because Keogh plans can be complicated to set up, you may need the help of a professional financial planner. Mutual-fund companies, banks and other lenders also can help you create a Keogh plan.
- Annuities: Money put into a deferred annuity is taxable, but the earnings are tax-deferred for individuals until payouts begin at retirement. Choose from either a fixed (set initial interest rate) or variable (fluctuating earnings) annuity vehicle. Banks and other financial institutions offer annuity options.

Whatever investment vehicles and plans you choose, be sure to research them well and compare return rates and benefits among other options. Monitor the performances of investments closely, and don't be afraid to move your money into better performing vehicles. Also, avoid dipping into your retirement savings early, which will incur taxes and possible penalties.

Tips for Saving and Spending

Are you a saver or a spender? How you handle money now can have dramatic results later on in life. Follow the suggestions below for making changes to your spending and saving habits.

Seven Suggestions

1. If you have a retirement plan through your employer, fund it to the maximum amount. The saying "There is no such thing as a free lunch" is not true when it comes to most retirement plans. By contributing as much as you can, you are collecting "free money" in several ways. Because your contributions are deducted from your gross income, you are saving a significant amount by contributing to your plan before taxes are taken out of your check. Your money grows tax-deferred, meaning that you pay no taxes on any interest or appreciation while your money grows until you actually withdraw the funds many years from now. If your employer matches your contributions, as many do, you are missing a golden opportunity if you do not contribute the maximum your employer will match. With the employer match and compounding interest (earning interest on your interest), over a lifetime your fund can grow to several times what you contributed.
2. When you receive your annual pay raise, divert at least one-third of it to an increase in your retirement fund or savings plan. An increase of a few percent can disappear easily into your monthly budget after taxes are taken out. If you earmark part of your raise each year toward your savings plan, it can make a significant difference over your working lifetime.
3. When you select your retirement or investment options, make sure you factor in the risks of being too cautious as well as too aggressive. By leaving money in a safe but low-interest account, you run the risk that your investment will barely beat inflation over time. On the other hand, you do not want to be overly aggressive if you may need those funds in the next few years. Normal market fluctuations can mean that if you need your money during a downturn, you might be forced to take a loss on your investment because you can't wait for the market to rebound.
4. Remember that even if you are reaching retirement age, you most likely are still investing for the long term. A healthy person in his or her sixties today has a reasonably good chance of living for another 15 to 20 years. Plan your spending and investing accordingly.
5. Consider long-term care insurance carefully. Medicare does not pay for long-term care. While it is true that Medicaid pays for the majority of long-term care for the elderly in nursing homes, in order to become eligible you first need to spend all of your assets until you are impoverished. When considering long-term care insurance, remember the Rule of Thirds. This divides potential candidates into three groups. The top group includes those who have such significant assets they can likely pay for their own care for several years and have a good deal left over. The bottom group includes those with so few assets that the cost of insurance to protect them outweighs the benefits of what they are trying to protect (remember that the majority of long-term care policies are cancelled because of an inability to keep up with the premiums). The middle group includes those who have assets significant enough to warrant the cost of the insurance, but not so large that they can comfortably self-insure. If you are in this group, consider purchasing long-term care insurance while you are healthy and in your middle years when the premiums are more reasonable. Read the fine print, and avoid policies that exclude illnesses like dementia, the primary reason long-term care is needed.
6. Carry the right amount and types of insurance. Make sure you have adequate health, disability and life insurance to maintain your family's standard of living should you die or become disabled.
7. Only insure against those catastrophes you cannot afford to endure financially. Go for the higher deductibles on your auto-collision insurance, for example, but carry adequate liability insurance on your car and home. Avoid insuring against a particular disease or catastrophe, like cancer or a commercial airline crash. Life insurance is basically a bet between you and the company about whether you will die sooner rather than later. One of you will end up being right, but no one can predict exactly how or when you will die.

Publications

The Wealth Care Kit
National Endowment for Financial Education
5299 DTC Boulevard, Suite 1300
Greenwood Village, CO 80111
(303) 741-6633
Brochures on estate, investment, retirement, insurance, and income tax planning. Brochures can be downloaded from web site at www.nefe.org. Click on Multimedia Access.

Making the Most of Your Money
By Jane Bryant Quinn (Simon & Schuster)
This book is a wide-ranging guide to general personal finance. $30.00 at local bookstores.

Your Retirement Benefits
By Peter E. Gaudio and Virginia S. Nicols C.F.P. (John Wiley & Sons, Inc.)
From the Institute of Certified Financial Planners, this book covers retirement planning issues facing both employees and business owners. $19.95 at local bookstores.

Barron's Finance & Investment Handbook
By John Downes and Jordan Elliot Goodman (Barron's)
This book offers a thorough review of personal investment opportunities. $39.95 in local bookstores.

Single Person's Guide to Retirement Planning
AARP
601 E. Street NW
Washington, DC 20049
This is a free booklet on retirement planning with special emphasis on important issues for single people.

The New Working Woman's Guide to Retirement Planning
By Martha Priddy Patterson (University of Pennsylvania Press)
This book deals with the situations and problems confronting working woman. $19.95 in local bookstores.

American Association of Individual Investors
625 North Michigan Avenue
Chicago, IL 60611
(312) 280-0170 / (800) 428-2244
www.aaiii.org
Provides general financial planning information, nonbiased investment education, and publications for members. The annual membership fee is $49.00.

The publications and resources listed are not in any way endorsed or licensed by FinancialPoint® Corporation.

Resources

Department of Veterans Affairs
Regional Office and Insurance Center
P.O. Box 7208
Philadelphia, PA 19101
(800) 669-8477 (life insurance)
(800) 827-1000 (other benefits)
www.va.gov
Provides information regarding veteran's benefits and services.
www.va.gov/opa/feature/index.htm
Provides veterans and dependents a booklet listing federal benefits available.

Insurance Information Institute
110 William Street
New York, NY 10038
(212) 346-5500
(800) 942-4242
www.iii.org
Educates public about insurance issues. Maintains consumer insurance hotline.

Investment Company Institute
1401 H Street NW
Washington, DC 20005
(202) 326-5800
www.ici.org
Educates public about uses of mutual funds. Provides free publications.

Financial Planning Association
5775 Glenridge Drive, NE, Suite B 300
Atlanta, GA 30328-5364
(404) 845-0011
(800) 945-IAFP
www.fpanet.org
Offers lists of financial planners in your area, as well as consumer guide about financial planning. Free.

American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775
(212) 596-6200
(888) 777-7077
www.aicpa.org
Provides names of CPAs based on location, services provided, etc. Free.

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Resources

National Association of Personal Financial Advisors
3250 North Arlington Heights Road, Suite 109
Arlington Heights, IL 60004
(800) 366-2732
www.napfa.org
Advocates financial planning on a fee-only basis. Free list of financial planners in your area who are members of NAPFA, and an interview form.

The Social Security Administration
(800) 772-1213
(800) 325-0778 (TTY)
www.SocialSecurity.gov
Can answer questions related to Medicare and Social Security benefits.

The Internal Revenue Service
(800) 829-1040
www.irs.gov
Can answer questions related to taxes.

Administration on Aging
Washington, D.C. 20201
(202) 619-0724
www.aoa.gov
Answers questions about aging and provides free publications, including topics such as retirement and financial planning.

The publications and resources listed are not in any way endorsed or licensed by FinancialPoint® Corporation.

Glossary of Terms

Term	Definition
401(k)	A qualified retirement plan that meets the requirements of section 401(k) of the internal revenue code. This type of plan allows the individual to save for retirement. Private sector employers often offer this type of plan.
403(b)	A qualified retirement plan that meets the requirements of section 403(b) of the internal revenue code. This type of plan is offered by school systems and tax-exempt organizations. Under current law, 403(b) contribution limits are the same as those for a 401(k) plan.
457	A nonqualified plan that can be adopted by a government subdivision or tax-exempt organization other than a church. It allows pretax contributions to tax-deferred retirement accounts and generally functions like the more common 401(k) plan.
529	The 529 plan is a qualified state tuition plan that allows very large contributions to tax-free accounts to be used to pay for college expenses. Under current law, "education expenses" are very liberal. The plan also serves as an effective estate-planning tool.
Annuity	An annuity is an agreement to make payments to a beneficiary for a period of time, such as for the life of the beneficiary; the lives of the beneficiary and another individual; or for a specific period. Annuities are sometimes included in retirement plans and are most often sold by insurance companies.
Asset Allocation	Asset allocation is the process of dividing up an investment portfolio between different types of investments such as stocks, bonds, cash and alternative investments. Asset allocation can also refer to the structure of an existing portfolio.
Basis	Basis is the original purchase cost of an item or security. Basis includes commissions and dividends used to purchase additional shares of securities. It is increased by amounts used to improve a tangible property. Basis is only applicable to investments or property in taxable accounts. It can be reduced by redemptions or depreciation.
Bond	A bond is a unit of debt issued by a company or a government to finance operations. Bonds are most often issued at $1,000 face value and pay a stated interest rate. The values of bonds move inversely with interest rates.
Broker	An individual who has obtained the Series 6, Series 7 or other license allowing that individual to sell investment products.
Budget	A monthly or annual spending plan often aimed at keeping expenses below income that takes into account income, discretionary and non-discretionary spending.
CFP	The Certified Financial Planner designation indicates that the holder has advanced expertise in the field of financial planning, has completed a two-year training program, subjected himself or herself to the CFP Board's ethical and continuing education requirement and passed a two-day comprehensive exam. It is the most prestigious and difficult to obtain financial-planning related designation.

CPA	Certified Public Accountant.
Capital Gains	Capital gains are increases in value of a security or tangible property due to market conditions.
Capital Losses	Capital losses are losses associated with the declining value of a security or tangible property due to market conditions.
Cash Flow	Cash flow is the movement of cash into and out of a position or account. Cash flow can be negative, neutral or positive.
Certificate of Deposit	A Certificate of Deposit (CD) is a certificate issued for a period of months or years that pays a stated rate of interest during the term. It is a money product fully insured, up to $100,000, by the FDIC and is most often sold by banks.
Common Stock	Common stock represents ownership in a corporation and carries voting rights. It has an inferior claim on dividends and liquidation when compared to preferred stock and bonds.
Decedent	A person who has died.
Defined Benefit Plan	A qualified retirement plan characterized by guaranteed benefits based on years of service, income during service and retirement age. These types of plans are most often paid for by the employer and the employer assumes the risk of plan assets not performing well. A pension plan is a defined benefit plan. Defined benefit plans are becoming less common with many employers switching to defined contribution plans.
Defined Contribution Plan	A qualified retirement plan characterized by separate accounts that allow the employee to contribute a set amount or percentage of income for retirement. Oftentimes, employers match a percentage of employee contributions. In a defined contribution plan, the employee takes on the risk of the plan assets not being sufficient at retirement. A 401(k) is a defined contribution plan.
Dividend	A payment by a company out of current or retained earnings voted on and approved by the board of directors. Payments are usually quarterly and in cash, though some dividends are paid as additional shares of stock.
Equity	A stock or share of stock.
Fair Market Value	The current price of an item in an "arms length" transaction between unrelated parties.
Fiduciary	A person or organization that occupies a position of trust with respect to financial assets for another individual or organization.
Financial Planner/Advisor	Most often a professional broker or advisor who sells stocks, bonds, other investments, or manages client accounts.

HELO	A Home Equity Loan is a loan other than a primary mortgage based on the built-up equity in the house. Home equity loans are popular sources for funding children's educations and home improvements.
HELOC	A Home Equity Line of Credit is similar to a HELO in that it is backed by the equity in a home. While a HELO is a loan, a HELOC is a credit account. With a HELOC an individual gets a credit limit and can use the funds up to that limit making payments only on the outstanding balance. The interest of HELOCs is almost always variable.
Hazard Insurance	Insurance on tangible property that covers damage such as wind, rain or hail.
Heir	An heir is usually a child or spouse. An heir is the person who receives a portion or all of a decedent's estate.
Home Equity	The amount remaining when the mortgage on a home is subtracted from the home's value. Home Equity is a measure of how much of the house an individual owns and is the basis on which the maximum amount of home equity loans and lines of credit are based.
Homeowner's Insurance	Insurance used to protect the home from damage and loss of use due to perils.
IRA	Individual Retirement Account. In general, a tax-deferred retirement account that allows individuals to make contributions to an account that grows tax-deferred until distributed.
Inflation	Inflation is generally an increase in prices over time.
Interest	The fee charged by a lending institution to borrow money. Also, the earnings on an investment.
Joint Account	An account owned by more than one person.
Joint Ownership	A form of ownership in which two or more entities share ownership.
Joint Return	A tax return filed by spouses that creates joint and several liability for any tax due.
Joint Tenancy with Rights of Survivorship	A form of property ownership in which survivors automatically receive a decedent's interests.
Keogh	A qualified retirement plan usually set up by a self-employed individual.
Long-Term Capital Gains	Gains from the sale of an appreciated asset held more than one year that are taxed at the lower long-term rates. The maximum long-term capital gains rate is 15 percent.
Market	A place where one buys and sells. The stock market.
Money Market Mutual Fund	A mutual fund that invests only in very short-term instruments, such as commercial paper and T-bills. The share price on MMMFs is usually $1 but interest rates do vary.
Mutual Fund	A company that aggregates client investments using the funds to purchase a group of assets that conform to an investment style.

Net Worth	Assets minus liabilities.
Pension	A defined benefit retirement plan in which an employer promises to pay a specific amount per year to a retiree.
ROTH IRA	An IRA named after the congressman who wrote the bill that created them. The ROTH allows tax-free withdrawals after age 59 and a half, in contrast to withdrawals that are taxable from a traditional IRA.
Savings Bonds	Generally, any bond of series EE, HH or I issued by the treasury. Savings bonds are sold at a discount and mature at some later date. Savings bonds often allow tax-free redemptions if used to fund college expenses.
Stock	Certificate indicating ownership of a corporation that represents a claim on corporate assets and income.
Tax Deferred	An income whose taxes are paid at a later date. Examples are earnings from 401(k), 403(b), 457 and IRA plans.
Tax Exempt	Income that is never taxed. For instance, proceeds from a Roth IRA.
Term Life	A life insurance policy that provides coverage for only a specific amount of time, generally one year. Term life policies usually provide the highest death benefits per dollar of premium.
Trust	A legal document in which a trustor (one who establishes a trust) gives legal control of assets to a person or institution (the trustee) for the benefit of named beneficiaries.
UGMA	Uniform Gift to Minors Account. A custodial account often established by a parent for a child.
UTMA	Uniform Transfers to Minors Account. A custodial account that allows transfers to minors of an expanded list of property when compared to the UGMA account.
Universal Life	A permanent life insurance characterized by combining the low-cost coverage associated with term insurance and a savings vehicle.
Variable Annuity	An annuity that allows the owner to invest the cash account in subaccounts. The future payments from the annuity are based on investment performance.
Variable Life	A form of permanent cash-value life insurance in which the premium is, in part, determined by the performance of the underlying investment choices. Variable life products also provide tax-deferred investment growth.
Variable Universal Life	A permanent life insurance policy that combines some of the features of a universal life policy, such as flexibility in premiums and death benefits, with the benefits of a variable policy.
Whole Life	A permanent form of life insurance that includes a savings component that can be used for wealth accumulation.

FinancialPoint®

Satisfaction Survey

Confidential Guidance for Your Financial Future.

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FinancialPoint®

Client Satisfaction Survey

Name *(Optional)*: ____

Quality Measurement Questions:

Please rate the next three questions using the following scale:

5 = Excellent   4 = Good   3 = Satisfactory   2 = Unsatisfactory   1= Unacceptable

How would you rate:

1. The overall quality of the FinancialPoint service? ____________

2. How helpful was the initial personal consultation you received from your FinancialPoint Specialist? ____________

3. How knowledgeable was your FinancialPoint specialist? ____________

Please answer the following questions with a 'Yes' or 'No':

4. Were you able to use the financial information provided to you? ____________

5. Would you use the FinancialPoint program again? ____________

6. Did you find the welcome kit easy to understand? ____________

7. Would you recommend this program to your colleagues? ____________

The following is a time estimate question:

8. How much time did the questionnaire take to complete? ____________ Hours

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General Information Questions *(optional)*:

9. What did you like or dislike about the service and/or welcome kit? What changes, if any, would you recommend?

____

____

____

10. Additional Comments:

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(SGLI)