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ESTATE PLANNING NEWSLETTER

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Is It Time To Update Your Estate Plan?*
By: Kris Paden

Once you prepare your estate planning documents, there are many reasons to review and update them. Below is a checklist of events that may prompt you to do so:

- The individuals you have named are deceased.
- New people should be named in your will (e.g. birth, adoption).
- Divorce or marriage.
- New state laws. You need to periodically check to see whether your state has enacted new laws that impact your estate planning documents. More importantly, if you move to a different state, don't assume that your will made in your previous state conforms to the requirements of your new state. Each state has its own legal requirements for making a will.
- Change in guardians, personal representatives, or trustees.
- Children reach the age of eighteen.
- A substantial increase or decrease in the value of your estate.
- The acquisition or disposition of a significant asset.
- You should see an attorney about reviewing and updating your estate plans prior to reaching 70 1/2 years of age if you have an IRA, 401(k), or other qualified plan that requires you to begin to take distributions at age 70 1/2. The beneficiary that you designated will have an irrevocable impact on both your and your beneficiary's required distributions.
- The passage of time is reason enough. You should review your will and estate planning documents every three to five years.

*Source: www.findlaw.com

Planning Your Health-Care Future
By: Kris Paden

When planning your future, your health cannot be ignored. Along with Estate Planning, securing your future includes planning for your long-term health care, should you need it. One effective way of doing so is purchasing a Long-Term Care Insurance policy.

This privately sold insurance can help you pay for both skilled and non-skilled long-term care, reducing your out-of-pocket costs and the costs to your children who may be taking care of you. Purchasing such a policy may even have some income tax benefits. Such policies are called Tax Qualified policies.

The largest benefit is the overall reduction in costs for you. "In the Los Angeles and Ventura county areas, the average cost of home health aide services are between $3,500-$5,000 a month, and nursing home rates average $63,000-$75,000 a year.* This type of monthly expense can very quickly deplete an entire estate leaving nothing for the beneficiaries, or worse, making the beneficiaries spend their own money to continue providing top level care." Protecting yourself from the cost of long-term services also protects your family and your estate from the sometimes draining cost of long-term medical care. The need for long-term care is not predictable however, current life span figures suggest that many people will need some kind of long-term care at some point in their lives. The cost of insurance is less than potentially spending your life savings to pay for your health care needs.

Do some research, and only buy a policy from a reliable company. The cost will be based on your age, when you buy it, your health and how much coverage you want. Compare many policies as some offer more coverage than others. Some will still leave you with out-of-pocket costs while others will cover more. A higher premium will get you more coverage, which may be worth it when you factor in ever rising health care costs. If you purchase an insurance policy when you are younger, premiums will be lower. A policy for aging parents will cost more than a policy for you. If your parents cannot afford it, you can pay their premiums for them.

For those who cannot afford the cost and for those who are close to needing long-term care already, it is important to look into Medicaid benefits. For more information on Long-Term Insurance as well as Medicare/ Medicaid, please check out www.medicare.gov.

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Is Homeownership Right for You?
By Michael Wolff

"Depending on where you live a new mortgage payment might be comparable to what you are currently paying for rent."

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Homeownership has been on the rise lately due to many factors. Interest rates are at historic lows, home prices are 50% or less than prices just 3 years ago and the Federal Government have offered an $8,000 tax credit for First-Time Home Buyers. As long as a borrower has decent credit, stable income and enough savings for at least a 3.5% down payment, qualifying for financing is a fairly easy process. Depending on where you live a new mortgage payment might be comparable to what you are currently paying for rent.

But the question is, is homeownership right for you?

If you are currently renting a house or an apartment, your monthly rent is helping your landlord pay off their mortgage. No matter how long you have rented the same property or if you always pay on-time, you are not receiving tax deductions and more importantly you are not building up any equity to assist with your retirement or inheritance for your family. With a mortgage you are slowly paying off the loan every month. Down the road you may be able to either sell the property for a profit to fund your retirement or you may qualify for a reverse mortgage which will replace your mortgage payment with tax-free monthly income! When you rent, you do not build up equity and in you will never see any return on your monthly rent.

Getting your and your family pre-approved for financing takes only a few minutes and doesn't obligate you to anything.

Is spending a few minutes with a mortgage professional in your best interest to see how you can benefit you and your family's futures?

How is the Economy Affecting the Personal Insurance Industry?
By Sara Cohen

People put off paying their premiums to the last minute or the last day which results in lapses of coverage and cancellations of policies. This means more uninsured homeowners and uninsured motorists on the road! People don't realize the true value of insurance until they need it!

The number of claims increases! People out there don't have enough money to make ends-meat so they look for alternative sources of money. There is a huge increase in staged car accidents, increase in homeowners claims (such as slip-and-falls happening by people coming into your home). Be aware at all times!

Customers begin to shop around…So when you do, ask yourself this:

Are you getting the best deal? Are your policies packaged together with one carrier for ultimate savings?

Are you sacrificing coverage for price? Saving $50 per year and reducing your coverage is not really a savings in the long run…

Is your agent shopping for you? Are they suggesting which coverages you can "afford" to have less of? Are they offering you discounts (professional discounts, good driver discounts)? Have they offered to raise your deductible? Don't assume that they are looking out for you…

Can you reach your agent or customer service department if you need to? You shouldn't have to compromise service for price.

Does your agent really know you? Are they familiar with your lifestyle and can they evaluate your current policies and make suggestions on changes where needed? Or are you just talking to a "robot" or servicing the policy yourself on line? You might not be covered for what you think you are so don't take a "do-it-yourself" approach with insurance. Make saving money a priority but be sure to properly insure the assets that you work so hard for.

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Call Sara Cohen for a FREE, NO-OBLIGATION personalized insurance review