Close The Gaps In Your Financial Plan

- Financial House
  - What's important to you
  - The Big Picture
  - It All Adds Up
  - Estate Planning
  - Filling in the Gaps
    - Managing Financial Risks

Close The Gaps In Your Financial Plan

- Filling in the Gaps
  - Protect Your Current Health
  - Protect Your Loved Ones
  - Protect Your Income
  - Protect Your Future Health

Protect Your Current Health

- UNM offers medical coverage options through three Third Party Administrators (TPAs).
  - UNM HEALTH
  - BlueCross BlueShield of New Mexico
  - PRESBYTERIAN
Know Your Plans

- Co-pays
- Deductibles
- Co-insurance %
- Out of pocket maximums

Protect Your Loved Ones

- What if something happens?
  - Who is dependent on you?
    - Income
    - Final expenses
    - Future costs
      - Pay off debt
      - College education
      - Legacy

How Much Do I Need?

- http://www.legacypl.net/learning_center/calculator/life_insurance
  - Current Salary - $50,000
  - How many years to provide 1-5?
  - Current debt
    - Mortgage - $200,000
    - Credit cards - $5,000
    - Car loan - $15,000
  - College education - $10,000 x 4 years
  - Legacy $60,000
  - Life insurance need is $410,000
Types of Life Insurance

- **Term**
  - Group term – Through UNM
  - Individual term
    - 5, 10, 20, or 30 year
- **Permanent**
  - Whole life
  - Universal Life
  - Variable Universal Life

Term Life Insurance

- Group term - https://hr.unm.edu/benefits/life-insurance
- May purchase up to 3 times salary
- Terminates upon separation from employment

Term Life Insurance

- Individual term
  - 5, 10, 20, or 30 year
  - Terminates upon end of term
  - Coverage when need is greatest
Permanent Insurance
- Rent vs Own
- Ability to lock in rates
- Future health concerns not an issue
- Builds Cash Value
- Pension Maximization
  - ERB retirement
  - Pass pension on to heirs
- Wealth Transfer

Whole Life Insurance
- Pay premiums for life.
  - Builds Cash Value

Universal Life Insurance
- Pay premiums for life.
  - Flexible premium
  - May guarantee death benefit for specific time frame
Variable Universal Life Insurance

- Ties into the Stock Market.
  - Death benefit may increase or decrease
  - No guarantee

Planning Considerations

- Combination Plan
  - Term insurance to cover where needs are greatest
  - Permanent to cover life expenses

Protect Your Income

- What happens if you couldn't work?
  - Illness
  - Accident
- Who provides for family?
  - What is your chance of becoming disabled?
  - 25-year-old has a 30% chance of being disabled before retirement - SSA

25%
Protect Your Income

- Any disease or injury that is severe enough can cause disability. Must be medically certifiable, expected to last for a certain period of time, and impair your ability to do your own job, any other job, or both.

Protect Your Income

- Government Protection?
  - Workers Compensation – Only if work related
  - Social Security
    - 5 month waiting period
    - May cover only a portion of need
  - ERB Pension
    - 10+ Years of Service
    - Must be totally disabled and cannot work

Protect Your Income

- How it works
  - Choose elimination period
  - Choose S amount
  - Choose benefit period
- Types of Disability Insurance
  - Short-term
  - Long-term
  - Group disability plans
  - Private plans
Protect Your Income

- UNM short-term disability
  - 30 day elimination
  - 60% of income
  - 6 month benefit period
- UNM long-term disability
  - 6 month elimination period
  - 60% of income benefit
- UNM Plans end with employment

Protect Your Income

- Private plans
  - You pay the premiums
  - Flexible options – Plan design
  - Control of the plan
  - Portable

Protect Your Future Health

LONG TERM CARE
Do you know who will take care of you when you are unable to care for yourself?
Protect Your Future Health

• Long-Term Care
  • Unable to perform activities of daily living (ADLs) - eating, bathing, dressing, continence, toileting (moving on and off the toilet), and transferring (moving in and out of bed).
  • Your doctor has ordered specific care.
  • Your care is medically necessary.
  • Your mental or cognitive function is impaired.
  • You’ve had a prior hospitalization of at least three days (this is rare with newer policies).

Protect Your Future Health

• Long-term Care
  • The odds of needing long-term care are high:
    • Approximately 70% of people will need long-term care at some point during their lifetimes after reaching age 65*
    • Approximately 8% of people between ages 40 and 50 will have a disability that may require long-term care services*

Protect Your Future Health

• The cost of long-term care can be expensive*:
  • $6,235 per month, or $74,820 per year for a semi-private room in a nursing home
  • $6,965 per month, or $83,580 per year for a private room in a nursing home
  • $3,293 per month for a one-bedroom unit in an assisted living facility
  • $21 per hour for a home health aide

* U.S. Department of Health and Human Services, December 2015
Protect Your Future Health

How do I pay for long-term care?

- Medicare does not pay the entire cost of long-term care services or custodial care—such as help with bathing, or for supervision only—called custodial care.
- Medicare will help pay for a short stay in a skilled nursing facility for rehabilitation or for home health care if you meet the following conditions:
  - You have had a recent prior hospital stay of at least three days.
  - You are admitted to a Medicare-certified nursing facility within 30 days of your prior hospital stay.
  - You need skilled care, such as skilled nursing services, physical therapy, or other types of therapy.
  - Medicare will pay for some of your costs for up to 100 days.
  - For the first 20 days, Medicare pays 100 percent of your costs.
  - For days 21 through 100, you pay a daily copayment up to $140.00 per day (as of 2020), and Medicare pays any balance.
  - You pay 20 percent of costs for each day you stay in a skilled nursing facility after day 100.

https://www.medicare.gov/medicare-medicaid-more/medicare/

Protect Your Future Health

- Medicaid covers nursing home care for eligible people 65 and older.
- Medicaid also covers home and community-based services for people who would need nursing home care but could remain at home with services.
- In most states, Medicaid will also cover services that will help you remain in your home, such as:
  - Personal care services, case management, and help with housekeeping and cleaning. Medicaid will not pay for your rent, mortgage, utilities, or food.
- It is important to understand that Medicaid programs and eligibility for services vary from state to state.
Protect Your Future Health

- Private Long-term Care Insurance
  - Flexibility on plan design
  - Eliminates Period
  - Benefit period
  - Benefit amount
  - Home Health Care
  - Smaller premium increases
  - Risk of employer change
  - Close the gap on employer insurance

---

Close The Gaps In Your Financial Plan

- Links
  - www.legacyfg.net
  - www.360financialliteracy.org
  - www.voya.com

- Calculators
  - http://www.legacyfg.net/learning_center/calculate/life_insurance
  - http://www.legacyfg.net/learning_center/calculate/disability_income_insurance
  - http://www.legacyfg.net/learning_center/calculate/retirement_self_insurance

---

Take Action!

Contact UNM HR
https://hr.unm.edu/benefits

Contact Me
efernandez@legacyfg.net
505-839-0224

Contact your financial advisor
Questions?

Contact Edwin S. Fernandez, CPA/PFS
505-839-0224
efernandez@legacyfg.net
edwin.fernandez@voyafa.com
www.legacyfg.net