


Welcome


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RETIREMENT | INVESTMENTS | INSURANCE






Close The Gaps In Your Financial Plan
Your Financial Journey

Edwin S. Fernandez, CPA/PFS
Title: Investment Advisor
Date: March 1, 2016




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Welcome

Edwin S. Fernandez, CPA/PFS
Financial Advisor

- **A CPA/PFS** has received the most comprehensive financial planning professional certification available, the Personal Financial Specialist credential. The educational requirements necessary to become a CPA, as well as the experience, skills and credentials make them the best choice to assist clients and potential clients in a holistic manner with any tax, estate, retirement, investment and risk management planning concerns they may have.
- **Every CPA/PFS is first and foremost a CPA - only CPAs qualify to hold the CPA/PFS.**
 - A CPA's foundational tax expertise and business acumen coupled with the stringent PFS requirements of financial planning knowledge enables the CPA/PFS to uniquely address the financial planning concerns of individuals.
- **Every CPA/PFS has a duty to approach financial planning objectively and without bias, intent on upholding our client's best interest.**
 - CPAs are held to a strict code of professional conduct and standards with regulatory oversight by state boards of accountancy.
 - The CPA/PFS credential builds on the CPA profession's relationship as a trusted advisor.
- **Every CPA/PFS is a part of the American Institute of CPAs, the largest professional organization for CPAs.**



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Close The Gaps In Your Financial Plan

- Financial House 
 -  What's Important to you
 -  The Big Picture
 -  It All Adds Up
 -  1040 Tax Planning
 -  Estate Planning
 -  Filling In the Gaps
 - Managing Financial Risks

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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** 

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Protect Your Current Health

- UNM offers medical coverage options through three Third Party Administrators (TPAs).






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Know Your Plans


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

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Protect Your Loved Ones


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



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How Much Do I Need?


- http://www.legacyfg.net/learning_center/calculators/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 \$50,000
- Life insurance need is \$410,000

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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 OR PERMANENT LIFE INSURANCE WHICH OPTION IS RIGHT FOR YOU?




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Term Life Insurance

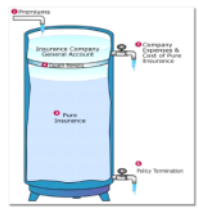
- Group term -
<https://hr.unm.edu/benefits/life-insurance>
- May purchase up to 3 times salary
- Terminates upon separation from employment

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Term Life Insurance

- Individual term
 - 5, 10, 20, or 30 year
 - Terminates upon end of term
- Coverage when need is greatest



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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

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Whole Life Insurance

- Pay premiums for life.
 - Builds Cash Value



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Universal Life Insurance

- Pay premiums for life.
 - Flexible premium
 - May guarantee death benefit for specific time frame



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Variable Universal Life Insurance

- Ties Into The Stock Market.
 - Death benefit may increase or decrease
 - No guarantee

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Planning Considerations

- Combination Plan
 - Term insurance to cover when needs are greatest
 - Permanent to cover final expenses

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Protect Your Income

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

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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.



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Protect Your Income

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

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Protect Your Income

- How it works
 - Choose elimination period
 - Choose \$ amount
 - Choose benefit period
- Types of Disability Insurance
 - Short-term
 - Long-term
 - Group disability plans
 - Private plans

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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

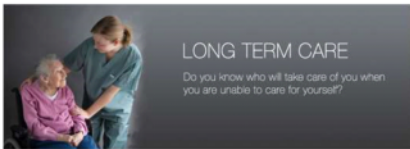
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Protect Your Income

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

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Protect Your Future Health



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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).

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Protect Your Future Health

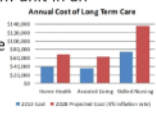
- Long-term Care
 - The odds of needing long-term care are high:
 - Approximately 70% of people will need long-term care at some point during their lifetimes after reaching age 65*
 - Approximately 8% of people between ages 40 and 50 will have a disability that may require long-term care services*


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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 1, 2015




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Protect Your Future Health

- How do I pay for long-term care?



Long Term
Care
Insurance



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Protect Your Future Health



- Medicare **does not pay** the largest part of long-term care services or personal care—such as help with bathing, or for supervision often called custodial care.
- Medicare will help pay for a short stay in a skilled nursing facility, for hospice care, 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 your own expenses up to \$140.00 per day (as of 2013), and Medicare pays any balance.
 - You pay 100 percent of costs for each day you stay in a skilled nursing facility after day 100.

<http://longtermcare.gov/medicare-medicaid-more/medicare/>



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Protect Your Future Health




- Medicaid covers nursing home services for all eligible people age 21 and older.
- Must meet income eligibility requirements
- Medicaid also covers home and community-based services for people who would need to be in a nursing home if they did not receive the home care 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 laundry 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.




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Protect Your Future Health




- **Things to consider**
 - **Benefit amount:** What is the maximum your policy will pay for your care each day, generally ranges from \$50 to \$350 or more.
 - **Benefit period:** The length of time your policy will pay benefits (e.g., 2 years, 4 years, lifetime).
 - **Elimination period:** The number of days you must pay for your own care before the policy begins paying benefits (e.g., 20 days, 90 days).
 - **Types of facilities included:** Many policies cover care in a variety of settings including your own home, assisted living facilities, adult day care centers, and nursing homes.
 - **Inflation protection:** With inflation protection, your benefit will increase by a certain percentage each year. It's an optional feature available at additional cost, but having it will enable your coverage to keep pace with rising prices.

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Protect Your Future Health


Your current age:	55
Age you begin to use long-term-care services:	80
Assumed inflation rate for long-term-care services:	5%
The current daily cost of a nursing/long-term care facility:	\$230
Based on your answers, the average daily cost when care is needed:	\$779
Monthly, this works out to:	\$23,690
Total estimated cost if you need one year of long-term care:	\$284,284
Total estimated cost if you need three years of long-term care:	\$896,207
Total estimated cost if you need five years of long-term care:	\$1,570,851
Total estimated cost if you need 10 years of long-term care:	\$3,575,700

http://www.legacyfg.net/learning_center/calculators/ltc_self_insurance

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Protect Your Future Health

- Long-term care through UNM 
- <https://hr.unm.edu/benefits/long-term-care>
 - Up to \$4,000 maximum monthly benefit
 - Benefit period 3 year or 6 year
 - 4 plan options
 - Plan 1 no inflation
 - Plan 2 total home care
 - Plan 3 inflation – simple int. 5%
 - Plan 4 inflation & total home care
 - Elimination period – 90 days
 - Plan is portable

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Protect Your Future Health

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


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Close The Gaps In Your Financial Plan


- Links
 - www.legacyfg.net
 - www.360financialliteracy.org
 - www.voya.com
- Calculators
 - http://www.legacyfg.net/learning_center/calculators/life_insurance
 - http://www.legacyfg.net/learning_center/calculators/disability_income_insurance
 - http://www.legacyfg.net/learning_center/calculators/ltc_self_insurance

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Take Action!

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


Contact Me
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Contact your financial advisor

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Questions?



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