

The importance of planning: Will you be ready?



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At the NALC's 70th Biennial Convention in Los Angeles, the Mutual Benefit Association (MBA) provided a workshop for the delegates that highlighted the importance of planning for life's financial events. These events include disability, education, marriage, divorce, retirement and death. The workshop outlined how advanced planning for each of these events can reduce the stress for individuals when these life events happen to them.

Most individuals don't plan for the event of a disability. For example, who would be in control of your assets if you became disabled or incapacitated? Who would make the

decision to continue or end life support measures for you? How would a family member handle social media and passwords for your accounts? How would you and your family be supported if you or another key household income earner became disabled or incapacitated?

There are many ways that individuals can plan for disability. Advanced medical directives, living wills, durable power of attorney for health care, and do-not-resuscitate (DNR) orders are all legal documents that can protect individuals and their property in the event of incapacitation. In addition, living trusts, joint ownership of property, and letters of instruction can be used to detail what should happen to assets in the event that individuals are unable to handle their affairs.

Planning for education can have a significant financial impact on a family's expenses. There are many ways to fund the education (college or vocational) of children, grandchildren or other family members, including pre-paid state-sponsored plans, 529 plans, the Uniform Gift to Minors Act, establishing a trust, or outright gifts or payments. Information about these ways to plan for education can be found on the internet and provides details about what plan or combination of plans would be best for each individual.

The topics of marriage and divorce and how these events can affect an individual were discussed at the convention. The act of giving money to your children during these life events can be accomplished by means of the Uniform Gift to Minors Act, establishing a trust or giving an outright gift. Caveats were discussed about protecting assets and funds from divorce by establishing a trust, outright gifts or repayments, and the way assets/accounts are titled.

Retirement planning is a subject that most individuals are familiar with. Employer-sponsored benefits, personal savings and investments, and Social Security benefits were discussed in the convention workshop. The most important point of the workshop was planning *now* for your future. What type of retirement do you want? Do you want to travel, volunteer, or have a second career? The time to begin saving for retirement is today. The MBA has a retirement savings plan that is available to career carriers as well as CCAs. These plans include traditional IRAs, Roth IRAs, and non-qualified deferred annuity plans.

The final topic of the MBA workshop was estate planning, or planning for your death. Questions such as the following were addressed: Do you really need a will? How can you reduce estate taxes? How can you protect your assets? What immediate financial expenses will there be upon death? How long will your dependents need support? How much money will be needed for special situations?

Information about wills, executors or personal representatives of the estate, beneficiaries of life insurance or IRAs, and joint tenancy of investments and accounts was provided. In addition, the act of bequeathing gifts to people or charities after death were discussed, along with income, gift and estate taxes. The participants were informed about burial pre-planning, burial pre-paying and types of funeral services (burial vs. cremation).

There are some questions you may want to ask yourself while planning for life events. Does your financial and estate plan:

- include an up-to-date last will and testament?
- name a guardian for your minor children?
- include a personal property list?
- name an executor/personal representative?
- include special medical or educational needs?
- name your chosen beneficiaries?
- title your assets appropriately?
- include provisions for long-term health care?
- include lifetime gifts?
- include medical directives?
- include powers of attorney?
- include life insurance?

There are several places where individuals can go for help in planning for their life events. These include financial planners (sole practitioners, stock brokers, and trust and wealth advisors), accountants, estate planning attorneys and insurance companies. The internet is also a valuable resource for finding information about all of the topics listed above.

The MBA can be a valuable asset in planning for life events by providing life insurance, hospital confinement insurance and a retirement savings plan.