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Financial Update

Ideas and Action Steps for Achievers

What to Do If Your Term Life Insurance Policy Is About to Expire

One advantage of term life insurance is that it is generally the most cost-effective way to achieve the maximum life insurance protection you can afford. Many people first purchase term life insurance to protect their family's financial interests after a significant life event, such as getting married or the birth of a child.

You may have done the same for your family when you purchased your policy years ago. And chances are, other than paying the premiums, you probably haven't given it much thought since then. However, if your term life insurance policy is set to expire in the near future, it's important to explore your options now before the coverage runs out.

Before you get started, you first need to reevaluate your life insurance needs and determine if anything has changed. Are your children grown and have they graduated from college? Do you have a mortgage? If you have financial obligations that you need to take care of, you may still need term life insurance. If you are nearing retirement and have fewer financial obligations than you did when you were younger, your need for a term life insurance policy may not be as great as it once was.

Purchasing a new policy

If you are in relatively good health and your current term life insurance policy is about to run out, you might consider purchasing a new term policy altogether. When applying for a new term life insurance policy, you will generally need to pass a medical exam. In addition, since you are older now, your premiums may be higher than they were under your old policy. However, you may not need as large a policy as you did when you first purchased term life insurance years ago. It may pay to shop around and compare because premiums can vary among insurers.

Renewing your existing policy

When the coverage period for your term life insurance ends, you may have the option to renew the policy, depending on the specific policy and limitations. Though you won't be required to take a medical exam if you renew your policy, the rate will generally increase each time it is renewed for an additional term because your age has increased (as has the insurance company's risk of paying a death benefit). These increased premium costs can sometimes make renewing a term life insurance policy an expensive way to cover your life insurance needs.

Converting your policy to permanent life insurance

If you have a convertible term life insurance policy, you may be able to convert it to a permanent life insurance policy, such as whole or universal life insurance. Permanent insurance continues throughout your life as long as you pay the premiums. As with term insurance, permanent insurance pays a death benefit to your beneficiary at your death, but it also contains a cash value account funded by your premium dollars. When you convert your policy, you won't need to prove your insurability by taking a medical exam. However, there is usually a conversion deadline, which is the date by which you must convert, typically before your term life insurance is set to expire.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications. Any guarantees are contingent on the claims-paying ability and financial strength of the issuing company.

The rules governing 1035 exchanges are complex and you may incur surrender charges from your "old" life insurance policy. In addition, you may be subject to new sales and surrender charges for the new policy.

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Infographic: Working in Retirement

Do You Plan to Work in Retirement?

The 2018 Retirement Confidence Survey found that more than two-thirds of all workers surveyed expect that paid work will play a role as a source of retirement income. If you believe that working for pay will supplement at least some of your retirement income, consider the following facts.

1 More people are working beyond age 65

According to the Bureau of Labor Statistics, 37% of men and 28% of women between the ages of 65 and 69 were still in the workforce in 2017. In addition, 17% of men and 10% of women age 70 and older were still working.

2 Social Security imposes an "earnings limit"

If you plan to work and claim Social Security benefits before reaching your full retirement age (66 to 67, depending on year and month of birth), you will be subject to an earnings limit ($17,040 in 2018). Above that limit, $1 will be withheld from your benefit for every $2 earned. In the year you reach full retirement age, you will lose $1 for every $3 earned above a higher limit ($45,360 in 2018). Once you reach full retirement age, there is no reduction in benefits.

3 Income for older workers is on the rise

According to the U.S. Census Bureau, the average earnings for workers age 65 and older increased by 47.6% between 2000 and 2015, a far greater increase than that of any other age group.

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What to Consider Before Moving in with Your Partner

According to the Pew Research Center, the number of U.S. adults cohabiting with a partner continues to rise as marriage rates fall. Approximately 18 million American adults were in cohabiting relationships in 2016, up 29% since 2007 when 14 million adults were cohabiting.

Source: Number of U.S. Adults Cohabiting with a Partner Continues to Rise, Especially Among Those 50 and Older, Pew Research Center, Washington, D.C. (April 6, 2017), pewresearch.org.

You and your significant other are ready to take the next big step in your relationship: moving in together. While this is an exciting milestone, it's also one that should prompt you and your partner to have some serious conversations about the financial implications of the move. Here are a few questions to consider that might help you and your partner live together more peacefully.

Do you have a financial plan?

Communication is key in making a relationship work. You should feel comfortable talking to your partner about anything, including money. Living together means that you're both responsible for contributing to your household.

Have an honest discussion with your partner about your financial plan. Share your attitudes toward money, your spending and saving habits, and your financial priorities. From there, build a monthly budget that works for both of you. Add up your monthly incomes and expenses. Include discretionary expenses (e.g., entertainment, travel, hobbies) as well as fixed expenses (e.g., housing, food, utilities, transportation). Be sure to factor in any debts you may have, such as student loan payments or credit card balances. This exercise will help you decide how much you and your partner should each contribute to your monthly bills. Do you and your partner earn roughly the same amount of money? Then it might make sense to contribute equally to your household expenses. But if one of you brings home a significantly larger paycheck, then you may want to divide expenses with that in mind.

Don't forget to talk to each other about your short- and long-term financial goals. Moving in together is likely the first of many major financial steps you'll take over the course of your relationship. Vacations, major purchases, and potentially children and retirement could also be part of your financial future. Discussing your common financial goals can help you and your partner stay on the same page and work together to help accomplish them.

How will you divide responsibilities?

Besides figuring out how you'll split household expenses, you and your partner will need to decide how you'll divvy up responsibilities like shopping for groceries, preparing meals, cleaning the living space, paying the bills, and other household tasks. Making assumptions about what needs to be done, when (and how often), and who will be responsible could result in arguments and potentially dissatisfaction with your living arrangement. Plan now so you and your partner can find a routine that works for you both.

Should you document your agreement?

Most states permit cohabitation agreements (also known as living together agreements or no-nups) that allow unmarried couples to agree on financial obligations to each other. It might seem formal to put your arrangement in writing, but it clearly captures what you and your partner have agreed upon and can help protect your rights and finances. Include details such as how much each partner will pay for rent, who will cover household expenses (and what those expenses might be), when bills are due, and other space-sharing arrangements considered important enough to document.

Revisit your agreement whenever you or your partner experience a change in circumstances, such as going back to school or receiving a major promotion at work. If you and your partner are engaged or considering getting married, bear in mind that your financial situation will legally change when you marry.

What if the unexpected happens?

It's an unpleasant thought, but what would happen if you and your partner ended your relationship? You might be reluctant to discuss the possibility, but it's important to have a plan in place for both of your sakes. Decide up-front who will get what in the event of a breakup. Consider the following:

- Who will stay in the apartment/house? Who will move out?
- Who will keep items you bought together (e.g., furniture)?
- Who will become the owner of any pets you share together?
- How will you settle any final bills?

Coming up with a plan now can help you and your partner avoid emotional and financial heartache if your cohabitation doesn't work out.

These can be difficult conversations to have with your partner, but being honest with each other and setting clear expectations can create a happier home for both of you.

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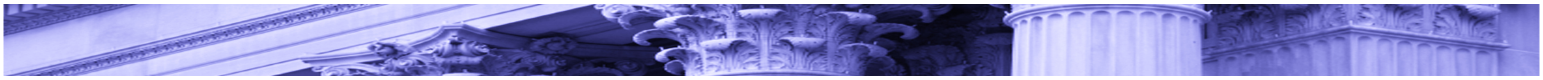

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IMPORTANT DISCLOSURES

I just received a large bill for a recent hospital visit. How can I check whether it's accurate?

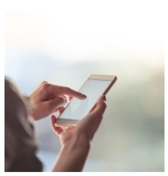
In today's complex world of medical billing, you may have difficulty understanding exactly which procedures you're being charged for, or what the billing codes on your hospital bill mean.

The first step in determining whether your bill is accurate is to know exactly what your insurance does and does not cover. Review your health plan's coverage brochure or contact your insurer to find out about your plan's coverage exclusions or limitations, expenses that are fully or partially covered by your plan, and the ramifications of using an out-of-network provider.

Another helpful tool is an explanation of benefits (EOB). The EOB will provide you with a variety of information, such as the dates and type of services provided, the amount that was billed by the medical provider to the insurance company, what the insurance company paid to the provider, and the amount that wasn't covered and for which you are responsible. Review your EOB and compare it to your medical bills. If you find any discrepancies, contact your medical provider's billing department.

Unfortunately, errors are a common occurrence in the medical billing industry. As a result, it's always important to request an itemized bill, as opposed to just a summary of charges, from a medical provider. An itemized bill is critical when it comes to identifying billing errors because it will detail each medical procedure for which you are being charged. Once you've received your itemized bill, check to make sure that all of your identifying information (e.g., address, date of birth), dates of service, and insurance information are correct. In addition, you'll want to check for common billing errors, such as charges for duplicate procedures or incorrectly coded procedures.

If you find an error on your bill, contact the billing department of the medical provider to request a corrected insurance claim and/or bill. Be prepared to explain the mistake to the billing representative and provide copies of billing records that illustrate the billing error.



How can I save money on my cell phone plan?

Paying your monthly cell phone bill might feel like a necessary evil: You can't live without your cell phone, but you don't like the steep price of your plan. Fortunately, there are ways to save money on your plan without sacrificing the cell phone services you need.

Review your monthly bill. Aligning what you're paying for with what you're actually using can go a long way in saving money on your plan. Look at your bill to get a breakdown of your average data consumption, as well as the number of phone calls and text messages you send/receive in one month. This will help you determine whether your activity levels match your plan. If, for example, you're paying for unlimited data each month but use only five gigabytes, on average, then it might make sense to decrease the data limit on your plan. Or if you depend on unlimited data, consider ways in which you can lower the amount you use. Turn cellular data off in your app settings and connect to Wi-Fi whenever possible to dramatically reduce data usage.

Research discount options. Ask your employer or your cell phone service provider to see if you're eligible for employee discounts. Members of the military, veterans, and senior citizens may also receive discounts, depending on the provider.

Sign up for a different plan. Most carriers offer plans that allow you to share data and minutes with others. These are often referred to as family plans, though you don't need to be related to someone in order to join your accounts. You might also consider prepaid cell phone plans, which generally don't require credit checks or contracts, and don't have data overage fees. Many types of prepaid plans are available on the market, so look at different ones to determine what works best for you.

Switch to an alternative carrier. Before you make the switch, though, indicate to your current provider that you want to cancel — you may be offered a deal for continuation of service. If not, keep in mind that many alternative carriers offer promotions exclusively to new customers. Make sure you know how long the promotion will last and what your monthly costs will be when it ends.

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