

Money Management 1-2-3

Lesson Plan and Class Activities

Part 3

Consumer Action

www.consumer-action.org

Chinese, English and Spanish spoken

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Money Management 1-2-3 Curriculum

Lesson purpose:

To make learners aware of the range of financial responsibilities, choices and opportunities that will present themselves over the course of their lives, and to provide them with the knowledge and tools that will enable them to make wise choices, build wealth and achieve financial security.

Lesson objectives for Part 3:

By the end of the training, participants will understand:

- How to plan for a retirement income stream from Social Security and savings accounts
- How to overcome retirement funding challenges
- The pros and cons of tapping home equity
- Some ways to manage healthcare expenses
- Why it's necessary to reevaluate insurance coverage
- Where to get financial and emotional support if raising grandchildren
- The key components of an estate plan

Lesson duration:

Each segment of the three-part curriculum is approximately two hours long. Approximate presentation times for each section are provided, but these are only guidelines, based on the number of slides, length of the content, and activities for each section. Actual presentation time will vary based on, among other factors, the needs of the participants.

Materials:

For instructor:

- Money Management 1-2-3 brochure: Part 3: Planning a Secure Future
- Money Management 1-2-3 Part 3 lesson plan and class activities
- Money Management 1-2-3 Part 3 PowerPoint presentation

Instructor will also need:

- A computer and an area on which to project the PowerPoint presentation
- An easel and pad, or a whiteboard, and markers

For participants (provide listed materials according to which section(s) you are presenting):

- Money Management 1-2-3 Part 3 brochure: Planning a Secure Future
- Copy of PowerPoint slides (optional)
- Money Management 1-2-3 class activities and take-home worksheets:

Activities and worksheets for part 3:

- Pre-planning Retirement Worksheet (take-home tool) (two pages)
- Personal Net Worth Statement (take-home tool)
- Credit or Equity: Which Would You Advise? (activity) (two pages)
- Insurance Match-up (activity)
- Estate Planning Worksheet (take-home tool) (two pages)
- To Do at Home: Money Management 3 (follow-up checklist)
- Training Evaluation: Money Management 1-2-3—Part 3

Lesson Outline

Welcome and training overview.....(5)

3: Planning a Secure Future

Funding your retirement.....(25)

Tapping home equity.....(25)

Managing medical expenses.....(15)

Protecting assets.....(15)

Raising grandchildren.....(10)

Estate planning.....(15)

Questions and answers.....(10)

Instructor's notes:

This training module consists of three brochures (fact sheets), three companion lesson plans with class activities and a companion PowerPoint presentation for each. It was created by the national nonprofit organization Consumer Action to be used by nonprofit organizations providing consumer education in their communities.

The entire Money Management 1-2-3 curriculum can be presented as a single day-long session, which would last approximately six hours, not including breaks between sections. Or, the curriculum can be presented during three separate sessions. The three sections of the Money Management 1-2-3 curriculum can also be used individually, or you can combine selected parts of each section to create a customized presentation that meets the specific needs of your group.

Before conducting the lesson, familiarize yourself with the brochure(s) for the Money Management 1-2-3 section(s) that you will be teaching today, as well as those sections of the lesson plan and the PowerPoint visual teaching aid.

The Money Management 1-2-3 PowerPoint presentation contains notes for each slide (appearing below the slide when in Normal view or Notes Page view). These notes offer detailed information to present for that slide. The learning objectives for each section, along with key points and questions to generate discussion, are included in the lesson plan, as are indicators telling you when to move to the next PowerPoint slide.

Why Adults Learn, a PowerPoint training for educators, provides tips for teaching adults and diverse audiences—it will be helpful to you even if you have taught similar courses before. The slide deck is available at www.consumer-action.org/outreach/articles/why_adults_learn/.

WELCOME AND TRAINING OVERVIEW (5 minutes)

SLIDE #1 (onscreen as participants arrive; direct early arrivals to begin reading the brochure)



Welcome participants and introduce yourself.

If you have a small group, you can ask individuals to introduce themselves (or, if time permits, ask them to pair off with someone seated near them and then introduce each other to the group) and tell you what they hope to get out of the training. In a larger group, invite a few volunteers to share their expectations. On your whiteboard or easel pad, jot down some of the specific things participants mention. You can come back to this at the end of the class to make sure you've covered these points. (This activity is designed to serve as a brief icebreaker. It will also give you an idea what participants' expectations and needs are.)

Review the contents of participants' packets. Ask the class to take a look inside their packets and make sure they have all the materials needed.

3: PLANNING A SECURE FUTURE

Introduction: Eventually, the working years become the retirement years. As that time approaches, you'll need to figure out your retirement income stream and how you'll manage your medical expenses, particularly if you plan to retire before you qualify for Medicare or Social Security. At the same time, you might need to increase your insurance coverage so that it protects your increased assets. Grandparents raising grandchildren will have unique challenges, but everyone needs to make sure they have an estate plan in place so that they can enjoy their next chapter with peace of mind. Part 3 of the Money Management 1-2-3 curriculum will guide you through these considerations.

↑SLIDE #2

Go over slide notes.



Slide notes:

Present the topics covered in part 3 of the module:

- Funding your retirement
- Tapping home equity
- Managing medical expenses
- Protecting assets
- Raising grandchildren
- Estate planning

FUNDING YOUR RETIREMENT (25 minutes)

Learning objective: Be aware of the challenges many retirees face and how to manage them, and understand the necessary considerations when determining how to tap your retirement accounts and Social Security so that you maximize benefits, reduce taxes, and make your assets last a lifetime.

Key points (slides 3-5):

- It's possible to overcome, or at least manage, the challenges of retirement income with good planning and wise choices.
- There are many things to consider when deciding when and where to draw your retirement income from, so you must plan ahead.
- Your choice of when to start getting monthly checks has a bearing on your lifetime Social Security benefits.

Questions to generate discussion:

- What do you think people's biggest fears about retirement are? How could they overcome them?

- Would you rather work longer and have more income in retirement, or retire earlier but have less retirement income? Why?
- How do you plan to make sure you have enough money in retirement?

↑SLIDE #3

Introduction: Most people look forward to retirement, but the idea of living without a regular paycheck can cause anxiety, too. The best way to reduce your fear of the unknown is to identify the specific challenges you might face in the coming years and make a plan for dealing with them. There is a lot you can do, right up to the day you retire, to ensure that you are financially prepared for the years—maybe decades—to come.

Go over slide notes.



Slide notes:

When people think of retirement income, they typically think first about Social Security. Most (but not all) jobs take Social Security taxes out of your paycheck so you can get a monthly benefit when you retire. You're eligible for Social Security retirement benefits if you've worked and paid Social Security taxes for 10 years or more. Eligibility can also be based on a current or former spouse's work.

Benefits amount: How much you receive from Social Security depends on your (or your current or former spouse's) earnings during your working years and the date you start receiving benefits. Social

Security full retirement age is 67 for anyone born in 1960 or later. (Full retirement age is 66 for those born 1943-1954, and gradually increases to 67 for those born 1955-1960.) To find out how much your benefit will be at different ages, and to monitor your statements, create an online "my Social Security" account at <https://www.ssa.gov/myaccount/>.

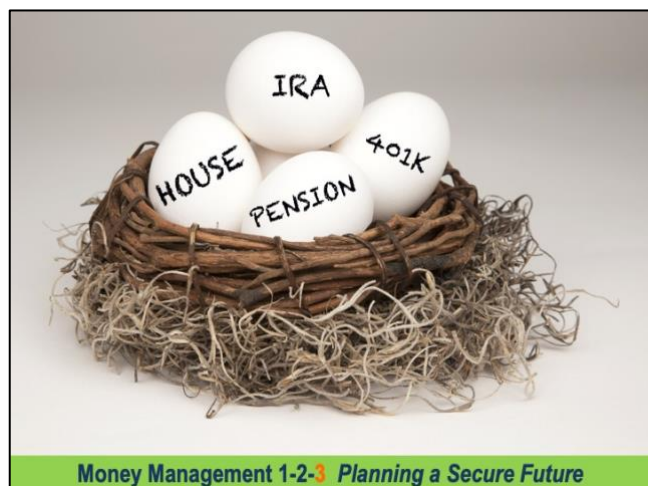
Maximizing monthly benefits: You can begin receiving Social Security retirement benefits as early as age 62, but starting any time before full retirement age will reduce your monthly checks for life. Waiting until age 70 allows you to max out your monthly benefit. Of course, you'll receive those larger checks for fewer years than if you started them in your 60s. There are many things to consider when deciding at what age to begin taking Social Security retirement benefits, including your health and expected longevity and your need for monthly income. Learn more about benefits at different ages at <https://www.ssa.gov/planners/retire/retirechart.html>. Also, try out the online Social Security Retirement Estimator (<https://www.ssa.gov/retire/estimator.html>). It produces estimates that are based on your actual Social Security earnings record. Investopedia (<https://www.investopedia.com/articles/retirement/112116/10-social-security-secrets-could-boost-your-benefits.asp>) and the National Council on Aging (<https://www.ncoa.org/article/get-more-money-from-social-security-7-tips-to-max-out-your-benefits>) offer tips for maximizing your benefits.

Spousal benefits: The non-working spouse of someone who qualifies for Social Security retirement benefits may also be able to get benefits if he or she is at least 62 years old and their spouse has already filed for benefits. The Social Security benefit of a nonworking spouse is up to 50% of the working spouse's full retirement age (FRA) benefit. Visit

<https://www.investopedia.com/ask/answers/110614/how-does-my-spousal-social-security-benefit-work.asp> to learn more.

↑SLIDE #4

Go over slide notes.



Slide notes:

If you accumulated a nest egg during your working years, you will have to determine the most sustainable and tax-efficient way to tap those funds.

Planning your income stream: Planning your income stream during retirement requires some effort, since you want to maximize your Social Security retirement benefits, meet any minimum retirement account distribution requirements (to avoid a penalty), minimize your taxes, make sure your money lasts your lifetime and continues to grow, and, in some cases, be able to leave something to heirs (ideally, free of any tax burden).

Figuring out the best way to tap your retirement accounts may call for the help of a financial adviser or tax professional. You should do this planning *before* you retire.

Retirement account distributions: There are many rules governing retirement account withdrawals. For example, you typically must start taking at least the minimum required distributions (RMDs) from a Traditional IRA (not a Roth) or an employer-sponsored retirement account starting at age 73. If you don't, you'll pay a penalty. If you have multiple accounts, you don't necessarily have to withdraw from each account, but you do need to decide how much to take and from which account(s) to meet the minimum.

Tax considerations: If you have a mix of employer-sponsored retirement plans, Traditional and Roth IRAs, and non-retirement accounts, plan ahead for the most tax-efficient way to tap your savings (while also meeting the minimum distribution requirements on certain accounts). For example, you won't pay taxes on Roth withdrawals, but you will on withdrawals from 401(k)/403(b) accounts and Traditional IRAs. But that doesn't necessarily mean that the Roth withdrawals are always the best choice—it depends on your specific situation and goals. Bankrate does a good job of spelling out some of the considerations (<http://www.bankrate.com/finance/retirement/ways-to-withdraw-retirement-funds-1.aspx>). Consider consulting a tax professional or financial adviser for advice.

Early retirement: If you have retired early—whether by choice or not—you may need to understand which types of accounts you can tap before age 59½ and under what circumstances. Forbes (<http://www.forbes.com/pictures/mjd45kkhi/take-back-a-roth-contribution/>) and New Retirement (<https://www.newretirement.com/retirement/early-retirement-income-penalty-free-withdrawals-from-retirement-accounts-before-59-5/>) explain the rules about tapping retirement accounts early. The possibility of an early retirement is a good reason to continue saving in non-retirement accounts even after you've maxed out your retirement plan and/or IRA contributions for the year.

↑SLIDE #5

Go over slide notes.



Slide notes:

There are a handful of challenges that just about anyone planning how to fund their retirement faces. Being aware of these long before retirement gives you time to strategize and prepare.

Longevity: Americans, in general, are living longer, healthier and more active lives. With that good news comes the challenge of funding a retirement that could be a decade or more longer than what our parents had to fund. If you retire at 65 in reasonably good health, there is a good chance you could live another 25 or more years. Are you

financially prepared for that?

Inflation: The goods and services that you purchase today will cost more tomorrow. Though inflation rates fluctuate from year to year, many experts assume a 4% annual inflation rate when planning for retirement income. Are you prepared for that loss of purchase power?

Market volatility: The stock market has its ups and downs, but some years (or multi-year periods) these fluctuations can be more extreme than others. If you hit a rough patch as you approach retirement, you might not have time to recover from your investment losses by the time you stop working and need to start withdrawing money. Generally, the best way to weather the storm is to have some of your savings in cash or cash equivalents (so you can tap those funds first in a down market and avoid locking in investment losses) and to have the rest in a well-diversified portfolio. Are your savings appropriately allocated based on your age and projected retirement needs?

Medical expenses: Nobody knows with certainty today what their health will be like tomorrow; trying to predict your health and medical expenses years in advance is impossible. While you can make an educated guess based on your parents' health and your current health, generally the best way to deal with the unknown in this case is to prepare for the worst. Do you have the insurance coverage and savings you might need to cover large medical and/or long-term care expenses?

Best practices: How much money you will need to accumulate for a comfortable retirement depends on the number of years you will spend in retirement; your projected health care costs; your income from Social Security, pensions and other non-savings sources; the inflation rate; your tax liability; whether you own a home or rent (a paid-off mortgage vs. rising rent payments); and the lifestyle you lead (lots of travel, a new car every few years and expensive hobbies vs. less travel, lower costs and inexpensive hobbies). To play it safe, it's generally best to:

- **Save as much as you can**, first by maximizing your contributions to tax-advantaged accounts (employer-sponsored retirement plans, IRAs, etc.), and then by saving in non-retirement accounts, which you can tap without penalty at any time. You never know how long you and/or your spouse will live, so you must save enough that you don't find yourself out of money in your final years.
- **Keep some money invested for growth.** The reason you still need to have some of your money in stocks during retirement is that, even at the age of 75, you could still have decades of life left to fund. You'll need the growth that stocks can provide to keep up with inflation.

- **Maintain some cash or the equivalent** to avoid having to sell stocks at a loss just to pay your living expenses.
- **Pay off all non-mortgage debt** before your employment earnings stop. Doing so will free up money that may be needed for medical expenses, including Medicare premiums, copays, deductibles, etc. (Medicare is not free.)

For discussion:

- Are there issues or concerns about retirement planning that you had never considered before today? What are they?
- What next steps does this discussion encourage you to take? (Possible answers include: Ask HR questions about my employer-sponsored retirement plan, open a Traditional or Roth IRA, increase retirement account contributions, consult with an adviser, learn more about retirement planning on my own, talk to my spouse or partner about our plans, develop a skill or side business for income in retirement, etc.)
- How do you feel now about retirement—anxious, excited, well prepared, unprepared, motivated, etc.?

If participants indicate they feel anxious or overwhelmed, reassure them that it's better to learn about their retirement needs now, while they still have time to prepare, than to be surprised and unprepared when they enter retirement and it may be much harder to do anything about a shortfall. (If you have time and think it would be helpful, you could mention/discuss the money-making options in this Indeed article: <https://www.indeed.com/career-advice/finding-a-job/how-can-retired-people-make-money>.)

Direct participants to the Personal Net Worth Statement in their packets. Go over the worksheet briefly. Encourage participants to use this worksheet at home to calculate their net worth around the same time every year—say, the first week of January or the week of April 15 (Tax Day)—to gauge their progress. Online net worth worksheets are available as well—search for key words “personal net worth statement” or “personal net worth worksheet”—and they make it easy to update your numbers.

For discussion:

- Why don't we include furniture and personal possessions in the net worth statement? (Because, while these items have value for insurance purposes, they are not items that you would typically sell unless you were in dire straits. In other words, you're not going to plan on selling your dining room table to fund your retirement.)
- When might it be acceptable—or even satisfying—to see your net worth go down? (This could include, for example, when you retire and begin tapping your savings, or, in the shorter term, when you use the money for something that has great value to you, like paying for an education.)

TAPPING HOME EQUITY (20 minutes)

Learning objective: Understand what home equity is and how to use it as a tool without putting your property in jeopardy.

Key points (slides 6-7):

- Equity is a source of wealth for most homeowners.

- A home equity loan, line of credit, or cash-out refinance can be a good financial tool if used wisely and managed responsibly.
- Any loan secured by your home carries the serious risk of foreclosure if you cannot repay it as promised.
- A reverse mortgage can be a source of needed cash for seniors, but it is a relatively expensive type of loan.

Questions to generate discussion:

- Under what circumstances do you think it would be wise to tap your home equity? Under what circumstances do you think it would be unwise? Why?
- Can you think of any drawbacks to borrowing against the equity in your home?

↑SLIDE #6

Introduction: One of the major benefits of homeownership is the opportunity to build equity in the property. Equity can be the result of paying down your mortgage or the property going up in value, or both. At some point, you may decide to convert the wealth you have built up in your home into cash that you can use to achieve new goals. Under certain circumstances, that can be a wise choice, but it’s important that you understand all your options as well as the risks associated with borrowing against your home.

Go over slide notes.

Tapping home equity		
LOAN TYPE	PROS	CONS
Home equity loan	<ul style="list-style-type: none"> • May be tax deductible • Fixed payments 	<ul style="list-style-type: none"> • Secured by home • Typically higher interest than HELOC • Interest on entire loan amount • Adds a second mortgage pymt if you have a first mortgage
Home equity line of credit (HELOC)	<ul style="list-style-type: none"> • May be tax deductible • Interest only on outstanding balance 	<ul style="list-style-type: none"> • Secured by home • Fluctuating interest rate/payments • Adds a second mortgage pymt if you have a first mortgage and a balance on the HELOC
Cash-out refinance	<ul style="list-style-type: none"> • May be tax deductible • Single monthly payment • Opportunity to reduce interest rate and/or lengthen or shorten loan term 	<ul style="list-style-type: none"> • Secured by home • Interest on entire loan amount

Money Management 1-2-3 Planning a Secure Future

Slide notes:

What is equity? Your home equity is the value of your home minus any loans or liens. For most Americans, this is their greatest source of wealth. Home equity loans allow borrowers to tap the equity in their home without having to sell the property.

Home equity loan types: With a lump-sum home equity loan, you get all your borrowed money at once, you pay interest on the entire original loan amount, and the interest rate and payments are fixed for the life of the loan—just like a typical fixed-rate mortgage. With a home equity line of credit

(HELOC), you can choose how much of the available loan to use and whether to pay only the minimum required payment (which typically is interest only) or more, and the interest rate and payments fluctuate based on prevailing rates and your loan balance—just like a credit card. (With a HELOC, the loan begins with a “draw” period, typically up to 10 years, during which you can withdraw funds up to your limit, and monthly minimum required payments are for interest only. After the draw period ends, you are not allowed to borrow from the credit line anymore. This is the beginning of the repayment phase, which can last up to 20 years, during which you must repay the balance, with interest.)

Advantages: For tax years 2018 through 2025, if home equity loans or lines of credit secured by your main home or second home are used to buy, build or substantially improve the residence, the interest you pay may be deductible, subject to certain dollar limitations. For tax years before 2018

and after 2025, interest you pay on the borrowed funds may be deductible, subject to certain dollar limitations, regardless of how you use the loan proceeds. For more information, see IRS Publication 936, Home Mortgage Interest Deduction: <https://www.irs.gov/publications/p936>.)

Risks: Any loan secured by your home carries the serious risk of foreclosure if you cannot repay the loan as promised. And because a HELOC functions like a credit card with a very high limit, it could be easier to spend more than you can afford. If you have had trouble managing your money and/or credit in the past, you should steer clear of a home equity loan or line of credit. Home equity borrowers also are an attractive target for scam artists, so be very careful, particularly if someone you don't already know or do business with contacts you to offer a loan. Some dishonest or disreputable lenders make home equity loans with terms that are difficult or impossible for borrowers to fulfill. When the borrower misses a payment or makes some other mistake, the lender forecloses on the property. Many of these lenders target older homeowners.

Cash-out refinance: A cash-out refinance is a new mortgage that replaces your existing mortgage and gives you a lump sum of cash. In other words, with a cash-out refinance, you borrow more than you owe on your current mortgage and pocket the difference. Because you are taking out an entirely new mortgage, you have the opportunity to choose a shorter or longer loan term, which could increase your payments (but allow you to pay off the loan sooner) or decrease your payments (but require you to make payments for longer). Depending on how much you borrow, what the interest rate is, and the length of the loan you choose, your payment could go up or down. Whether or not the interest rate on your new mortgage will be higher or lower than your current mortgage rate depends on the prevailing rates when you take out the new loan, but it would be unwise to refinance into a higher-rate mortgage. As with home equity loans, there are limits on the deductibility of a cash-out refinance. (See: <https://www.rocketmortgage.com/learn/cash-out-refinance-tax-implications> "You may deduct the interest on your original loan balance no matter how much equity you take out of your home. However, for the portion of your balance being added in the cash-out refinance, you may do this only if you use the money to make capital improvements.")

As with any mortgage, all of these options have fees and closing costs and all have eligibility requirements, including:

- Sufficient equity in the home
- A good credit score (including reliable payment history on your current mortgage, if you have one)
- An acceptable debt-to-income ratio (DTI).
- Sufficient income to repay the loan

↑SLIDE #7

Go over slide notes.



Slide notes:

What is a reverse mortgage?

A reverse mortgage allows older homeowners who owe little or nothing on their property to borrow against their equity without having to make monthly payments for as long as they live in the home. The most common type of reverse mortgage, the Federal Housing Administration [FHA]-insured Home Equity Conversion Mortgage (HECM) (<https://www.hudexchange.info/programs/housing-counseling/hecm/>), requires borrowers to be age 62 or over.

Borrowers can receive a lump sum, a monthly payment, a line of credit, or some combination of these. Interest accrues on the loan, but no payments must be made until the home is sold, the borrower moves out of the property, or the last surviving borrower dies, at which point the entire loan balance must be repaid. If heirs choose to keep the home, they must be able to pay off the loan (taking out a new mortgage to pay off the reverse mortgage might be an option). Otherwise, if the value of the home exceeds the loan balance, the homeowner or heirs would keep the difference between the sales price and the amount due. If the amount borrowed exceeds the value of the home, the lender *cannot* seek additional payments.

While no minimum credit score is required for HECM applicants, they must undergo a financial assessment by the lender to ensure they can meet the ongoing expenses of homeownership (maintenance, property taxes, insurance, etc.). A reverse mortgage also typically requires the borrower to meet with a government-approved housing counselor before applying. For a referral in your state, visit HUD's HECM website (<https://www.hudexchange.info/programs/housing-counseling/hecm/origination/#resources-for-hecm-counselors>) or call HUD at 800-569-4287.

A reverse mortgage isn't right for everyone. The loans are relatively expensive (<https://www.consumerfinance.gov/ask-cfpb/how-much-does-a-reverse-mortgage-loan-cost-en-237/>). If you plan to leave the home soon or you don't need much money, they are not a good option.

If you receive state or federal benefits, such as Medicaid or SSI, you must spend your reverse mortgage advance within the month you receive the money or it could jeopardize your eligibility for these programs. Consult a qualified adviser for guidance.

Before deciding whether to get a reverse mortgage, speak with a counselor from a HUD-approved housing counseling agency. For a referral in your state, call HUD (800-569-4287) or find one online at the HUD website (<https://www.hudexchange.info/programs/housing-counseling/hecm/origination/#resources-for-hecm-counselors>).

Direct participants to take the Credit or Equity: Which Would You Advise? activity from their packets. Read the instructions and give participants time to complete the exercise. (This exercise can be done individually, or you can break the class into three small groups, assigning each group to work on one of the three scenarios.)

Bring the class together again. Have a spokesperson from each group read the group's assigned scenario and explain their recommendations. Or, if the exercise was done individually, you or a volunteer should read the scenario and then invite volunteers to share their recommendations.

Refer to the answer key for suggested recommendations and the reasoning behind them.

MANAGING MEDICAL EXPENSES (20 minutes)

Learning objective: Understand the health insurance options available under various circumstances, and what to consider when deciding whether or not to purchase long-term care insurance.

Key points (slides 8-9):

- It's crucial to maintain health insurance, regardless of your employment status.
- Depending on your age, your employment and marital status, and your finances, you will have different healthcare coverage options.
- Understand Medicare coverage before you turn 65 so that you can make an informed choice about when to begin it, which plan to choose, and whether you want to purchase a Medigap policy.
- Consider your options for dealing with medical debt carefully, and don't risk foreclosure by paying medical bills with a loan secured by your home.
- Long-term care insurance is an option you should consider before you reach your 60s, but the decision to purchase the coverage or not—and what policy to choose, if you decide to—requires careful examination.

Questions to generate discussion:

- Have you ever been without health insurance? What was that like?
- Have you considered purchasing long-term care insurance? Why or why not?

↑SLIDE #8

Introduction: Health insurance is a necessity throughout life, but the necessity of having it may even increase as you get older, both because you might have more health issues and because large medical bills will be more difficult to recover from when you have fewer working years ahead of you. To avoid jeopardizing your nest egg, it's important to be aware of your coverage options should you experience a major life change, such as unemployment, widowhood or divorce. By the time you are in your 50s, you should also have an understanding of how long-term care insurance works so that you can make an informed decision to buy coverage or not.

Go over slide notes.

Managing medical expenses



Money Management 1-2-3 *Planning a Secure Future*

Slide notes:

The most effective way to manage medical expenses is to have consistent health insurance coverage—even more crucial as you get older because you may have more health issues and not enough time before retirement to recover from large bills. Yet, older adults may be more likely to find themselves suddenly without coverage due to a change in employment status. Understand your options so that you can avoid a lapse in coverage and a tax penalty if uninsured.

COBRA or ACA policy: If you lose your job or leave the workforce before you qualify for Medicare, you

will have to find interim coverage. One option may be COBRA (Consolidated Omnibus Budget Reconciliation Act) (<https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra>), which allows departing workers to continue coverage under their former employer's group plan for 18-36 months. But workers typically have to pay the entire premium plus an administrative cost, making it a very expensive option. If your spouse or domestic partner gets insurance through work, compare the cost of COBRA to the cost of getting added to their plan, if that's an option. Then compare these costs to that of buying an individual policy under the Affordable Care Act, through www.HealthCare.gov (you might be redirected to your state's health insurance marketplace, or "exchange," if it has one). There are many options under the ACA, including plans with higher deductibles and/or copays and lower premiums. You might even qualify for a subsidy on your premiums. You don't have to purchase your medical insurance through an exchange, but you'll most likely find better rates there, and it's the only way to qualify for a subsidy.

Clinics: Free or low-cost healthcare options include federally funded local health centers, which provide basic outpatient care on a sliding scale (<http://findahealthcenter.hrsa.gov>). If you have children, the Children's Health Insurance Program (CHIP) (www.insurekidsnow.gov) is available in every state.

Medicare: To avoid a penalty, be sure to sign up for Medicare during the seven-month initial enrollment period—from three months before the month of your 65th birthday to three months after that month—if you don't have coverage through an employer (yours or your spouse's) or if you favor Medicare over your employer-sponsored plan. (Reasons to prefer your employer's plan over Medicare might include it offering overall better benefits or your having a dependent who would lose coverage under your employer's plan if you switched to Medicare.) After age 65, enroll within eight months of stopping work, even if you receive COBRA or employer-provided retiree health benefits. Learn more at the AARP website (www.AARP.org/health/medicare-insurance/info-04-2011/medicare-enrollment.html). Consider purchasing Medicare Supplement Insurance (or Medigap), a private insurance policy that pays for all or part of the deductibles and copayments you are responsible for under Medicare. Not everyone needs or can use a Medigap policy—it's probably not necessary if you have low income and assets, and it doesn't work if you are in a Medicare Advantage Plan—but for some people it provides needed financial protection. Start researching Medigap policies before you start Medicare so that you are prepared when the time comes.

Medical bills: If you find yourself facing high medical bills—whether you have health insurance or not—consider your options carefully. Rather than putting your bill on a credit card—your own or one offered by the medical facility—try to set up a payment plan directly with the provider. Also, many

hospitals have a charitable care program that covers all or a portion of qualifying patients' bills; ask to speak to the person in charge of the program. Do not charge your medical bills on your home equity line of credit or take out a new home equity loan to pay them off. If you can't make the payments, you could lose your home in foreclosure. The federal Emergency Medical Treatment & Labor Act (EMTALA) requires a hospital to treat you for a medical emergency regardless of your ability to pay.

↑SLIDE #9

Go over slide notes.



Slide notes:

Long-term care insurance pays the costs of receiving help with daily activities, such as eating, bathing and dressing, whether in a nursing home or your own home. Medicare and most private health insurance policies pay only for “skilled” care, not this “custodial” care.

To purchase, or not? Whether or not to purchase long-term care insurance can be a difficult decision. It may be worthwhile to talk to an adviser (who doesn't sell long-term care insurance) about your resources and options. According to some experts, consumers who have very low assets don't need to

buy long-term care insurance because they will likely qualify for government assistance. People with very high assets don't need it because they can likely cover the costs of custodial care without insurance. It's those in the middle who are most likely to benefit from buying the coverage, because they have too much money to qualify for government assistance, but not enough to cover their custodial care bills for as long as necessary. This article (<https://attorney.elderlawanswers.com/newsletter/actions/view-article-new/c/11513/id/5470>), from an elder law attorney, explores how likely you are to need long-term care insurance; it might help you in your decision-making process.

Premiums: The younger you are when you buy long-term care insurance, the lower the premiums. Of course, you don't want to start paying premiums at such a young age that you end up paying for decades before you are likely to make a claim. Many experts recommend that consumers who want to purchase long-term care insurance do so in their 50s, in part to pay lower premiums than if they purchased in their 60s, but mainly to avoid having their application denied because they have developed medical conditions. According to this Forbes article (<https://www.forbes.com/advisor/life-insurance/long-term-care-insurance-cost/>), long-term care insurance premiums can range from about \$1,000 to \$10,000 per year, depending on factors such as whether the coverage is for a single person or a couple, the age and gender of the person(s) insured, whether the policy includes an inflation growth provision (and how much), etc. Rates can increase during the life of the coverage.

Policy terms: There are many policy variables, including the deductible, the daily benefit, the maximum benefit, the waiting period, and whether the policy adjusts for inflation. When you shop for

a policy, be sure to understand all the terms and compare apples to apples. A good resource is LongTermCare.gov (<http://longtermcare.gov>).

PROTECTING ASSETS (20 minutes)

Learning objective: Be aware of the need to reevaluate insurance coverage as assets and risk levels change, and understand what an umbrella policy is so that you can make an informed decision about this additional coverage.

Key points (slide 10):

- It's necessary to check your insurance coverage regularly to make sure you're adequately protected.
- Your need for insurance (types and amounts) changes throughout your lifetime as assets increase and risk changes.
- Your future earnings are an asset that could be jeopardized by a lawsuit if you are not adequately insured.
- An umbrella policy is additional liability protection at a relatively low cost.

Questions to generate discussion:

- Do you reevaluate, or update, your insurance coverage regularly? If no, why not?
- What kinds of life changes do you think would warrant a change in your insurance coverage (either type of coverage or amount)?

↑SLIDE #10

Introduction: Insurance needs change as your family and your assets grow, as your employment situation changes, and as you age. It's important to re-evaluate your insurance coverage regularly to make sure you stay adequately protected—you don't want to find out *after* an accident, illness or other loss that your coverage comes up short.

Go over slide notes.

Protecting assets

- Audit insurance coverage regularly
- Don't be underinsured
- Consider "umbrella" policy

Money Management 1-2-3 Planning a Secure Future

Slide notes:

Update coverage: Any time you take on additional risk (such as a teenage driver, a swimming pool, a dog, or paying guests in your home) or make a significant change (adding a room to your house, for example), you need to look into adjusting your insurance coverage. Otherwise, you might find that you're not fully covered or, in some cases, not covered at all because something or someone—such as a home addition or remodel, a new home-based business, or a newly licensed driver—was never added to the policy. It's a good idea to do an annual insurance review. Learn more in Consumer

Action's "Insurance Checkup" brochure (www.consumer-action.org/english/articles/insurance_checkup).

Underinsured: As your assets increase and your earning power becomes greater, it's easy to find yourself underinsured. When you're underinsured, your coverage limits are too low to protect your growing assets. If you have significant assets and/or are still working, the biggest risk may be loss of your assets or future earnings in a lawsuit because you don't have enough liability coverage to protect you.

Umbrella policy: A personal liability umbrella policy (PLUP) augments your liability protection by paying out after you have exhausted the liability coverage on your homeowners and/or auto insurance policy. A PLUP also typically cover some things your other insurance doesn't, such as lawsuits alleging invasion of privacy or libel. Policies are purchased in increments of \$1 million (e.g., \$1 million, \$2 million or higher), yet umbrella premiums usually cost only a few hundred dollars per year per million dollars in coverage. In many cases, only the company that provides your home and/or auto insurance will sell you an umbrella policy. Umbrella policies are not just for the rich: Even if your current assets aren't that high, you could be sued, and a judgment against you for a million dollars or more could put your future wages and assets in jeopardy.

Direct participants to take the Insurance Match-up activity from their packets. Read the instructions and give participants some time to complete the exercise. Remind them that this isn't a test, it's a learning activity—they may not know some of the answers, but they will learn through the exercise. Then go through the worksheet, inviting participants to volunteer the answers (refer to answer key).

RAISING GRANDCHILDREN (10 minutes)

Learning objective: Be aware of tax breaks and financial resources available to grandparents raising their grandchildren, and avoid missteps that could jeopardize your retirement income.

Key points (slides 11):

- Millions of grandparents are raising their grandchildren—you're not alone.
- There are financial assistance programs and benefits as well as tax breaks for grandparents raising grandchildren.
- Don't make late-in-life financial moves that could derail your retirement, such as withdrawing from a retirement account or co-signing a student loan.

Question to generate discussion:

- What do you think would be the greatest challenges and greatest rewards of raising your grandchildren?

↑SLIDE #11

Introduction: For a range of reasons, more grandparents have been taking on the role of "parent" to their grandchildren. While circumstances vary, raising a second family is almost always financially challenging. Fortunately, there are a number of resources and tax benefits that can make it easier to meet the financial demands of grandparenthood, but you also must avoid doing anything that would jeopardize your retirement.

Go over slide notes.

Raising grandchildren



Money Management 1-2-3 Planning a Secure Future

Slide notes:

If you have found yourself parenting again, this time for your grandchildren, you're not alone: Millions of grandchildren in America are being raised solely by their grandparents. If you are having trouble managing the added expenses, take advantage of the many financial assistance programs and benefits available for grandfamilies. Visit [Grandfamilies.org](http://www.grandfamilies.org) (<http://www.grandfamilies.org/State-Fact-Sheets>) and AARP (<https://www.aarp.org/relationships/friends-family/info-08-2011/grandfamilies-guide-support.html>) for information about resources for grandparents and other family members raising children.

Take advantage of tax breaks you may qualify for, such as the Child Tax Credit and a larger standard deduction. Search www.IRS.gov to find tax breaks you qualify for.

Don't withdraw money from your retirement accounts or suspend your contributions. Doing so—particularly later in life—makes it difficult or impossible to rebuild your nest egg.

Don't co-sign a student loan. If the student cannot repay the loan, you will be responsible for it. If you don't make payments on a federal student loan, the government can withhold up to 15% of your Social Security benefits and intercept any tax refunds. If you don't make payments on a private student loan, the lender can sue and get a judgment against you for the outstanding balance plus interest, fees and legal expenses. Whether or not the lender can collect the judgment depends on your income and assets, but it's still a situation that is better avoided.

ESTATE PLANNING (10 minutes)

Learning objective: Understand why estate planning is important, what the key components of an estate plan are, and where to find more information and assistance.

Key points (slide 12):

- Estate planning is a “must” for virtually everyone.
- You shouldn't wait until your later years to put an estate plan in place.
- While there are some estate planning tasks you can do yourself, it's wise to consult with an estate attorney for anything more than the basics.
- There are estate planning-related scams, such as “trust mills”—beware!
- Make sure your estate planning documents and instructions are in the right places before they are needed.

Questions to generate discussion:

- Do you have a will, power-of-attorney and other documents in place? If not, why not?
- Have you ever had to deal with managing someone's affairs or sorting out an estate when the person did not have a power-of-attorney or a will? What was that like? What were some of the challenges?

↑SLIDE #12

Introduction: Many people think that estate planning is only for the very wealthy or the elderly. The truth is, just about everyone needs an estate plan, and they should create one long before they become senior citizens. Although estate planning may not seem as rewarding as, say, planning for your retirement, it's just as important—and you get an immediate payoff in the form of greater peace of mind.

Go over slide notes.



Slide notes:

Estate planning, including wills and trusts, is a complex legal area, and consumers typically benefit from consulting with an estate planning attorney experienced in the law's of the consumer's state. Covered here are the basics related to the different areas of estate planning that you should be aware of.

Estate planning should answer these key questions:

- Who will make medical/financial decisions for me?
- What medical treatment do I want/not want?
- Who should receive my assets/belongings?
- Who will be the executor of my will?
- Who should take care of my minor children?
- How can I avoid probate and reduce taxes?

Who needs estate planning? Estate planning is not just for the wealthy. Regardless of your net worth, you should have at least a basic estate plan in place that includes:

- A living will, also known as a health care directive or advance directive (informs medical staff of your wishes regarding life-extending medical treatment, pain management and organ donation when you can't speak for yourself)
- A healthcare power-of-attorney (grants someone else the right to make medical decisions on your behalf if you are incapacitated)
- A financial power of attorney (grants someone else the right to make financial decisions on your behalf)
- A will (states your final wishes, including who will be the guardian of your children and how your estate should be distributed, and assigns someone—executor or personal representative—to oversee the disposition of your estate).

All or most hospitals provide living will (advance directive) and healthcare power-of-attorney forms upon request. You can also find advance directive forms by state on the AARP website (<https://www.aarp.org/caregiving/financial-legal/free-printable-advance-directives/>).

Advisers encourage everyone age 18 and older to prepare these documents. Power-of-attorney and a will are particularly important if you and your partner are not married, or if you want to name

someone other than your spouse to make healthcare and/or financial decisions for you or inherit your assets. You don't need an attorney to write a valid will—there are templates and software programs that allow you to create a basic will on your own. However, if you have a blended family (children from more than one marriage), significant assets, the need for a trust, or there are other circumstances that make your situation more complex, it's advisable to use an attorney experienced in your state's laws. Ask family, friends, work associates and advisers if they can provide a referral to a good estate attorney. Or visit the American College of Trust and Estate Counsel (ACTEC) online (www.ACTEC.org) to get a list of attorneys in your area.

Trusts: Because probate (the legal process whereby a court oversees the distribution of assets left by a deceased person) can be an expensive and lengthy process, many people take steps to avoid it. A living trust is a legal entity that avoids probate (but not estate taxes). You specify in the trust document who will inherit the property you have placed in the trust. After your death, the trustee can transfer the property in the trust to your heirs. (Beware of “trust mills,” operations in which salespeople passing themselves off as estate planning experts push living trusts and sometimes annuities and investments. These posers can cause serious harm by recommending a product that might not be right for you or filling out and recording legal forms incorrectly. They also might use your personal information to try to coerce you into purchasing other products that are not in your best interest.)

Another way to avoid probate is to name a beneficiary on accounts that offer that option. This can be done for life insurance policies, employer-sponsored retirement plans, IRAs, bank accounts, securities (stocks) and some other accounts. (Don't forget to change beneficiaries as needed—for example, if you get divorced and do not want to leave your assets to your ex-spouse.) There are also forms of asset ownership that achieve the same goal. For example, “joint tenancy with right of survivorship” and “community property” allow assets to pass to the co-owner automatically when the other owner dies.

Storing your will and instructions: Don't keep your will in a safe deposit box! It may be sealed upon your death, requiring a court to grant permission to open it. Tell your executor (personal representative) where your will is and how to get to it when the time comes. Or, you can provide your executor with a sealed copy if you are comfortable doing that. If you have an attorney, they should keep an original. You can keep another original at home, in a locked, fireproof box.

Digital estate planning: Don't forget your digital assets (online accounts, including social media and email; photo, music and video collections; your computer's hard drive; and data stored on other servers—i.e., “in the cloud”). If you want anyone to be able to access them after your death, you should write a letter, to be included with your will or provided to your executor, stating who should have access to each account and what you want them to do with it. Make the login information (username, password and answers to security questions) for each account or device accessible to the person who will be managing or closing the account. Learn more about digital estate planning from Consumer Reports (<https://www.consumerreports.org/money/estate-planning/digital-estate-planning-faq-a1671464558/>).

Final arrangements: Don't put the instructions for your final arrangements in your will. Give them to your executor or to someone else very close to you so they have immediate access to them when the time comes. Rather than prepaying for your funeral, you could set up a payable-on-death account at your bank and deposit funds into it to pay for your funeral and related expenses. This type of account is called a Totten Trust. Reasons not to prepay your funeral expenses with a particular mortuary include that the funeral home may go out of business; you may move out of the

area and not be able to withdraw the funds or transfer the prepaid benefits to a mortuary near your new home, or you may have to pay a significant penalty to do so; or your prepaid plan may not cover inflated expenses, leaving your heirs to cover the additional costs.

Direct participants to take the Estate Planning Worksheet from their packets. Go over the worksheet and encourage participants to use it at home. Then encourage discussion.

For discussion:

- What part or parts of estate planning do you think are most crucial at this stage in your life? Why? (Participants might mention things like assigning a guardian if they have small children or creating a succession plan if they have a business.)
- Do you think that putting your estate plan and important papers in order will give you peace of mind? (Encourage participants not to think of estate planning as something unpleasant but as something that will lift a weight off their shoulders.)

QUESTIONS AND ANSWERS (10 minutes)

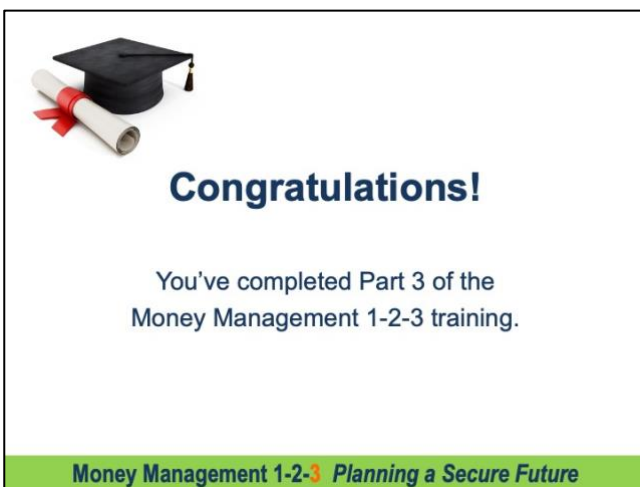
Preparation: Review the Planning a Secure Future brochure.

Open the floor to questions.

After questions have been answered, ask participants to remove the To Do at Home: Money Management 3 checklist from their packets. Encourage participants to use the checklist to act on some of the things they have learned today.

Reveal the next slide.

↑**SLIDE #13**



Thank participants for attending. Ask them to take a few minutes to fill out the evaluation form that is in their folders and leave it in a large envelope you provide or face down on a table.

If you will be conducting other trainings in the future, announce that now.

Pre-planning Retirement Worksheet (page 1 of 2)

Your answers to the questions below will help guide you—and an adviser, if you choose to work with one—as you determine what kind of income and assets you’ll need to fund the retirement you envision.

When I envision my retirement, this is what I see (lifestyle, activities, health, location, etc.):

I plan to retire at age _____

I’m generally healthy? True False

Longevity runs in my family? True False

I plan to begin taking monthly Social Security benefits at age _____

I expect my monthly SS benefit to be \$_____. (Check your SS statement for estimates.)

I will receive a monthly pension or annuity payment in the amount of \$_____.

I will receive other monthly income (from rental property or a business, for example) in the amount of \$_____.

I plan to work part-time in retirement. I expect to earn approximately \$_____.

I currently spend \$_____ per month (and/or \$_____ per year).

I expect to spend \$_____ *more* per month (and/or \$_____ per year).

I expect to spend \$_____ *less* per month (and/or \$_____ per year).

(Expenses in retirement could change significantly. For example, will housing expenses go down because you’ll move in with an adult child or pay off your mortgage, or will they go up because your rent will increase? Will transportation costs go down because you’re not traveling to work, or will they go up because you’ll buy a car? Will health care costs go down because you currently pay for insurance and you’ll receive Medicare, or go up because you expect to have health issues or will retire before age 65? Will entertainment expenses go up because you’ll take up hobbies or you’ll travel much more? Other possible changes include giving up a car, downsizing your home, moving to a less expensive part of the country, and spending less on work-related clothing, lunches, bridge tolls/parking, etc., just to name a few.)

Pre-planning Retirement Worksheet (page 2 of 2)

I plan to pay off all non-mortgage debt before I retire? True False

The *minimum* income I will need in retirement is \$_____ per month (and/or \$_____ per year).

The *ideal* income I would like to have in retirement is \$_____ per month (and/or \$_____ per year).

I currently have saved in retirement accounts:

Account: _____ Balance: \$_____

Account: _____ Balance: \$_____

Account: _____ Balance: \$_____

I currently have saved in non-retirement accounts:

Account: _____ Balance: \$_____

Account: _____ Balance: \$_____

Account: _____ Balance: \$_____

Other assets I have are (your home equity or the cash value of a life insurance policy, for example):

Asset: _____ Value: \$_____

Asset: _____ Value: \$_____

Asset: _____ Value: \$_____

Asset: _____ Value: \$_____

I am making the maximum allowable contributions to my retirement accounts? True False

I feel like I am on track to fund my planned retirement? True False

I would consider doing the following to achieve my retirement goals (✓):

Save more

Invest more aggressively

Retire later

Reduce expenses in retirement

Sell/downsize my home

Take out a reverse mortgage in retirement

Personal Net Worth Statement

Your net worth is the difference between what you *own* and what you *owe*. Calculate your net worth regularly to see if you are making progress toward your goals. Ideally, your assets will grow and your liabilities will shrink over the long term. Make copies of this blank sheet to use in the future.

Assets (what you own)	Value
Market value of home/real estate	\$
Market value of vehicle(s)	\$
Retirement account(s) (401(k)/IRAs)	\$
Non-retirement investment accounts	\$
Savings account(s)	\$
Checking account(s)	\$
Cash	\$
Cash value of life insurance policy	
Business interests	
Valuables (artwork, jewelry, collectibles)	
Other asset	\$
Total owned	\$ (A)

Liabilities (what you owe)	Amount
Mortgage(s)	\$
Home equity loans/lines of credit	\$
Auto loan(s)	\$
401(k) loan	\$
Student loan(s)	\$
Other loan(s)	\$
Credit card balances	\$
Taxes due	\$
Other debt (medical debt, personal loans, etc.)	\$
Total owed	\$ (L)

Total Assets (A)	Total Liabilities (L)	Net Worth
\$	– (minus) \$	= (equals) \$ (– /+)

Credit or Equity: Which Would You Advise? (activity)

For each scenario below, make a recommendation—should the homeowner(s) use a home equity loan, a home equity line of credit, a cash-out refinance, a reverse mortgage, or a credit card—or something else? Briefly explain your advice.

1) *Yvette still lives happily in the same modest home where she raised her three children. Fortunately, she and her late husband were able to pay off their mortgage before they retired, so she no longer has to worry about making a house payment out of her monthly Social Security check. Despite being careful about her spending, money is pretty tight for Yvette—there's not much left over each month for extras. Still, Yvette has always managed to make ends meet without having to use credit. Now, however, her home needs a new roof. The estimates she's gotten are between \$6,000 and \$8,000—more than she has in savings. How can Yvette pay for the needed repairs? What are her best options?*

2) *Laney and Jerrold bought their one-bedroom home with a 30-year adjustable-rate mortgage (ARM). After living there for six years, they have built up about \$45,000 in equity—a combination of quickly rising property values in their neighborhood and a slowly but steadily shrinking loan principal balance. During the same period, they both received pay raises, which, along with a consistently low interest rate, has created some welcome breathing room in their budget. The home has been perfect for the couple—near family and work, with a big yard for their two dogs. But now they are planning to adopt a child. Should Laney and Jerrold sell and move to a bigger house outside the area (they couldn't afford a bigger home in their current neighborhood)? Or should they borrow against their equity to add another room? What would you advise, and what do Laney and Jerrold need to consider when making their decision?*

3) Jaydon and his partner recently split up after 12 years together. Though both have good incomes, they have consistently lived beyond their means, frequently eating at their favorite restaurants, buying new clothes to keep up with the latest fashion, and trading in slightly older vehicles for late-model luxury cars. Somehow, despite their overspending, the couple managed to stay current with their 6% fixed-rate mortgage, though they often incurred late fees. As part of the break-up, Jaydon is keeping the house, which he purchased when he was still single, and which is now worth about \$60,000 more than the outstanding mortgage. The couple is splitting the large outstanding credit card debt they accumulated together—Jaydon’s share is about \$35,000, currently at a rate of 21.99%. Jaydon also will keep one of the cars, which has an outstanding loan balance of \$21,000 at 9.75%. Current rates on home equity loans are about 7.5% (fixed) and variable rates on home equity lines of credit start at about 8%. Rates on a cash-out refinance loan are around 6%. Should Jaydon borrow against his equity to pay off his high-rate, non-deductible debt? If so, why, and should he apply for a fixed-rate loan, a variable rate line of credit (HELOC), or a cash-out refi? If you think he shouldn’t borrow against his equity, why not? What are his other options?

Credit or Equity: Which Would You Advise? (answer key)

1) Since Yvette owns her home outright, she certainly has enough equity to borrow against. However, because Yvette doesn't have any significant amount of monthly income leftover to make a new mortgage payment, she may not qualify for a mainstream (non-predatory) home equity loan or line of credit—even if she did, repayment would be difficult and could put her home in jeopardy of foreclosure. Paying for the roof with a credit card would likely create a high-interest revolving debt that would use up Yvette's last spare dime each month. In fact, it may take her many years to pay off the debt. A reverse mortgage may be a reasonable choice. But, because a reverse mortgage is relatively expensive on the front end, it doesn't make sense to take one just to cover one \$6,000-\$8,000 expense. If, however, Yvette expects to live many more years in retirement and will need to do additional repairs, replace an old car, or take some trips and have some leeway in the monthly budget, then a reverse mortgage may be worth the costs. Another option for dealing with this particular one-time roofing expense may be a loan from the city. Some local governments offer loans for senior citizens who need to make home repairs. Lastly, if Yvette's children are in a position to help, might they be willing to pitch in for the repair?

2) Laney and Jerrold could move, but moving expenses and real estate commissions and/or attorney fees will likely eat up much of their \$45,000 in equity, leaving them little money to upgrade to a bigger home. Also, the couple is very happy in the current property—moving may leave them dissatisfied. It also could cause their transportation expenses to increase if they move farther from work. They also might miss out on some of the support they would get from nearby family after they have a child if they move farther away. Taking out a home equity loan or line of credit or doing a cash-out refi appear to be reasonable options for the couple. Something they should keep in mind if they take out a HELOC: The rate on their current adjustable-rate mortgage could adjust upwards at some point, making their monthly payment higher and their finances tighter; taking out a HELOC would mean they'd have a second monthly payment that also could jump up. In this case, it would be crucial that they put aside an adequate savings cushion that they could tap to cover increasing payments, if necessary. They could instead choose a fixed-rate home equity loan, rather than a HELOC. This would avoid the risk of a second variable-rate loan, but it still adds a second monthly payment. Another option would be for Laney and Jerrold to refinance their first mortgage into a fixed-rate loan that is higher than their current loan balance and use the extra cash for their home renovation project. That would give them one fixed loan payment rather than two adjustable loan

payments. And if prevailing interest rates are lower than the rate on their current loan, it would also reduce the finance charges they pay (though their monthly payment might not go down, since they are taking out a higher loan).

3) If Jaydon has a record of paying his mortgage late, and he has a high credit card balance and an outstanding car loan, his application for a home equity loan or line of credit may very well be declined, or given only at an unattractive interest rate. If he does get approved for the loan, taking it may be a risky move. That's because using it to pay off his credit card balance and car loan means he will have converted unsecured debt and debt secured by a vehicle to debt secured by his home. This means Jaydon could lose his home (foreclosure) if he misses payments on the home equity loan/HELOC. And given Jaydon's past issues with managing his money and living within his means, a home equity loan or line of credit would make it possible for him to continue his unsustainable lifestyle at the cost of his home. A cash-out refi is not attractive because current rates are not lower than the rate he is paying on his existing loan (6%), yet he would have to pay various fees to get the new loan. A safer plan for Jaydon would be to try to transfer his credit card balance to a lower-rate card—one that offers 0% for six months or longer would be ideal. If Jaydon can sell his car for at least the \$21,000 he owes, he should consider getting into a less expensive vehicle that requires a much smaller loan and monthly payment. (If he needs a car to get to and from work, Jaydon should make sure first that he will qualify for another auto loan if he pays off the current one.) Once Jaydon has his current debt at the lowest level and the lowest interest rates he can get, he should set up a budget that enables him to put as much as possible each month toward paying off his debt—he'll definitely need to make more than the minimum required payments if he wants to get back on track in a reasonable number of years. If he needs help getting his budget together or making his payments, he should contact a nonprofit credit counseling agency.

Insurance Match-up (activity)

In the space before each statement, write the letter of the correct answer from the list at the bottom of the page. Answers may be used more than once, or not at all.

- 1) _____ This type of insurance will help you when your losses exceed the maximum amount of your homeowners or auto insurance coverage.
- 2) _____ This type of insurance pays for help with things like eating, bathing and dressing if you are unable to take care of daily personal tasks yourself.
- 3) _____ Your insurance company may not pay the entire amount of your loss if you are this.
- 4) _____ This will help ensure you are adequately covered for future losses.
- 5) _____ Generally speaking, the higher this is, the lower your insurance premium will be.
- 6) _____ This enables you to pay your health care co-payments, deductibles and other expenses with pre-tax dollars if you are covered under a high deductible health plan.
- 7) _____ Most people only consider buying this type of insurance when they reach their 50s or 60s.
- 8) _____ These independent agencies rate the financial strength of insurers and other companies.
- 9) _____ This allows you to continue coverage under your employer's health insurance plan for up to 18-36 months after you leave the company.
- 10) _____ Don't use this to pay for your medical expenses.
- 11) _____ This pays some or all of the deductibles, copayments and other unpaid charges under Original Medicare.
- 12) _____ Generally speaking, this will be less expensive than an individual health insurance policy—you might have access to one through membership in a professional association.
- 13) _____ Whenever you have this, you most likely need more or different insurance coverage.

- | | |
|--|---------------------------|
| A. health savings account/HSA | B. home equity |
| C. greater risk or greater assets | D. group insurance |
| E. A.M. Best, Moody's, and Standard and Poor's | F. deductible |
| G. personal liability umbrella policy/PLUP | H. long-term care |
| I. COBRA | J. Medigap |
| K. underinsured | L. annual insurance audit |
| M. CHIP | N. skilled nursing care |

Insurance Match-up (answer key)

- 1) __G__ This type of insurance (*personal liability umbrella policy/PLUP*) will help you when your losses exceed the maximum amount of your homeowners or auto insurance coverage.
- 2) __H__ This type of insurance (*long-term care*) pays for help with things like eating, bathing and dressing if you are unable to take care of daily personal tasks yourself.
- 3) __K__ Your insurance company may not pay the entire amount of your loss if you are this (*underinsured*).
- 4) __L__ This (*annual insurance audit*) will help ensure you are adequately covered for future losses.
- 5) __F__ Generally speaking, the higher this is (*deductible*), the lower your insurance premium will be.
- 6) __A__ This (*health savings account/HSA*) enables you to pay your health care co-payments, deductibles and other expenses with pre-tax dollars if you are covered under a high deductible health plan.
- 7) __H__ Most people only consider buying this type of insurance (*long-term care*) when they reach their 50s or 60s.
- 8) __E__ These independent agencies (*A.M. Best, Moody's, and Standard and Poor's*) rate the financial strength of insurers and other companies.
- 9) __I__ This (*COBRA*) allows you to continue coverage under your employer's health insurance plan for up to 18-36 months after you leave the company.
- 10) __B__ Don't use this (*home equity*) to pay for your medical expenses.
- 11) __J__ This (*Medigap*) pays some or all of the deductibles, copayments and other unpaid charges under Original Medicare.
- 12) __D__ Generally speaking, this (*group insurance*) will be less expensive than an individual health insurance policy—you might have access to one through membership in a professional association.
- 13) __C__ Whenever you have this (*increased risk or increased assets*), you most likely need more or different insurance coverage.

Estate Planning Worksheet

Your answers to the questions below will help guide you—and an attorney, if you choose to work with one—as you create your estate plan. (**Note:** *These worksheets do not constitute legal documents.*)

I would like to appoint the following person as representative for financial decisions (name and relationship, in order of preference):

- 1) _____
- 2) _____

I would like to appoint the following person as representative for healthcare decisions (name and relationship, in order of preference):

- 1) _____
- 2) _____

I would like to appoint the following person as executor of my estate (name and relationship, in order of preference):

- 1) _____
- 2) _____

I would like to appoint the following as guardian(s) of my children under 18 (name and relationship, in order of preference):

- 1) _____
- 2) _____

I would like to appoint the following as trustee (manager) of my minor children's assets (name and relationship, in order of preference):

- 1) _____
- 2) _____

Age at which I want my children to have access to their inheritance: _____

I have these special concerns and/or considerations (e.g., beneficiaries with special needs): _____

I would like the following to happen to the business I own: _____

These are my wishes for my final arrangements (e.g., cremation/funeral, final resting place, other details): _____

Use the form below to list specific assets, how the asset is held (community property, for example), the estimated value, and who you would like to bequeath (leave) the asset to—that could be an individual, a group (all your children or all your siblings, for example), a church or charity, etc. **(NOTE: This does not constitute a legal document.)**

Asset Name/Description	Current Title/Ownership	Estimated Value	Bequeath To
Real Estate			
Retirement Accounts			
Checking & Savings Accounts			
Investment Accounts			
Other Investments/Financial Assets			
Life Insurance			
Personal Property			

I want to leave the remainder of my estate to (name, relationship, and percentage of remainder):

To Do at Home: Money Management 1-2-3—Part 3 Checklist

Task	Completed (✓)	Notes
Complete your retirement questionnaire if you didn't finish it during the workshop.		
Check your Social Security statement. Open a "my Social Security" online account at www.ssa.gov/mystatement/ if you don't already have one.		
Increase your retirement account contributions, if possible. Check your balance(s) to evaluate your progress.		
Review your investment choices. If necessary, make changes in keeping with your life stage and long-term goals.		
Calculate your net worth.		
Perform an insurance checkup. Contact your agent if you need guidance or want to make changes to your coverage.		
If your assets exceed the liability coverage on your homeowners/renters or auto policies, consider an umbrella policy.		
Research long-term care insurance so that you can make an informed decision.		
Complete the estate planning questionnaire if you didn't finish it during the workshop.		
Create a will, a living will and powers of attorney for medical and financial decisions. If you will use an attorney, pursue referrals, check qualifications and conduct interviews.		
If necessary, name or change beneficiaries on various accounts, policies and property.		
Make decisions about your online accounts and digital assets.		

Training Evaluation: Money Management 1-2-3—Part 3

Before you leave, please help us improve future presentations by giving us your opinion of today's seminar. Circle the response that best reflects your feelings about each statement:

1. I have a better understanding of what I will need to consider when planning how to fund my retirement.

Strongly agree Agree Disagree Strongly disagree

2. I understand the costs and risks associated with borrowing against the equity in my home.

Strongly agree Agree Disagree Strongly disagree

3. I have a better understanding of how my insurance needs may change over my lifetime and how to protect my assets.

Strongly agree Agree Disagree Strongly disagree

4. I understand why an estate plan is important and what it should include.

Strongly agree Agree Disagree Strongly disagree

5. I can use the information provided today to make improvements in my financial life.

Strongly agree Agree Disagree Strongly disagree

6. The instructor was well informed.

Strongly agree Agree Disagree Strongly disagree

7. The materials I received are easy to read and understand.

Strongly agree Agree Disagree Strongly disagree

8. I would like to attend another class like this.

Strongly agree Agree Disagree Strongly disagree

Please let us know how we could improve future trainings (use back, if necessary):

Thank you for attending!