



# Protecting Your Assets

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# What Are Assets?



- Money and property owned by an individual that has value
- Can be used and/or distributed to others
- Make up your estate



# What Is An Estate?



- Total of all money and property owned by an individual
- During life and death



# How To Protect Assets



- Estate Planning
  - Accumulating Assets
    - Saving and investing
  - Preserving Assets
    - Managing risks and purchasing insurance
  - Distributing Assets
    - During life and after death



# Accumulating Assets



- Financial Assets
  - Stocks
  - Bonds
  - Mutual Funds
  - Etc.
- Real Assets and Property
  - Home
  - Land
  - Automobiles
  - Personal Property

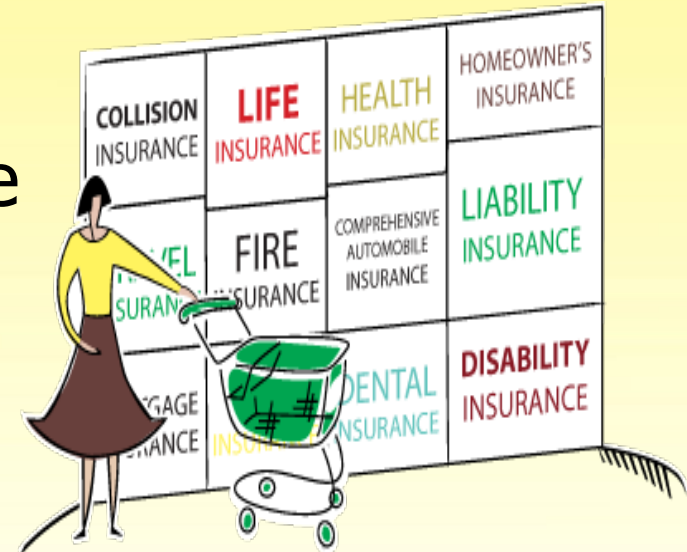


# Preserving Assets



- Insurance

- Property and Casualty Insurance (i.e., Automobile and Homeowner's)
- Life Insurance
- Health Insurance
- Disability Insurance
- Long-term Care Insurance



# Disability Insurance



- Likelihood of long-term disability greater than premature death
- Estimated that 1 out of 3 persons will have a disability that lasts 3 months or more
- Estimated that 1 out of 10 persons will have a permanent disability before age 65



# Disability Insurance



- Replaces 60 to 80 percent of your income if you are unable to work due to an illness or injury
- Benefit amount depends on income
- Maximum benefit amount





# Disability Insurance



- Policy definitions and components
  - Own occupation
  - Any occupation
  - Hybrid
  - Partial disability
    - Residual benefit



# Disability Insurance



- Policy definitions and components
  - Benefit period
  - Elimination (waiting) period
  - Pre-existing conditions
  - Exclusions
  - Limitations



# Disability Insurance



- Two Types of Disability Insurance
  - Short-term disability
  - Long-term disability



# Disability Insurance



- Short-term
  - Benefit period from 2 to 6 months
  - Elimination (waiting) period of a couple of weeks to 1 or 2 months
  - Used to cover the elimination (waiting) period on long-term disability insurance



# Disability Insurance



- Long-term
  - Benefit period from a few (2-5) years or until retirement or death
  - Elimination (waiting) period of 3 to 6 months or longer



# Long-Term Care (LTC) Insurance



- Long term care is a variety of services that includes medical and non medical care for people who have a chronic illness, injury, disability or are experiencing limitations due to aging. Long term care helps meet health and/or personal needs.



# LTC Insurance



- Myths About Long-term Care
  - I'm too young to need it.
  - My family will take care of me.
  - Medicare or Medicaid will cover my bills.
  - Health insurance will cover my bills.
  - I can save enough on my own.



# LTC Insurance



- Long-term care services are provided when a person cannot perform certain activities of daily living (ADLs) and/or is cognitively impaired.





# LTC Insurance



- What are ADLs?
  - Eating
  - Bathing
  - Dressing
  - Transferring
  - Toileting
  - Continence



# LTC Insurance



- What does long-term care insurance cover?
  - Skilled, intermediate and custodial care
  - Home care services, physical therapy, homemakers, home health aides
  - Assisted living, adult daycare, other care in the community
  - Alternate care (other physician recommended services)
  - Respite care for the caregiver



# LTC Insurance



- Types of Policies
  - Reimbursement Policy
    - Most common
    - Reimbursed for actual charges up to policy limits
  - Indemnity Policy
    - Compensated based on what policy covers
  - Partnership Policy
    - Protects your assets if LTC benefits are exhausted



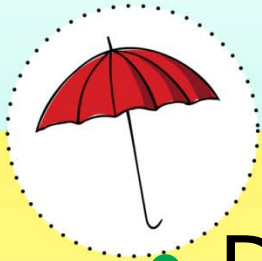
# Distributing Assets



- Why People Fail To Create Estate Planning Documents
  - I haven't had time (procrastination).
  - I don't like thinking about bad health and/or death.
  - Estate planning is needed by the elderly and wealthy people only.
  - A simple will lasts a lifetime.
  - The state has laws to protect my estate.
  - Joint ownership with my spouse (for married people) is a practical substitute for an estate plan.
  - Estate planning is too expensive.



# Distributing Assets



- Dying Without a Will
  - Died Intestate
    - Dying without a valid will or
    - Dying with a will that does not provide instructions for distributing all of your property
  - If you have a valid will when you die, then you have died testate.



# Distributing Assets



- What are Georgia's intestacy laws?



# Distributing Assets



- Documents and Strategies Used to Transfer Assets
  - Wills
  - Property Titling
  - Beneficiary Designations
  - Trusts
  - Gifts



# Distributing Assets



- Wills
  - Legal document providing you (will maker) the opportunity to control how your property (assets) is distributed at death
    - Distribute your property to your heirs
    - Appoint an executor
    - Appoint a guardian for your children
- Prevents your property from be distributed according to state laws (intestacy laws)





# Distributing Assets



- Legal Requirements for Wills in Georgia
  - You must be at least 14 years old.
  - You must be of sufficient mind and memory that you are creating a document to distribute your property after you die.
  - The will must be in writing.
  - The will must be signed by you and witnessed by at least two people who are not recipients of property distributed via the will.



# Distributing Assets



- Property Titling
  - Transfers via Will or State Law
    - Fee Simple (Sole Ownership)
    - Tenants in Common (TC)
    - Personal Property
  - Transfers by Title
    - Joint Tenancy With Right of Survivorship (JTWROS)
    - Tenancy By The Entirety (TE)



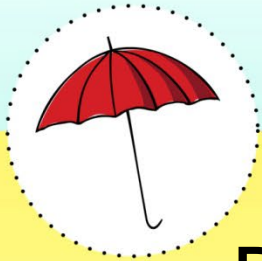
# Distributing Assets



- Beneficiary Designations
  - Transfers by Contract
    - Life Insurance
    - Retirement Accounts (IRAs, 403(b)s, 401(k)s, Annuities)
    - Pay-on-death (POD) accounts
      - Bank Accounts
    - Transfer-on-death (TOD) accounts
      - Investments (Mutual Funds, Stocks, Bonds)



# Distributing Assets



- During Life or Death
  - Trusts
  - The title to a person's assets is transferred to another party for the benefit of others.
  - Parties
    - Grantor (Creator): Person who creates the trust
    - Trustee: Person who manages the trust
    - Beneficiaries: Persons who benefit from trust assets



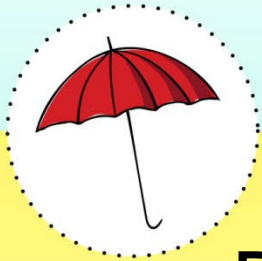
# Distributing Assets



- During Life
  - Gifts reduce the value of your estate.
  - Gifts are taxable, but there are exclusions and exceptions that can prevent taxation.
  - No Gift Tax Transfers
    - Annual Exclusion
    - Lifetime Exclusion



# Other Documents Used To Protect Assets



- Documents and Strategies Used to Handle Other Estate Planning Issues
  - Power-of-Attorney
  - Living Will
  - Georgia Advance Directive for Health Care



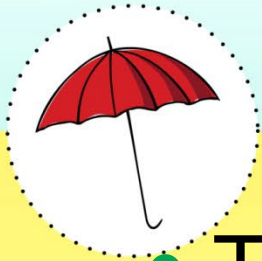
# Other Documents Used To Protect Assets



- Power-of-Attorney
  - Legal document authorizing another person (agent) to act on the behalf of another (principal)
- Powers-of-attorney should be durable.
- A power-of-attorney does not continue after you die.



# Other Documents Used To Protect Assets

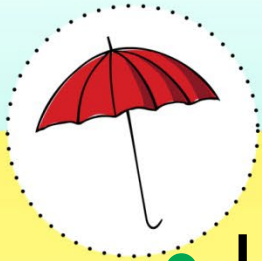


- Types of Powers-of-Attorney
  - Durable Power-of-Attorney for Finances
    - Appoints a person to manage your property and finances
  - Durable Power-of-Attorney for Health Care
    - Appoints a person to make health care decisions





# Other Documents Used To Protect Assets



- Living Wills
  - Also referred to as an Advance Medical Directive or Health Care Proxy
  - Legal document expressing your desires regarding the use of life sustaining equipment if you are not able to make the decision



# Other Documents Used To Protect Assets



- Georgia's Standard Form
  - Combines Durable Power-of-Attorney for Health Care, Living Will and Guardianship in one form
  - Georgia Advance Directive for Health Care





# QUESTIONS?



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