

# Growing and Protecting Your Assets

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HOW  
TO

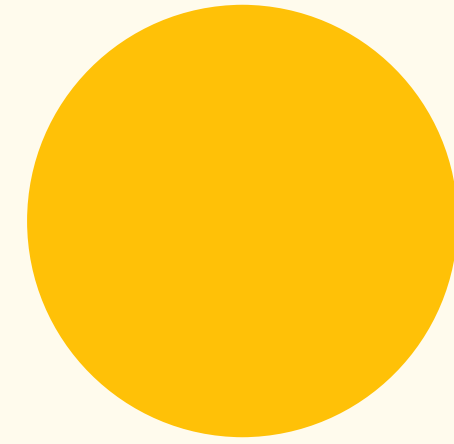
# Grow & Protect Your Assets

- Accumulating Assets
  - Savings plan
  - Tax planning
- Preserving Assets
  - Managing risks
  - Insurance
- Distributing Assets
  - During life and after death
  - Estate planning





# Growing Assets



What are Assets?

Financial Assets

- ✦ Cash
- ✦ Stocks
- ✦ Bonds
- ✦ Mutual Funds
- ✦ Pension

Real Assets & Property

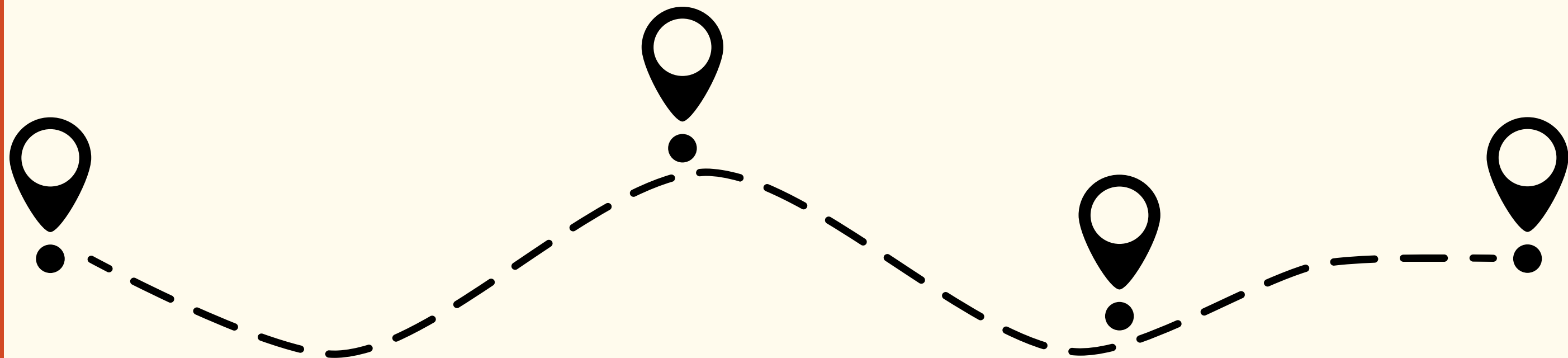
- ✦ Home
- ✦ Land
- ✦ Automobiles
- ✦ Personal Property



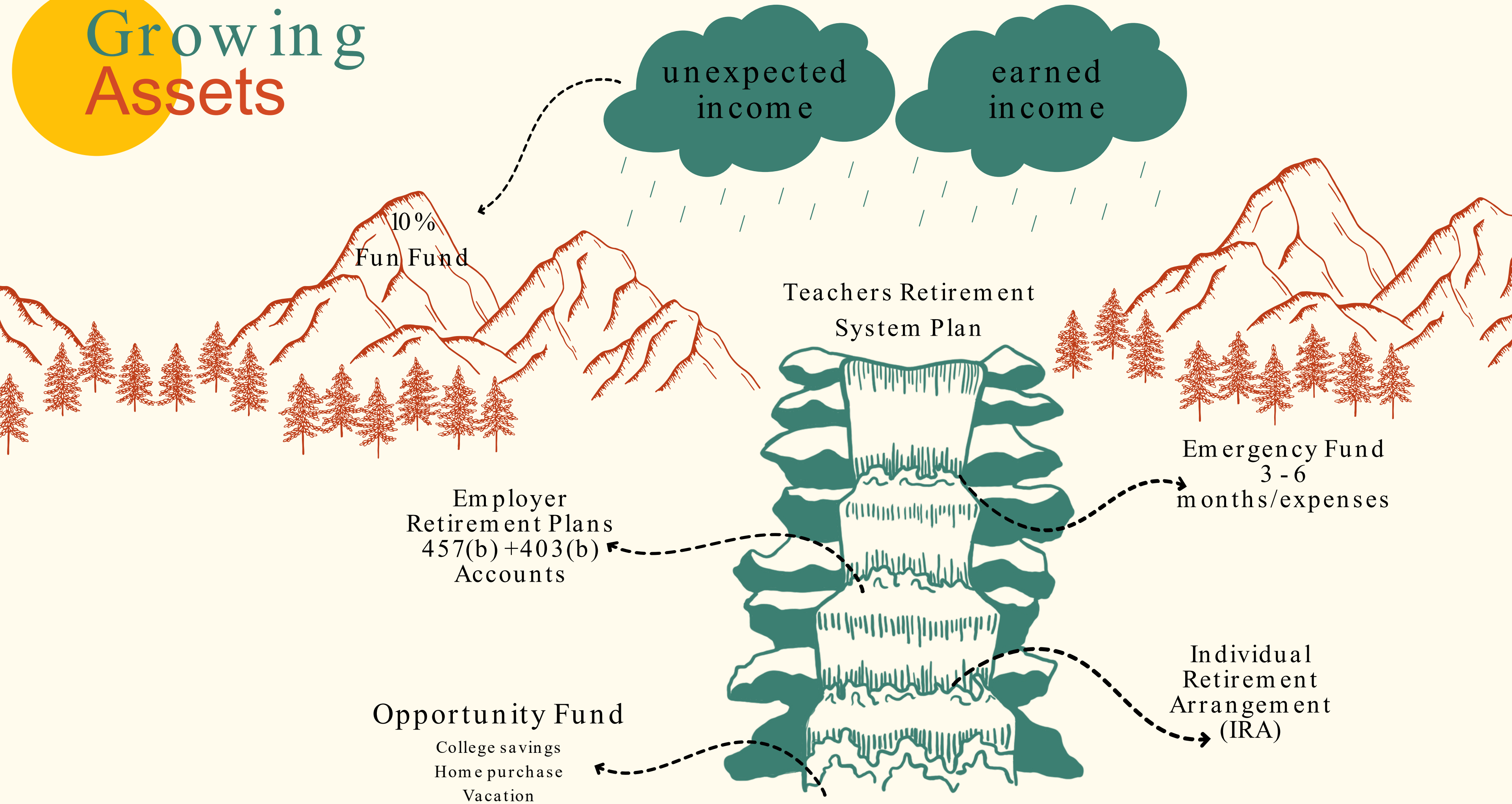
# Growing Assets

## Savings Plan

- Minimum 15 - 20% of gross income earmarked for your future
  - Not including employer contributions
  - Saving more = Spending less
- Pay yourself first
  - Percentage savings
  - Automate savings



# Growing Assets



unexpected income

earned income

10% Fun Fund

Teachers Retirement System Plan

Employer Retirement Plans  
457(b)+403(b) Accounts

Emergency Fund  
3 - 6 months/expenses

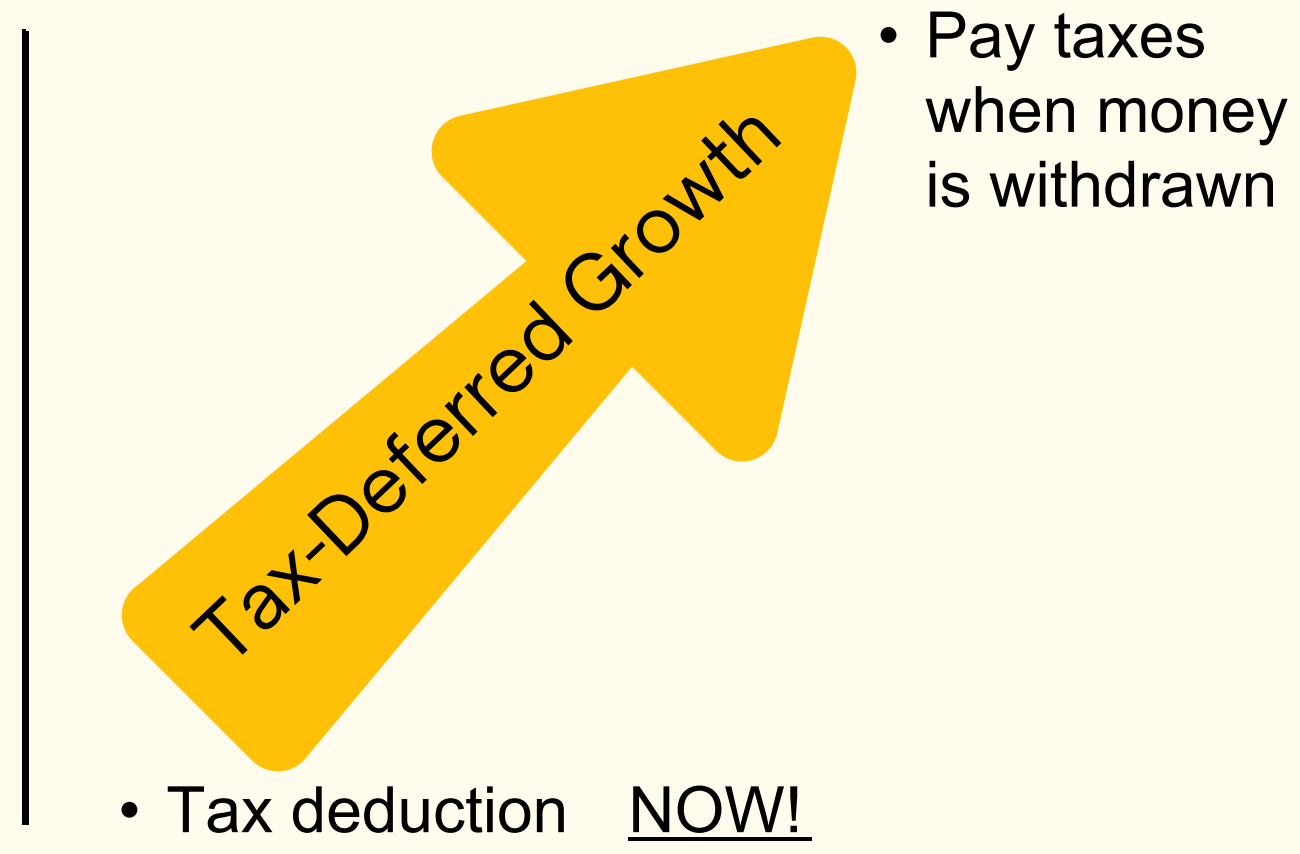
Opportunity Fund  
College savings  
Home purchase  
Vacation

Individual Retirement Arrangement (IRA)

# Growing Assets

## Tax Planning

- IRA, 403(b), or 457(b) account contributions
- To Roth or Not?



Traditional



Roth

# Preserving Assets

## Managing Risks and Purchasing Insurance

- ✦ Why do we need to manage risk?
- ✦ Strategy for purchasing insurance



# Preserving Assets

## Cash Management

### ✦ Emergency Fund

- Job loss
- Unexpected expenses
- Deductibles covered
- Long-term disability

### ✦ Cash Reserves

- Short-term goals (within 2 years)





# Preserving Assets

## Insurance

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



# Preserving Assets

## Long-term Disability

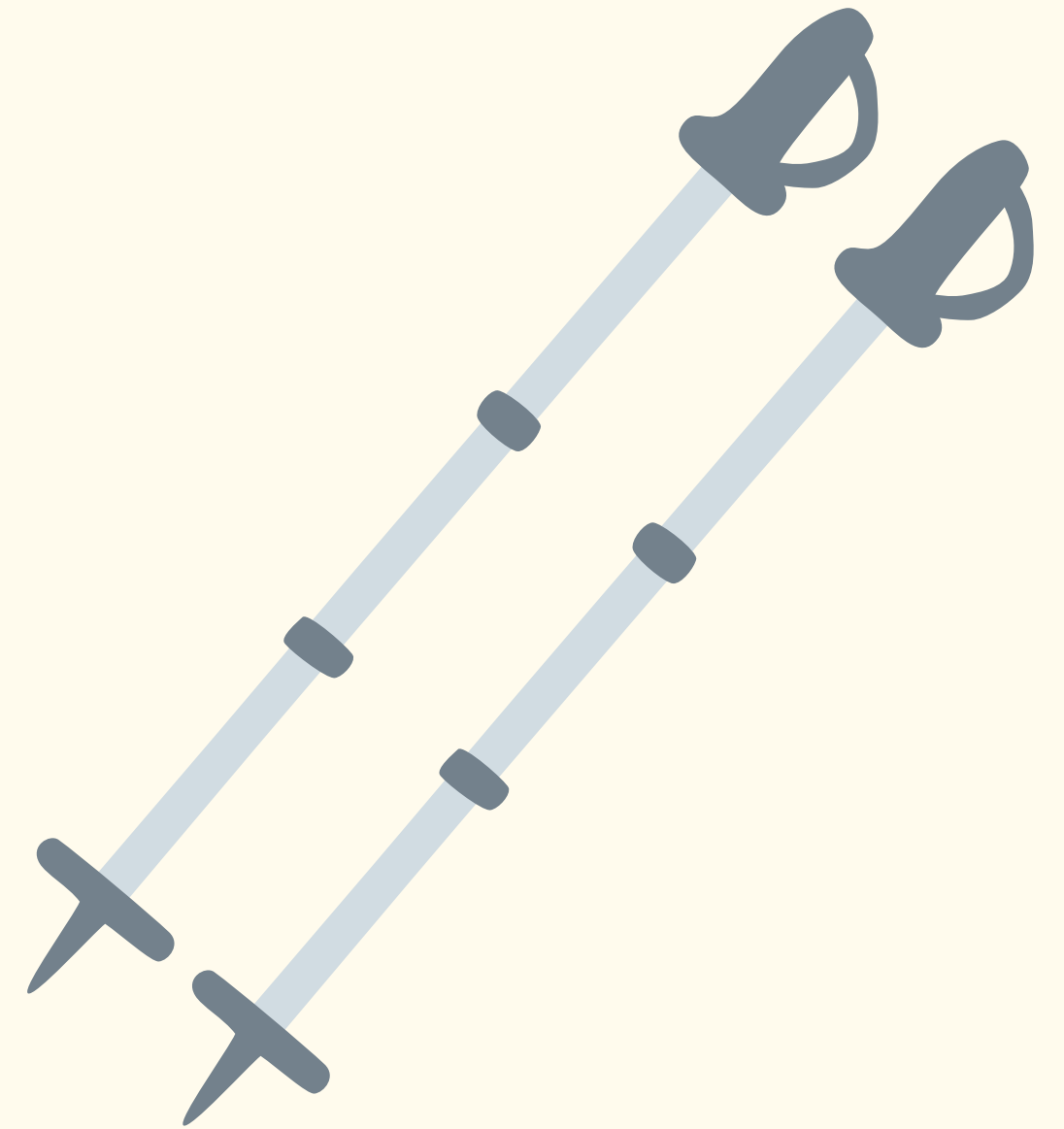
- ✦ Likelihood of long-term disability is greater than premature death
- ✦ Estimated that 1 out of 4 people will have a disability that lasts more than 1 year
- ✦ 34.6 months is the duration of the average long-term disability claim



# Preserving Assets

Long-term Disability Policy Definitions & Components

- ✦ Own Occupation
- ✦ Any Occupation
- ✦ Hybrid
- ✦ Partial Disability
  - ✦ Residual benefit



# Preserving Assets

## Life Insurance Plan

- ✦ Income Replacement: Ensure family and friends that depend on you financially are taken care of if you pass away unexpectedly
- ✦ Pay off debts
- ✦ Assist with funding education needs



## Types of Life Insurance

### Term Insurance

- Coverage for a limited amount of time
- Lower cost

### Permanent Life Insurance

- Permanent coverage that involves a savings component
- More expensive

## Umbrella Insurance

- Additional personal liability insurance coverage:
  - Automobile
  - Homeowner's
  - Renter's

# Preserving Assets

## Long-term Care

- 7 out of 10 people will require long-term care in their lifetime
- The average nursing home facility in GA is:
  - \$250/day
  - \$84,000/year
- The average adult age 65 and older receives long-term care services of some kind for approximately three years

## Long-term Care Insurance

- Type of insurance designed to cover the future costs of long-term care
- Policy Features:
  - Type of services covered
  - Dollar amount of coverage and annual inflation adjustments
  - Length or duration of coverage
  - Waiting period (or elimination period)

# Distributing Assets

What is an Estate?

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








# 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 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 & Strategies Used to Transfer Assets

- ✦ Wills
- ✦ Property Titling
- ✦ Beneficiary Designations
- ✦ Trusts
- ✦ Gifts



# Distributing Assets

## Will

- ✦ 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 being 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, i.e., bank accounts
  - ✦ Transfer-on-death (TOD) accounts, i.e., investments (mutual funds, stocks, bonds)







# Distributing Assets

## During Life or Death

### ✦ Trusts

- ✦ Maintain control of your assets
- ✦ Protect your legacy and privacy
- ✦ Avoid probate

### ✦ 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
  - ✦ Annual exclusion - \$17,000
  - ✦ Lifetime exclusion - \$12.92M



# Other Documents Used ✦✦✦ To Protect Assets

Documents and Strategies Used to Handle Other Estate Planning Issues

Power -of-Attorney

Georgia Advance Directive  
for Health Care

# Other Documents Used to Protect Assets

## Power-of-Attorney

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





# Other Documents Used to Protect Assets

## Georgia's Standard Form

- ✦ Georgia Advance Directive for Health Care combines:
  - ✦ Durable Power-of-Attorney for Health Care
  - ✦ Living Will
  - ✦ Guardianship

Questions?

