

# Growing & Protecting Your Assets

Ryan Rasmussen, CFP®

Financial Planning Expert



HOW  
TO

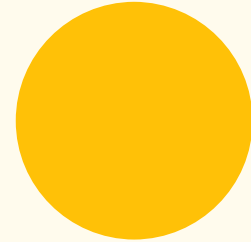
# Grow & Protect Your Assets

- Growing 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

### Real Assets & Property

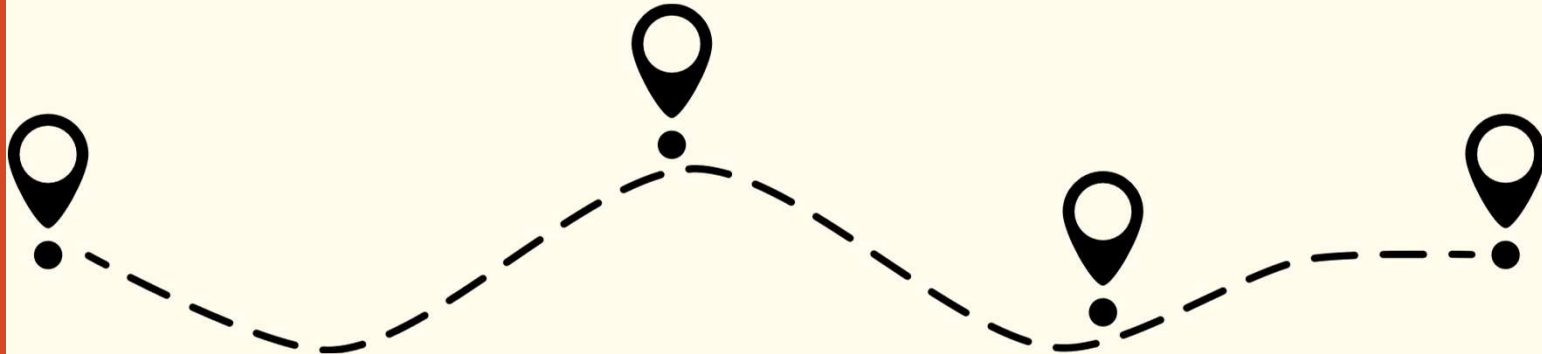
- ✦ Home
- ✦ Land
- ✦ Automobiles
- ✦ Personal Property



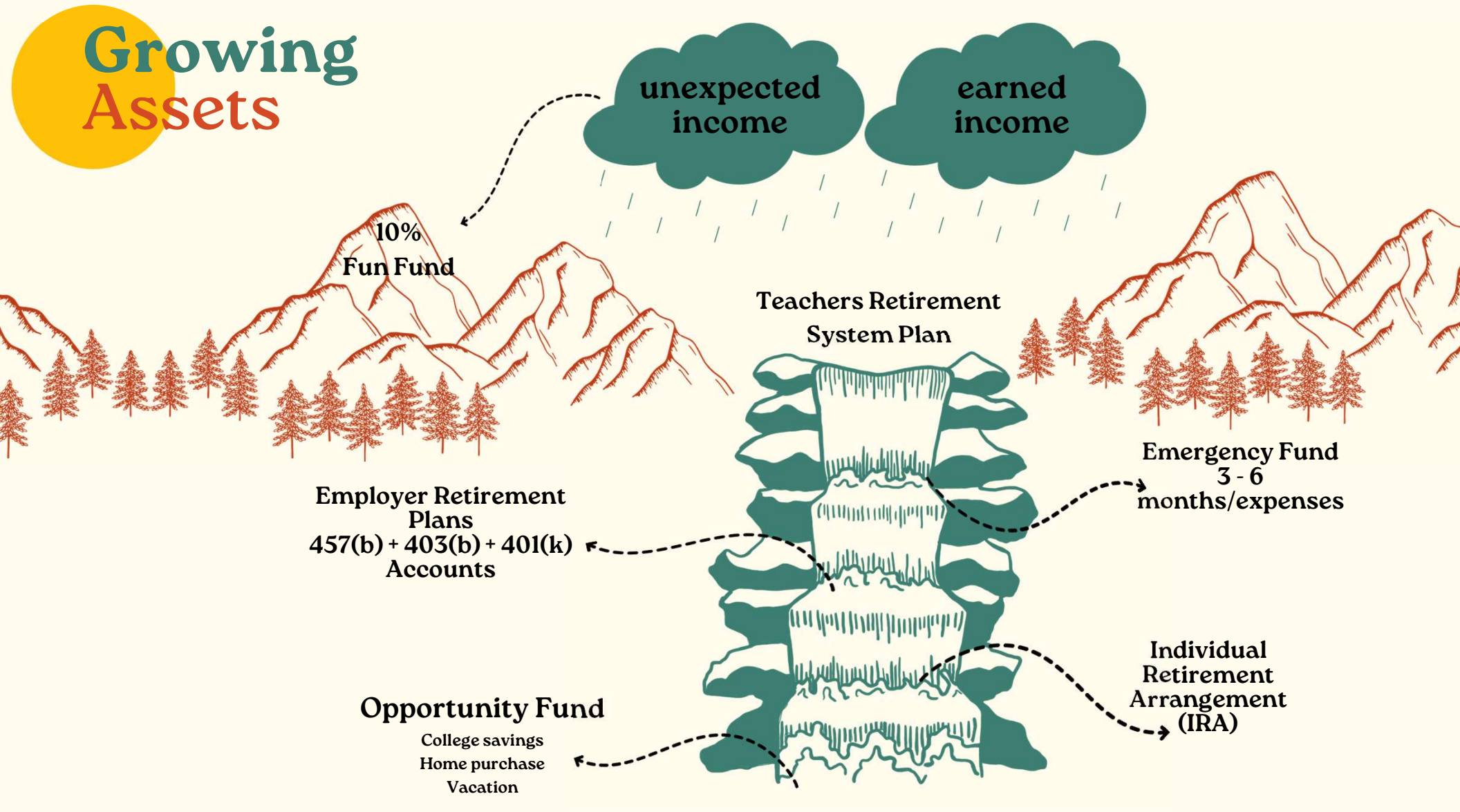
# Growing Assets

## 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



# Growing Assets

## Tax Planning

- IRA, 401(k), 403(b), or 457(b) account contributions
- To Roth or Not?



- Pay taxes when money is withdrawn

- Tax deduction NOW!

**Traditional  
&  
Pre-tax**



- Withdraw money TAX-FREE!

- Pay taxes now

**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

- ✦ Disability Insurance
- ✦ Life Insurance
- ✦ Umbrella Insurance
- ✦ Long-term Care Insurance



# Preserving Assets

## Long-term Disability

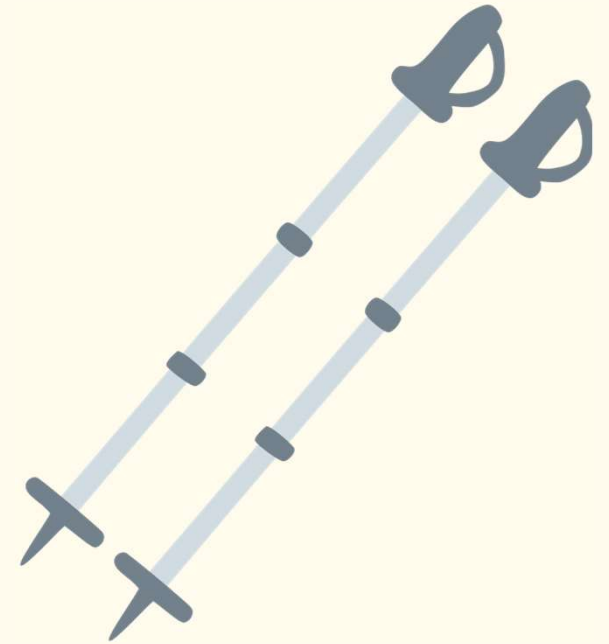
- ✦ Likelihood of long-term disability is greater than premature death
- ✦ Estimated that 1 out of 4 people will have a disability that lasts more than 1 year
- ✦ 34.6 months is the duration of the average long-term disability claim



# 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
- ✦ Pay off debts
- ✦ Assist with funding education needs



## Types of Life Insurance

### Term Life 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 an Estate Plan

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

## Distributing Assets

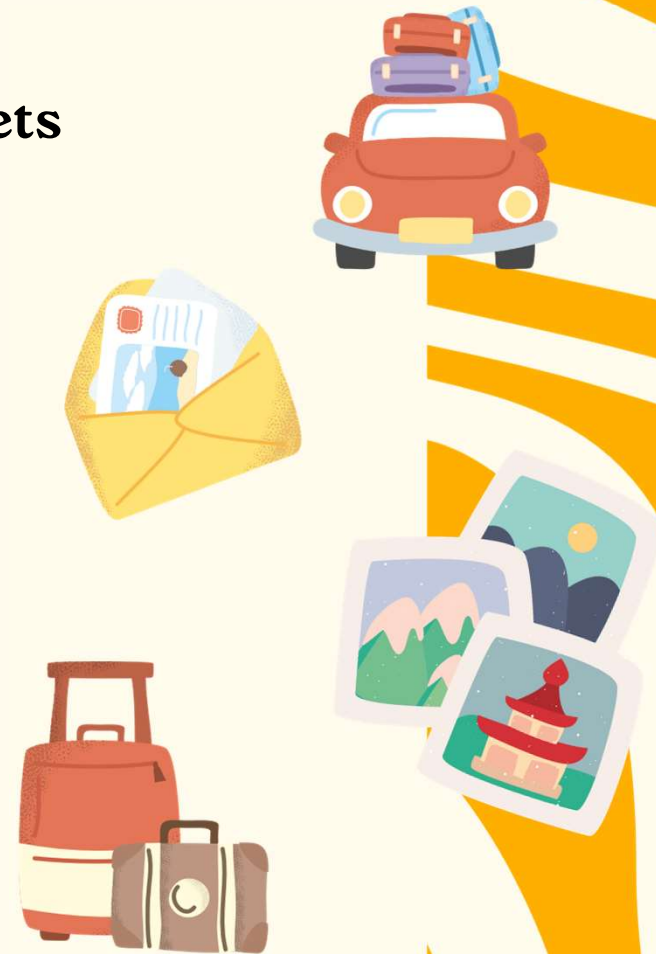
**What are Georgia's  
intestacy laws?**



# 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
- ✦ Gift tax is separate from income tax
- ✦ 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





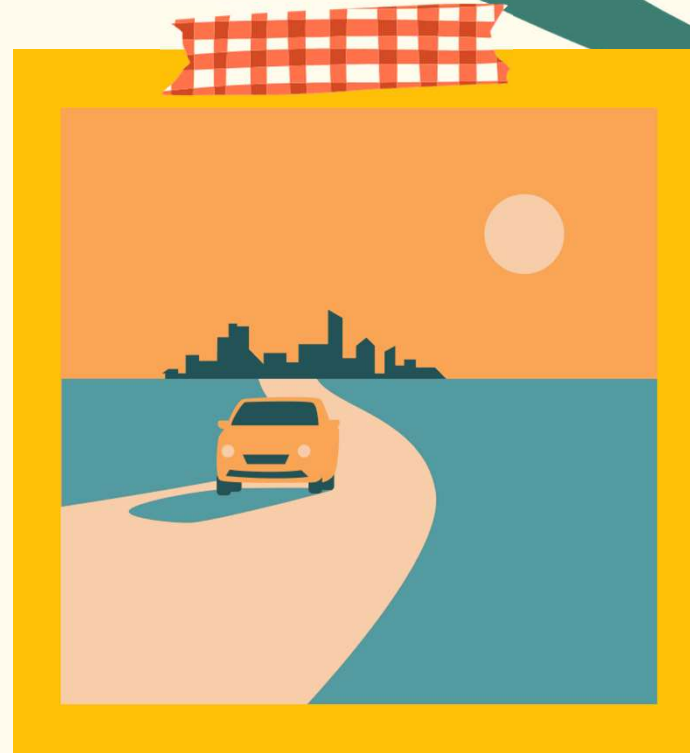
## Other Documents Used to Protect Assets

### Georgia's Standard Form

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

# Grow & Protect Your Assets

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



**Questions?**

