

POCONO RECORD

Give the gift of insurance this holiday season

By Ralph Grauso | Nov 12, 2016



The people have spoken. No, this is not yet another political column. The people have spoken in another profound way—this holiday season they want to connect and reconnect with loved ones at record levels.

According to a recent Airlines for America report, 27.3 million people are expected to fly over the 12-day period surrounding Thanksgiving this year. That number would top the 26.2 million who flew in 2007. Millions more will travel by other means to feast, watch football, and otherwise spend quality time with family and friends.

Thanksgiving, with those loved ones gathered around, is a great opportunity to reflect on life and also to plan for the future. It's a moment to take stock of your assets and to better understand if those you love most have been appropriately accounted for in your plans. After all, it took time and effort and a certain amount of logistical groundwork to figure out how you will spend your Thanksgiving holiday.

Unfortunately, not enough people plan for their financial future. A 2014 Charles Schwab study revealed that the majority of American workers spend more time planning their next vacation than they do their own retirement. Don't be one of those people. Instead, make this the year that you get your accounts in order.

A great choice for anyone wanting to make sure their family is taken care of in the future or hoping to leave a financial legacy for their family is life insurance. And be aware before you begin your research — life insurance has become an increasingly flexible financial tool that can provide both Death (proceeds to your named beneficiary) and Living Benefits (proceeds to you while you are living).

According to the 2015 Insurance Barometer Study conducted by LIMRA, "cost" is the primary reason Americans give for not owning life insurance. Yet, 80 percent of consumers misjudge the price for term life insurance. Gen Xers overestimate the amount by 119 percent. Never to be outdone, Millennials overestimate the cost of term life by a whopping 213

percent! With miscalculations like that it's easy to see why so many Americans fail to insure themselves against the unexpected.

Once people are able to educate themselves on the true costs of insurance, they can begin to see the benefits inherent in the policies. One of the most attractive benefits of life insurance is that it provides a tax-free inheritance to a policyholder's beneficiaries. By comparison, other assets, such as IRAs or real estate, may be subject to an estate or capital gains tax.

But not all life insurance policies are alike. So, when you decide to buy a policy, do your due diligence and keep these tips in mind before making a purchase:

Cheaper than you think. As mentioned above, there's a huge disconnect between what people think they would pay for life insurance and the actual cost. To put it in real terms, the typical policy is often far less expensive than a monthly cell phone bill. The large majority of term policies have premiums under \$100 per month. For some people, adequate coverage can be found for under \$50 per month. However, prices can vary significantly based on various factors including age, gender and any preexisting health conditions.

Real terms. Life insurance policies only seem complicated. If you speak to someone about insurance, tell them upfront to speak to you in real terms. Have them cut out the industry jargon and talk to you like they would talk to their own mom or dad. Once you get the real language from a trusted professional, your life insurance decisions should become much clearer.

Why buy? In addition to getting clear language, you also need a purpose for buying insurance in the first place. You need to ask yourself the following questions. Are you protecting your family against a possible early death? Have you taken on additional debt that requires you to provide coverage? Are you looking to leave an inheritance? Whatever the reason, it's important that you pinpoint your specific needs.

Types of coverage. There are two basic types of coverage. Term life insurance is coverage for a set time period. At the end of the term, which could be 10, 20, or 30 years, the policy terminates and offers no "cash value." Permanent life insurance is more expensive, but some of the money goes into savings in the form of cash value, and the policy never terminates. Deciding which product is right for you can present some challenges, but learning about the various options should help you find the right policy.

Know What You are Purchasing. Read the fine print and make sure you understand the policy terms fully and know what everything means.

Audit yourself. What if you already have a policy through your employer or other means. Is it current? Does it have an ex-spouse listed as a beneficiary? Whatever the case, make sure your policy meets your current objectives.

This year, as you sit at the dinner table ready for your Thanksgiving feast, remember that your decisions can make a difference to those gathered around you, and planning with life insurance is a way you can say thanks to those you love.

— Ralph Grauso is the founder and president of ASC Financial Group an independent financial firm with offices in Allentown and Poconos, Pennsylvania whose mission is to help retirees and pre-retirees design “a retirement built to last.” Together with financial advisors, Robert Seiler and Josiah Grauso they work to help people increase and manage their retirement funds by providing income, estate, advanced tax and investment planning strategies. For more information on ASC Financial Group, visit ascfinancialgroup.com or call 570-213-4533. Investment Advisory Services offered through Brookstone Capital Management, LLC. (BCM), a SEC Registered Investment Adviser. ASC Financial Group and BCM are independent of each other.