



PROTECTING YOUR PLANS

FRESH ADVICE FROM THE PITON WEALTH TEAM



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The Piton team is uniquely dedicated to advising and guiding their clients, so they have a path toward their financial goals, and, more importantly, in ways that result in a generous life. At this time of year, the team devotes some time to refreshing a key component of any good plan, protection planning. No plan can prevent something from going wrong, but protection planning can keep loved ones moving toward their goals even when something has gone wrong. Here I want to share the Piton perspective on what protection planning means as part of a larger plan for financial and life goals.

– Michelle A. Clary, CEO & Founder

WHEN SHOULD YOU BUY AN UMBRELLA INSURANCE POLICY?



Remember Grandma's wisdom about how much food to prepare for guests?

It's better to have too much than too little.

That can apply to umbrella insurance too.

Many people assume that their homeowners and auto insurance will give them enough coverage, but all it takes is one major car accident or incident on your property to exceed your coverage and put your hard-earned assets at risk.

And the more you have, the more you stand to lose.

That's why you may want to make this often-overlooked insurance part of your protection planning.

An umbrella policy gives you coverage above the limit of your homeowners and auto insurance. It typically pays for property damage, injuries, and certain lawsuits, and it covers both the policyholder and members of their household.

How do you know if you need an umbrella policy? Consider your risk of being sued. The higher the risk, the more strongly you should consider buying a policy.

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SOME FACTORS FOR INCREASED RISK INCLUDE:

- Owning property
- Being a landlord
- Having a high net worth
- Driving a luxury vehicle
- Having an inexperienced/teenaged driver in your household
- Owning a dog
- Coaching kids' sports
- Participating in sports that could cause injury to others, such as skiing or hunting
- Owning a trampoline, hot tub, pool, or recreational vehicle

Even if you never use your policy, you may find that the peace of mind you get from having extra financial protection is worth the relatively low cost of coverage.

According to Kiplinger's, the cost of adding an umbrella policy to your insurance coverage averages \$150-350 per year for the first \$1 million of coverage and around \$100 per year for each additional million above that.

And if you do decide to buy an umbrella policy, a good rule of thumb is to get at least as much coverage as your total net worth. Keep in mind that, if you already have a policy, you may also need increase your coverage as your assets grow.

To learn more about insurance and protection planning, schedule an appointment with Piton Wealth today.

And remember something else Grandma used to say: An ounce of prevention is worth a pound of cure.

ARE YOU LEAVING ONE OF YOUR GREATEST ASSETS AT RISK?



We use insurance to protect what's most valuable to us: our health, our homes, our cars, and even our very lives.

But what about our ability to work and earn an income?

That's an asset people often overlook, and it may be at greater risk than we realize.

According to the Social Security Administration, more than 1 in 4 of today's 20-year-olds will become disabled before they reach retirement age. And most disability claims are for common health issues like back pain, injuries, arthritis, cancer, or heart attacks.

If you aren't prepared, an unexpected illness or injury could put your income at risk and end up derailed your short- and long-term financial goals.

The good news is that there are steps you can take to protect your income and keep your goals on track, by getting the right amount of disability insurance in place.

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FOUR QUESTIONS TO HELP YOU GET STARTED

1. How much coverage do I need?

Disability insurance replaces only a portion of your salary (typically somewhere between 40-70%), so your first step is to determine

how much of your monthly income goes to living expenses. You'll need enough insurance coverage to pay those expenses, without having to dip into your retirement savings. Keep in mind that, in general, a benefit of 60% would be close to the amount of your take-home pay.

2. How long do I need it?

There are two types of disability insurance: short-term and long-term, the biggest difference between them being the length of the

benefit period. Short-term disability insurance typically pays benefits for a few months, while long-term disability insurance pays benefits for several years or longer. The length of coverage you need depends on multiple factors, including your age, savings, and when you plan to retire.

3. How soon do I need it?

If you couldn't work, how quickly would you need to start receiving benefits? Short-term coverage typically starts two weeks after your

disability is confirmed, while long-term coverage usually starts 3-6 months later.

Do you have an emergency fund in place to cover your short-term needs? If so, it may make more financial sense to focus on long-term rather than short-term disability insurance, since the premiums usually cost about the same (1-3% of your income annually).

4. How do I get it?

Some employers offer group disability coverage, where they pay all or part of your premium. This makes group disability insurance much cheaper and

easier than an individual policy, but keep some limitations in mind. First, if a group policy doesn't provide enough coverage, you'll need to supplement it with an individual policy. Second, any benefits provided by an employer-paid policy are taxed as income, reducing what you'll receive. And third, if you no longer work for that employer or they decide to discontinue the plan, you lose your coverage.

If you don't have disability insurance through your employer, you can purchase an individual policy on your own. While this option is more expensive, it does have some advantages. You can maximize your coverage, your benefits won't be taxable, and you'll get to keep the policy even if you change jobs.

You can learn more about disability insurance and how to make it part of your financial plan by contacting Piton Wealth today.

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MY LIFE INSURANCE APPLICATION WAS DENIED WHAT DO I DO NOW?

Have you ever been picked last in gym class, stood up on a date, or overlooked for a job promotion? Rejection never feels good. And being denied a life insurance policy can feel both discouraging and worrying. But you don't have to let this rejection get you down.

Here are three steps you can take to move forward.

1. FIND OUT WHY

Talk to your insurance agent or broker about why your application was rejected. Getting approved next time may be as simple as applying for a policy with a different insurer. Insurance companies use underwriting – the process of determining risk – to determine eligibility and premiums. They consider factors like your health, age, family history, career, hobbies, and lifestyle. Every company does underwriting differently, so what is a determining factor with one company may not be with another.

2. WAIT AND REAPPLY

If you're rejected because of a lifestyle choice or hobby (like smoking or skydiving), you may be able to make a change and reapply in 6 months to a year. Or if you've had a health issue like cancer, reapplying after a longer remission time could improve both your eligibility and your premiums.

3. CONSIDER ALTERNATIVES

Even if you don't qualify for traditional life insurance, you have options. You may be able to enroll in group life insurance through your employer or get a guaranteed issue plan that doesn't require a medical exam. While these options typically have higher premiums and lower coverage, they may be the right choice for your situation.

Life insurance is an important piece of any long-term financial plan. The good news is that it's rare to be completely uninsurable. Most people will qualify for some type of life insurance, but it can require being patient and exploring a variety of options. It's worth the effort to find an option that works for you and your family.

If you'd like help with understanding your insurance needs and protection planning, contact Piton Wealth today.

The risks and hazards that trigger insurance are never the goals that we seek, but protecting the real goals should be a part of the plan. The real goal is a fulfilling and generous life. The Piton team hopes to see you as part of that life at one of Piton's community events, or any of the many life-affirming events in our communities, and we would love to talk to you about a plan, so please reach out to us when you want to find out about a potential Navigated Journey for you and your loved ones.



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