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Insurance Needs Assessment for Empty Nesters & Retirees

Considerations for protecting your wealth, estate, and legacy

If you have children, as they move out of the household, financial priorities become more focused on preparing for retirement. At this stage, you may be at the height of your earning power and fast approaching peak savings as you lay the groundwork for retirement. During this final leg to retirement – and throughout your retirement period – wealth protection is critical.

The preservation of your assets may not be a function solely of your investment strategy; it may also include a comprehensive insurance approach to protect against an array of financial risks, most especially health care.

In addition to wealth protection, it's also a time to seriously consider a number of important estate and legacy objectives.

Home

Even though your mortgage may be paid off and thus released of the lender's requirement to have homeowners insurance, coverage against property loss and exposure to personal liability warrant consideration.

Now is an ideal time to review your policy, as the cost of replacing your home and the belongings contained therein may have grown over the years. Also, look into an umbrella policy, which is designed to help protect against the financial risk of personal liability.

Health

Empty nesters and retirees face several key health insurance issues.

If you retire prior to age 65 when Medicare coverage is set to begin, you will need coverage to bridge the gap between when you retire and when you turn 65. If your spouse continues to work, you may want to consider getting yourself added to their plan, though you may need to wait until the employer's annual enrollment period. Alternatively, you may purchase coverage through a private insurer or through HealthCare.gov (or your state's program, if available).

Once you enroll in Medicare, consider purchasing Part D, the Medicare Prescription Drug Plan, which can help you save money on prescriptions.

You might also shop for other Medigap insurance, designed to pay for medical care not covered by Medicare. Medigap plans are bought through private insurance companies and, in an effort to get the best price and the most choices, should be purchased within the first six months of turning age 65.

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Disability

This coverage may continue until you retire. When you stop working, think about canceling your disability insurance, as the need for it has expired.

Life

The financial obligations that drove your life insurance needs while you were raising a family may have evaporated. However, you may find new needs arising from estate issues, such as liquidity and creating a legacy.

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder may pay surrender charges and have income tax implications. Before implementing a strategy involving life insurance, consider determining whether you are insurable. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

Extended Care

For some, extended care insurance is a priority in this stage of life. You can now turn your focus to buying protection against potentially the most significant health care expense you are likely to face in retirement.

Designed to pay for chronic, long-lasting illnesses and regular care, whether in-home or at a residential facility, extended care insurance coverage is critically important. Most of these costs are not covered by Medicare.

Food for Thought

Contact your trusted financial professional to discuss strategies on these topics in order to protect your wealth, estate, and legacy.

Fixed insurance services offered through Financial Professional.

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