

# Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



MAY 2016

## Is It True? Do I Need Life Insurance?

As we get older, our spending habits change and our relative need for insurance decreases to the point most seniors think "I don't need life insurance." However, in most cases, this is not the case. The truth is most seniors do need some form of life insurance.

With all that being said, there are three main reasons to have life insurance.

**Final Expenses** - Dying is not cheap, besides the funeral expenses there are many other expenses associated with death, for example: unpaid medical bills, probate, debts, etc. This can all be avoided with proper planning with your advisor.

**Estate Taxes** - The more assets you have in your estate, the greater the potential there is that you will be paying estate taxes, Currently, assets over \$1.5 million, are subject to a minimum of 37% to a maximum of 48% in estate taxes. Life insurance in an irrevocable life insurance trust, will keep it out of the estate and can provide the funds to pay for any estate taxes incurred.

Note: When determining your estate value, include everything you own.

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## 9 Lessons From 'The Richest Man in Babylon' Pt. 1

'The Richest Man in Babylon' by George S. Clason was first published in 1926 and is considered a classic on personal finance and creating wealth. As you read the book, I believe you will be totally blown away by the simplicity of the story and by the tried-and-true financial lessons it presents for accumulating wealth.

Following are the 9 most important lessons I want to share with my friends, family and clients.

### 1. Pay Yourself First!

One of the greatest lessons in this book is 'Pay Yourself First.' Set aside at least 10% of what you earn! The difference between being a rich, financially stable person, versus being a poor, broke person, is knowing this first rule! Wealthy people pay themselves first and poor people do not. Before you start paying others, or start spending the money you earn, you need to pay yourself first.

*"A part of all you earn is yours to keep. It should be not less than a tenth no matter how little you earn. It can be as much more as you can afford."*

### 2. Live below your means.

Most people have formed the habit of spending more, as they earn more. Train yourself to live on less than you earn. Control your expenditures. Make good use of the money you have left over, after you have paid yourself first. Define what money is to you, and define the difference between need vs. want.

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## Interesting Facts:

-Sharks and Rays are the only two known animals to not get cancer. It is believed to be tied to them not having bones. Their skeleton is made up of cartilage.

-The porpoise is second to man as the smartest animal on the planet.

-"Almost" is the longest word in the English language with all the letters in alphabetical order.

-Gopher snakes in Arizona are not poisonous, but when frightened they may hiss and shake their tails like rattlesnakes.

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"Be the master of your fate, not the slave of your problems!"

**-Marinela Reka**

**Did you know...**

Congress designated May as **National Military Appreciation Month** in 1999 to ensure the nation was given the opportunity to publically demonstrate their appreciation for the sacrifices and successes made by our service members - past and present. Each year the president makes a proclamation, reminding Americans of the important role the U.S. Armed Forces have played in the history and development of our country.

May was selected because it has most days set aside for celebrating and commemorating our military's achievements. These days include Loyalty Day, which was established in 1921, Victory in Europe (VE) Day commemorating the end of WWII in Europe on May 8, 1945, Armed Forces Day created in 1949, Military Spouse Appreciation Day established in 1984, and of course the best known of the May holidays, Memorial Day.

## **Is It True? Do I Need Life Insurance?**

**Unwanted Lifestyle Changes-** The loss of a loved one is a traumatic experience, under any circumstance. But, what if your spouse and family are *also* left without sufficient money to meet basic living needs, they will have to cope with a financial and a emotional crisis, at the same time.

This can be a life-altering event. Without proper planning this could very well devastate a family and send them into a downward spiral of debt and no way to get back out.

At the time of your death, what will happen to your spouse? Will he or she lose your pension? Will they be entitled to your social security benefit? How much income will they lose? Having Life insurance can be a way for them to get "back on their feet".

These are just three reasons for obtaining Life Insurance. There are many more. So, the question is: "*Do I need Life Insurance?*" or should it be "*Why wouldn't I need life Insurance?*" Don't leave your spouse or family's financial obligations to haunt them. Make sure you are prepared.

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## **9 Lessons From 'The Richest Man in Babylon' Pt. 1**

*"Budget your expenses so that you may have money to pay for your necessities, to pay for your enjoyments and to gratify your worthwhile desires without spending more than nine-tenths of your earnings."*

3. Make your money work for you.

Your wealth grows not just by what you save, it grows by investing and re-investing. The first principle of investing is the **security of your principal**. You don't gamble or take risk with your principal. Don't be misled by your desires to make wealth overnight. Time is your biggest ally. Your investment will grow as your investments accumulate interest and the money you get from the interest earns interest.

*"...put each coin to work so that it may reproduce its kind even as the flocks of the field and help bring to you more income, a stream of wealth that will flow constantly into your purse."*

Note: You should think about investing only after you have built an 'Emergency Fund.' You will want to have enough saving to cover 3-6 months worth of expenses. Your Emergency Fund is a security blanket, especially during this time of economic downturns.

4. Seek advice from experts.

You cannot seek the advice of brick-maker, if you want to invest in jewels. Want to create wealth? Seek advice from those who have created wealth. Run away from schemers and tricksters who promise to double your wealth overnight.

*"Rule No.1: Never lose money. Rule No.2: Never forget rule No.1."  
-Warren Buffett*

(To be finished on next month's issue)