5 tips for 40s-50s
The Middle Years

LIFE EVENTS EBOOK SERIES FOR FINANCIAL WELLNESS

Catholic Financial Life®

15-01336-07/11 Rev 04/12

In this eBook: Invest in your retirement, a financial aid primer for you and your college student, reviewing insurance needs for you and your older children, increasing contributions and protecting your retirement assets, and basics of long-term care insurance.

TIP # 1

IS IT TOO LATE TO START INVESTING?

No, it's never too late to start investing! Maybe you started a retirement account when you were younger, but life got challenging (loss of a job, loss of an income due to death or divorce, etc.) and your focus shifted from funding your retirement. Whatever your situation may be, it's not too late to get your investments back on track. Schedule a time to meet with your advisor to get the conversation started and start achieving those savings goals! Meantime, here's how we can help:

- Visit our Learning Center for articles and other tips on the **basics of investing.**

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Continued... TIP # 1 IS IT TOO LATE TO START INVESTING?

- **What needs will you have in retirement?** Read up on how things like inflation, expenses, pensions, social security and more can affect your retirement needs.
- Determine how much more you could accumulate at retirement by **starting to save today** rather than waiting for tomorrow.
- Calculate **how much retirement income your current 401(k) may provide** by using this calculator.

QUESTIONS? WE'RE HERE TO HELP.
CONTACT AN ADVISOR TO GET THE CONVERSATION STARTED.

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TIP # 2

FINANCIAL AID PRIMER FOR PARENTS

It's true…the majority of college students receive some sort of financial aid. Even though the application process may seem daunting and confusing, it's usually worth the effort to apply—especially if you have more than one child in school. Here's a closer look at financial aid:

- **Federal grants** are based on financial need, the cost of college tuition and full or part-time enrollment status. Federal grants do not have to be repaid.
- **Loans** allow students and/or parents to borrow money for school under a federal loan program. The US Department of Education administers:
  - **Stafford Loans** (for students)
  - **Perkins Loans** (for students) and
  - **PLUS Loans** (for parents of the student)

  Federal loans can be **subsidized** (government pays interest while you're in school) or **unsubsidized** (you pay the interest from the date you receive the money).

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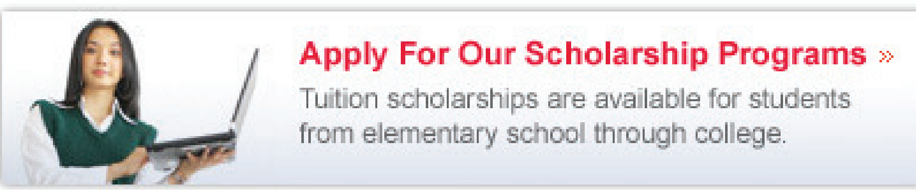
Continued... TIP # 2 FINANCIAL AID PRIMER FOR PARENTS

- **Private loans** can be obtained from a bank, credit union, or other private lender. Generally private loans include higher interest rates than federal loans.
- Campus-based **work-study programs** allow students to earn money for tuition while they attend school.
- **Scholarships** are awarded to applicants who meet the scholarship's specific criteria. The best part: they do not need to be repaid. Thousands of dollars worth of scholarships are awarded to students each year. Catholic Financial Life offers scholarships to college students who are financial members.



TIP # 3

REVISITING INSURANCE NEEDS

While you and your child are busy filling out college applications, financial aid forms, scholarship applications etc., make sure to revisit your insurance needs. Why? Because your needs for insurance change throughout your lifetime, especially during major milestones.

- **Review your health insurance coverage.** Many health insurance plans cover students through their college years, as long as they are a full-time student. Check with your provider to make sure your child will have adequate health insurance while away at school. Be sure to revisit your health insurance plan before your child heads off to school, when your child nears graduation, decides to become a part-time student, etc. The new healthcare law passed in 2010 requires most health plans to cover children up to age 26. There are some exceptions, so for more information be sure to visit http://www.healthcare.gov.
- **Review your child's car insurance needs.** If your child is away at school and does not have access to a car, you may want to revisit your child's car insurance needs.

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Continued... TIP # 3 REVISITING INSURANCE NEEDS

- **Review your child's life insurance needs.** Many parents often overlook a critical need during this time of transition, but if your child were to die during his or her college years, what would happen to his or her outstanding loans? Does your child have enough life insurance to cover his or her college debt? Unfortunately too many parents overlook this critical need and in addition to dealing with their grief they end up re-paying thousands of dollars in unpaid student loan debt when their child dies unexpectedly.

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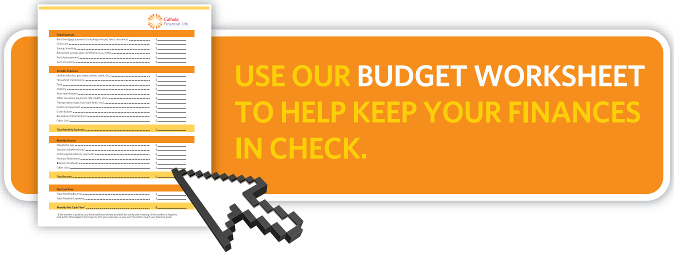
TIP # 4

INCREASING CONTRIBUTIONS AND PROTECTING RETIREMENT ASSETS

- **Review your monthly budget** and figure out how much you have left after paying bills. By now you should already be contributing a certain percentage of your income to your retirement accounts. Earmark any additional savings and sock it away into your investment portfolio. If you're age 50 and higher, you may be able to take advantage of catch-up contributions—allowing you to save more by boosting your savings.



- Be sure to **set aside as much as you can afford** into your tax-deferred retirement account, and be sure to contribute at least as much as your employer will match.

Continued... TIP # 4 INCREASING CONTRIBUTIONS AND PROTECTING RETIREMENT ASSETS

- **Review your current investments** and decide how much investment risk you're willing to take on. Your investment risk comfort level may be different when you only have 15 years until retirement versus 20 or more.

- **Consider an annuity**. There are many types of annuities: fixed and variable, immediate and deferred. If retirement is right around the corner, some annuity products may not be suited for you as it can take many years for them to become profitable. However, if you have several years until retirement, a deferred annuity may be a good choice for a reliable source of income for a retirement that's still a long way off. Contact your Advisor to help you decide what type of annuity is best suited for your unique needs.

- **Protect your retirement assets**. Be cautious when borrowing from your retirement account to help with certain expenses (paying for college, a new home, etc.). Some plans allow you to borrow from your account, but remember that you'll be losing out on future growth potential of the funds you borrow.

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TIP # 5

BASICS OF LONG-TERM CARE INSURANCE

According to the Life Foundation, there is a 70% chance that you'll need some type of long-term care after age 65. Nursing home care or hiring a home health aide typically averages $219/day (nearly $70,000 annually). The average daily cost of full-time care in a nursing home can easily and quickly deplete your savings, so the best way to ensure you'll have access to high-quality long-term care services is to have long-term care insurance. Here are some basics of long-term care insurance you should know:

- **Buy while you're young and healthy.** Since premiums are based on your age and health at the time of purchase, the younger you are when you purchase a policy, the less-expensive your premiums will be.
- When you purchase long-term care insurance, you'll be able to **stay in control of where you'll receive long-term care**, and still be able to **protect your assets**.
- **Long-term care insurance is NOT the same as disability insurance**. Disability insurance covers you only if you are unable to work for a set amount of time (think income replacement). Long-term care covers the cost of disabilities due to age, illness or injury, at any point in life when you need help with two or more daily activities (i.e. bathing, dressing, toileting, eating, etc.).

Continued... TIP # 5 BASICS OF LONG-TERM CARE INSURANCE

- **Medicare and Medicaid:** Some benefits are available from the government through Medicare and Medicaid. Currently Medicaid only pays for your care if you have limited assets, and Medicare covers only short-term skilled nursing home care. According to the Life Foundation, 95% of all long-term care is custodial care—helping with activities of daily life (dressing, bathing, mobility, etc.)

- **Through your state's Partnership Program.** The Partnership Program is a law created to protect one's assets and was established to encourage people who would have otherwise relied on Medicaid to buy long-term care insurance. Since Medicaid eligibility is not automatic, participants can retain a certain amount of assets and still qualify for Medicaid even if or when they deplete their individual policies (though eligibility requirements must be met). Currently there are over 20 states that participate in the program. Be sure to check with your state's insurance department to find out if your state participates in the program.

- The most reliable way to cover yourself in the event you need long-term care is to **purchase an individual policy from a trusted and reliable source.** Contact your advisor to find someone who specializes in long-term care insurance in your area to determine whether or not it makes sense as part of your financial plan. Understanding how long-term care insurance works, what it is used for, and how much it costs will help you determine whether or not it is sutiable for you.

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About Catholic Financial Life

Catholics have trusted Catholic Financial Life to safeguard their financial security for more than 140 years. With $4.9 billion of insurance in force, and assets of $1.2 billion, Catholic Financial Life is the second largest Catholic not-for-profit financial services organization in the United States. Being membership-owned, we put your interests first. You'll see it in the personal conversations we'll have as we help you protect your dreams. You'll feel it, knowing you're an important part of our family. You'll be proud to be a part of an organization that puts Catholic values into action by enriching your life, while serving God by serving others.

For more information visit catholicfinanciallife.org

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