

Are you ready to build or continue building a strong financial foundation? Below is a list of several things to consider:

- **Protect Your Family with a Will**

Approximately 70% of Americans don't have a will even though it's a fairly simple document to create and it ensures your desires are documented. If you have minor children and you don't have a will naming their guardian the court appoints a guardian. And, it might be someone you don't want to raise your children. In addition to a will, you should also have a durable power of attorney for financial issues and an advance healthcare directive in case you are unable to handle your own medical or financial issues during your lifetime. If you haven't updated your will in the past 10 – 15 years make it one of your New Year's resolutions.

- **Named Beneficiaries**

If you have property with a named beneficiary, it bypasses the instructions in your will. This includes life insurance, Individual Retirement Accounts (IRA), tax-deferred annuities, U.S. Savings Bonds and bank accounts in trust for others. When I started working for the Federal Government in 1975 I remember signing lots of paperwork, which included designating the beneficiary for my life insurance. Many of us complete and sign similar paperwork throughout our careers. But, how often do we go back and review and update our beneficiaries. When you are young, just starting out you might designate your mother or father as your beneficiary. Be sure to review all your properties when you get married or divorced to ensure the beneficiary is who you want it to be.

- **Increasing Your Insurance Deductibles**

Increasing your automobile and homeowner's insurance deductibles will lower your premiums. Another way to look at this --- the more risk you take on, the less your automobile or home insurance will cost. The deductible is the dollar amount of losses or damages that you pay before the insurance company starts paying. It's the amount that's your responsibility to pay on any claim. According to experts if you increase your deductible from \$250 to \$500, you can usually save 10% on your premiums. Increasing the deductible to \$1,000 may double your savings. If you increase your deductibles make sure you have enough money set aside in your emergency account to pay the higher deductible if you file a claim.

- **Health Insurance Coverage**

If your spouse dies and had health insurance coverage for your family through his employer, the coverage will usually terminate the month following his death. However, you will have the opportunity to continue the coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA requires most employers with group health plans to offer employees the opportunity to continue temporarily their group health care coverage under their employer's plan if their coverage otherwise would cease due to termination, layoff, death or other qualifying events. COBRA coverage is generally more expensive than what the employee paid and usually ends after 18 months. Although Social Security provides survivor benefits it does not include health insurance coverage.

- **Joint and Survivor Annuity**

If you're married when your spouse retires, you're normally entitled to a survivor's benefit if your spouse dies before you – *unless you agree to sign away rights to a survivor's benefit*. The joint and survivor annuity ordinarily guarantees you half the pension the two of you were receiving. The benefit offers a somewhat smaller monthly payment, but it guarantees a steady income for two lifetimes (the husband's and the wife's). Statistics indicate women live an average of seven to ten

years longer than men and the average age of widowhood is 58.

Under the divorce laws of every state, a pension earned during a marriage is considered to be a joint asset or the marital property of both husband and wife. **Think twice before you sign away your portion of your husband's pension!** Women who are getting divorced often give up the pension in order to keep their house. This is **NOT** a good idea. Retirement benefits can be your largest joint asset. Check out the Women's Institute for a Secure Retirement (WISER) website <http://www.wiserwomen.org> for more information.

Since we're approaching 2009, I recommend adding the above items to your New Year's Resolutions list. You'll be building a strong financial foundation to live a financially healthy life.

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