

Wealth-Protection Insurance People Neglect

An adviser explains the importance of long-term-care and umbrella-liability insurance

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People are so focused on making money, they often forget to protect their wealth once they have it. It is common to see headlines about the market going up or down, but rarely do we hear about a middle-class person who got sued after a car accident and didn't have the proper insurance to protect his or her assets.

Two overlooked areas designed to protect assets are long-term-care insurance and umbrella liability insurance.

When you're in your 50s, it's easy to put off buying long-term-care coverage because it isn't something you're likely to need right away. I help clients combat this impulse by showing them what their retirement will look like based on how we've planned it, and what would happen to that plan if they had to pay for long-term care out-of-pocket for just three years. You can do all of the saving in the world, but if you have to go into a nursing home, all of a sudden you may have \$6,000 in monthly expenses you weren't expecting.

Consider the toll that would take on you and your loved ones. If you can't afford a nursing home, who is going to take care of you? Are your children going to be able to take on that burden? Another common oversight involves having adequate protection against a lawsuit. You could face legal liability if, say, someone falls down the steps at your house. We live in a litigious environment, so an umbrella liability-insurance policy for extra coverage is something to consider. You may think you have enough coverage already, but what if something happens and you have to take \$200,000 out of your retirement plan? Ask yourself if you can withstand such a blow.

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