

# Building Your Financial House

Set the Foundation of Your Future



## Module 6 Protect Your Potential Ex-Offender Reentry Presentation Slides



# Building Your Financial House WELCOME

## Prior to Today's Session

The screenshot displays the 'Building Your Financial House' participant guide. It includes sections for 'Self-Assessment and Track Your Progress' with various checkboxes and a 'Pre-session Questionnaire' with multiple-choice questions. A 'Module 6: Protect Your Potential' tab is highlighted.

## Today's Topics

- Managing Risk
- Building an Emergency Fund
- Types of Insurance
- Cost of Insurance
- Consumer Protection

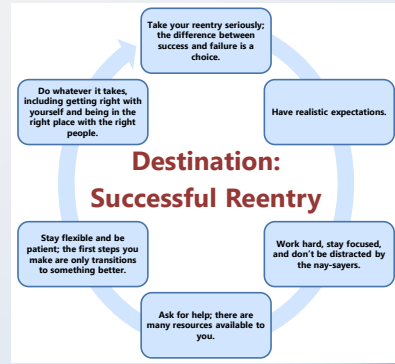
- 
- 1 Invest in Yourself
  - 2 Maximize Earnings
  - 3 Spend Sensibly
  - 4 Check Taxes
  - 5 Make Money Work
  - 6 Protect Your Potential
  - 7 Borrow to Grow

## 6 Protect Your Potential

Just as a roof protects a house, protect your potential by having a cash savings for emergencies, managing risk with the right insurance, and being a smart consumer.

- Identify potential risks which could result in financial catastrophe and ways to manage them
- Identify the types of insurance used to transfer risk and their associate costs
- Recognize the importance of getting affairs in order and steps to take
- Recognize ways to comparison shop, avoid identity theft, and access consumer protection resources
- Identify types of organizations and professionals which make up the financial services system and the services they provide

KNOWLEDGE



### Path to Successful Reentry



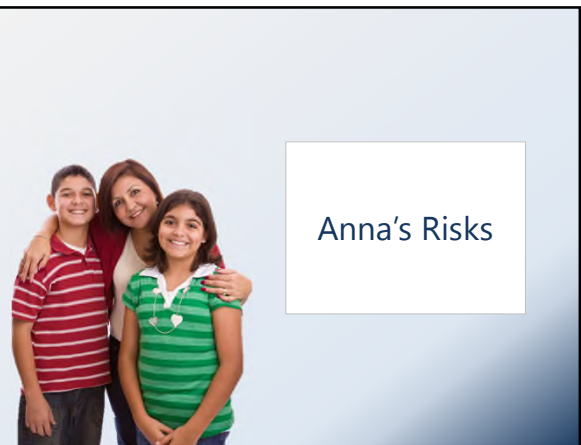
### Chat Box

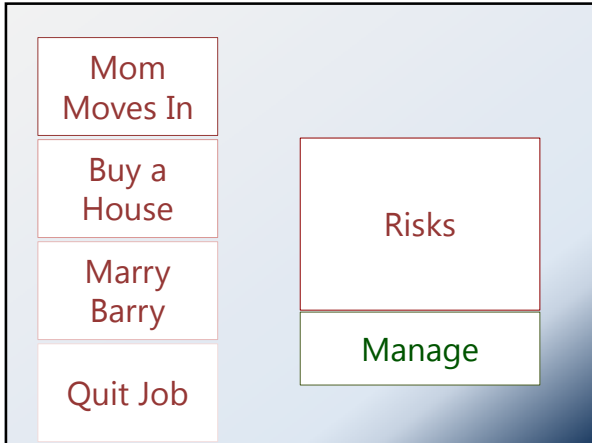


*the chance of loss from some type of danger*


*-or-*

*uncertainty about the outcome of a situation or event*






### Risk Management Process



1. Identify the possible risk
2. Consider how serious the loss would be
3. Consider options to manage loss
4. Take action

### Risk Management Process



Options:

1. Eliminate
2. Reduce
3. Retain
4. Transfer

### When to Transfer

<p>Optional</p> <ul style="list-style-type: none"> <li>▪ Covered by savings</li> <li>▪ Low probability</li> </ul>	
<p>Necessary</p> <ul style="list-style-type: none"> <li>▪ Financial ruin</li> <li>▪ High probability</li> <li>▪ Required by law</li> </ul>	<p>Important</p> <ul style="list-style-type: none"> <li>▪ Force to borrow</li> <li>▪ Medium probability</li> </ul>

### Emergency Savings – First Line of Defense



- Three (to six) months of expenses
- Cash (liquid)
- Accessible but not *too* accessible



Chat Poll:  
What insurance is currently required by law?

## Transferrable Losses



Income

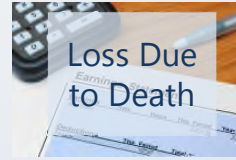


Health



Property

## Loss of Income



Loss Due to Death

### Life Insurance

Common:

- Health examination (non-group policies)
- Suicide clause

Term:

- Set period of time
- Renewal based on health
- Good for temporary needs, i.e., college, mortgages

Permanent:

- Coverage for entire life
- Whole, universal, and universal life policies
- Cash value feature

## Loss of Income



Loss Due to Disability

### Income Sources

- Savings
- Sick-time
- Worker's Compensation
- Social Security disability (with waiting period and diagnosis limitations)
- Employer-sponsored plans (tied to your employer and not covered under COBRA)
- Individual disability insurance (more costly but not tied to an employer)

## Loss of Income



Loss Due to Disability

### Disability Insurance

- Definition of job
  - Own occupation
  - Any occupation
- Typically replaces 60-65% of monthly income
- Coordination of benefits
- Short-term (up to six months)
- Long-term (six months+)
- May have maximum time limits to receive benefits

## Transferrable Losses



Income



Health



Property

## Loss of Health



Loss Due to Health

### Health Insurance

Ten essential benefits (ACA)

- Emergency, in- and out-patient care
- Laboratory services
- Rehabilitative services
- Prescription drugs
- Pregnancy, maternity, and newborn care including birth control and breastfeeding
- Pediatric care (including oral and vision care)
- Mental health and substance use disorders
- Preventative, wellness, and chronic disease management

Optional benefits – adult dental, vision, hearing, etc.

## Loss of Health



### Types of Plans

**Indemnity** - major medical with flexibility to visit almost any doctor or hospital of your choice

**Preferred Provider (PPO's)**- arrangement between company and hospitals/doctors for discounted services

**Health Maintenance (HMO's)**- typically requires you to choose a primary care physician; you may need a referral for out-of-network provider

**High Deductible Health Plans (HDHP)** - lower monthly premiums in exchange for higher deductibles

**Government benefits** – Medicare, Medicaid, CHIP, etc.

Did you know the median monthly cost of a nursing home in PA is over \$10,000?

\*PA median costs for a semi-private room as reported in the 2021 Genworth Cost of Care Survey.

## Loss of Health



### Long-term Care (LTC)

Types and costs:\*

- In-home care (\$4,957/mo)
- Assisted living facility (\$4,100/mo)
- Skilled care/nursing home (\$10,403/mo)

Paying for LTC:

- Medicare (100-day maximum with service restrictions)
- Medicaid (asset and facility choice limitations)
- Long-term care insurance (expensive with benefit limitations)
- Other options (reverse mortgages or life insurance with accelerated death benefits)

\*PA median costs for a semi-private room as reported in the 2021 Genworth Cost of Care Survey.

## Transferrable Losses

## Loss of Property



### Homeowner/Renter's Insurance

- Dwelling and other structures
- Personal property
- Loss of use
- Medical payments
- Personal liability

### Automobile Insurance

- Required by law in PA
  - Medical benefits
  - Bodily injury liability
  - Property damage liability
- Options Coverage
  - Un- or under-insured motorist
  - Collision/comprehensive
  - GAP



## Side Bar: Identity Theft

What is it?

How does it happen?

Can it be prevented?

Can it be insured?



Identity theft

## Side Bar: Identity Theft

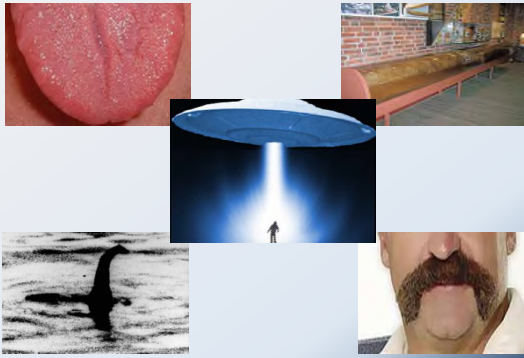
If you are a victim:

- File a police report
- Fraud alerts to credit bureaus and ChexSystem
- Close any account that were, or you suspect were affected
- 1-877-ID-THEFT (438-4338) or online at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)



Identity theft

## Insure This?



## The Cost of Transferring Risk



- Premiums – “price of protection”
- Deductibles – “you go first”
- Co-payments – “pay per view”
- Co-insurance – “your ‘fare’ share”
- Annual policy fees – “more please”
- Premium sales charge – “take a chance”
- Surrender charge – “exit fee”
- Waiting period – “no so fast”

What is important to know about my insurance policies?



## Know Your Policies

What *perils* (events) causing *loss* or *damage* to what *property* are covered?

What *injuries* are covered and *on whom*?

How do I file a claim?

How much is paid and who will receive payment?

How can I control possible losses and policy costs?

## Getting Your Affairs in Order



Final Arrangements



Medical Directives



Property Transfer

## Property Transfer



- Will – Who gets your stuff?
- Guardianship – Who gets your kids?
- Trust – Protect assets

## Medical Directives



- Living Will
- Healthcare Power of Attorney (POA)

## Final Arrangements



- Disposition
- Funeral/memorial

## Consumer Protection

Why is this so important?

## The Perfect Burger?



Too Good To Be True...

- 3 lbs ground beef
- 100 hamburger buns
- 2 cases of lettuce
- a dozen tomatoes
- Vegetable oil
- brown food coloring
- tweezers
- Superglue
- paintbrush
- waterproof spray
- glycerin and water

Source: PBSKids.org



## Advertising and Commercialism



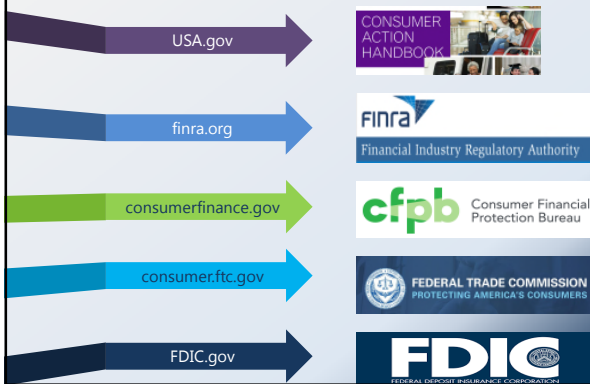
Ask yourself *before* you buy...

- Who is this ad targeting?
- What are they using to grab my attention?
- What tactics are they using to make me want buy the product, i.e., emotions, bandwagon, endorsements?
- Do I need it?
- Have I done my homework?
- Have I shopped around to at least three places?

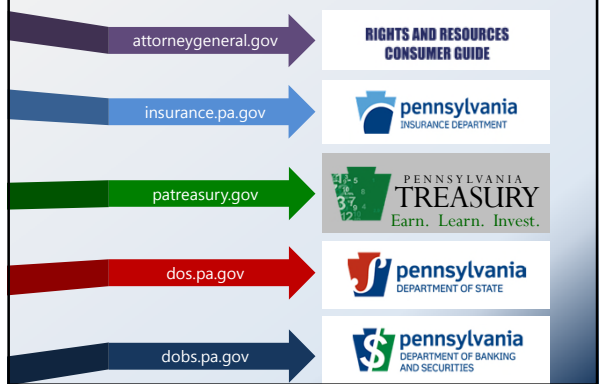
## Consumer Protection



## National Resources



## Pennsylvania Resources



## Today's Topics

- Managing Risk
- Building an Emergency Fund
- Types of Insurance
- Cost of Insurance
- Consumer Protection



- Establish an emergency savings
- Identify reentry risks and establish a plan to manage them
- Identify health insurance needs upon release
- Identify other types of insurance needed upon release
- Establish or review medical directive and will
- Order C.L.U.E. report and review for errors

# Complete Today

### Post-session Questionnaire

Circle the answer that you believe is correct.

- Which of the following is a way to manage risk?
  - Ignore the risk
  - Increase the risk
  - Accept the risk
  - Change the risk
- Which of the following is a type of when insurance is necessary?
  - Ignoring an event that could occur
  - Reducing the risk of an event occurring
  - Ignoring your financial resources
  - Changing an event that could occur
- Which of the following is a type of emergency savings?
  - Having enough cash to cover basic living expenses for three months
  - Not having the needed amount of funds to cover the cost of the event
  - Keeping the money in long-term accounts rather than your bank account
  - Using the money to pay for unexpected expenses
- Which of the following is a disability income source?
  - Life insurance
  - Health insurance
  - Social Security
  - None of the above
- Which of the following need to be covered as part of the Affordable Care Act (ACA)?
  - Prescription drugs
  - Vision
  - Hearing services
  - Preventive dental care
  - Long-term care
- Which of the following is not considered a "form of protection"?
  - Life insurance
  - Health insurance
  - Disability insurance
  - None of the above

### Session Evaluation

We hope you found today's session engaging and of value to you. Please fill out your opinion and comments so we may continue to improve the program. Thank you!

Name: \_\_\_\_\_

Location: \_\_\_\_\_


Session Topic	Excellent	Good	Fair	Poor	None
Disability Insurance					
Health Insurance					
Life Insurance					
Emergency Savings					
Retirement Savings					
College Savings					
Other					

Additional comments: \_\_\_\_\_

Email the Post-Session Questionnaire and the Session Evaluation to:

# Now, it's your turn!

Note: For best results, view in Adobe Reader DC or Nuance.



PHFA

## Homework

### Self-Assessment and Track Your Progress

Complete this self-assessment to track your progress in building your financial future. You will receive a score for each section, and the overall score will be used to determine your next steps.

Section	Score
Current Position	
Next Steps	
Health Insurance	
Disability Insurance	
Life Insurance	
Emergency Savings	
Retirement Savings	
College Savings	
Other	

### What are My Potential Risks and Losses?

What are all the risks and insurance risks to your situation? Think about the risks and losses that you may encounter over your lifetime. What steps can you take to manage these risks and losses? Circle the risk. What insurance, if any, might decrease the financial burden of the risk?

Risk	Describe the Risk and Possible Loss	Ways to Manage Risk	Insurance Choice
Life Event	Death	Life insurance	Life insurance
Disability	Loss of income	Disability insurance	Disability insurance
Health	Medical expenses	Health insurance	Health insurance
Property	Damage to home or possessions	Homeowners insurance	Homeowners insurance
Liability	Legal expenses	Liability insurance	Liability insurance

### Saving for Emergencies

Emergency savings is a key part of your financial future. It provides a source of cash to cover unexpected expenses. Here are some tips to help you get started:

- Start with a goal of saving \$1,000 to \$2,000.
- Automate your savings.
- Use a high-yield savings account.
- Review your budget regularly.

### Calculating Life Insurance Need

Use the following worksheet to calculate the amount of life insurance you may need. Remember that life insurance is not a one-time purchase. It is a long-term investment.

Name: \_\_\_\_\_

Age: \_\_\_\_\_

Income: \_\_\_\_\_

Spouse's Income: \_\_\_\_\_

Children's Expenses: \_\_\_\_\_

Other Expenses: \_\_\_\_\_

Total Life Insurance Need: \_\_\_\_\_

### Calculating Disability Insurance Need

Disability insurance is a key part of your financial future. It provides a source of cash to cover unexpected expenses. Here are some tips to help you get started:

- Start with a goal of saving \$1,000 to \$2,000.
- Automate your savings.
- Use a high-yield savings account.
- Review your budget regularly.

### Healthcare Needs and Insurance Checklist

Now that you have a better understanding of your healthcare needs, it's time to check off the items on this checklist. This will help you determine what insurance you need to cover your healthcare costs.

Item	Yes	No
Health insurance		
Disability insurance		
Life insurance		
Emergency savings		
Retirement savings		
College savings		

**Building Your Financial Future**

**Automobile Insurance**

Company: \_\_\_\_\_ Agent Phone: \_\_\_\_\_  
 Agent: \_\_\_\_\_ Agent Email: \_\_\_\_\_

**Policy Item:**

1 - Basic Term (Covered per insured)  3 - Comprehensive Term (w/ additional benefits)

2 - Special Term (Reinsured if not cancelled)  4 - Used Car Term (Excludes loans)

5 - Contents (Revol from driver)  6 - Modified Coverage (Non-Olds home)

**Special:**

Replacement Cost  Yes  No  
 Cash Value  Yes  No

Personal Property  Yes  No  
 Dwelling  Yes  No  
 Personal Liability  Yes  No

Medical Payments  Yes  No  
 Towing  Yes  No  
 Roadside Assistance  Yes  No  
 Other (List below): \_\_\_\_\_

**Costs:**

Annual Premium: \_\_\_\_\_  
 Deductible/Co-pay: \_\_\_\_\_  
 Co-payments: \_\_\_\_\_  
 All-Territory Fee: \_\_\_\_\_  
 Other: \_\_\_\_\_

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**Homeowner/Builder's Insurance**

Company: \_\_\_\_\_ Agent Phone: \_\_\_\_\_  
 Agent: \_\_\_\_\_ Agent Email: \_\_\_\_\_

**Policy Item:**

1 - Basic Term (Covered per insured)  3 - Comprehensive Term (w/ additional benefits)

2 - Special Term (Reinsured if not cancelled)  4 - Used Car Term (Excludes loans)

5 - Contents (Revol from driver)  6 - Modified Coverage (Non-Olds home)

**Special:**

Replacement Cost  Yes  No  
 Cash Value  Yes  No

Personal Property  Yes  No  
 Dwelling  Yes  No  
 Personal Liability  Yes  No

Medical Payments  Yes  No  
 Towing  Yes  No  
 Roadside Assistance  Yes  No  
 Other (List below): \_\_\_\_\_

**Costs:**

Annual Premium: \_\_\_\_\_  
 Deductible/Co-pay: \_\_\_\_\_  
 Co-payments: \_\_\_\_\_  
 All-Territory Fee: \_\_\_\_\_  
 Other: \_\_\_\_\_

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**Documenting Your Wishes**

By writing down your wishes, you give your executor guidelines to follow during the difficult time of making final arrangements. Use the following questions as a guide to help you plan your wishes in order.

**Personal Information**

My full name: \_\_\_\_\_ My spouse's full name: \_\_\_\_\_  
 My birth date: \_\_\_\_\_ My date of birth: \_\_\_\_\_  
 My father's full name: \_\_\_\_\_ My mother's full name: \_\_\_\_\_  
 The highest education level I have completed is: \_\_\_\_\_  
 My most recent employer is: \_\_\_\_\_ Telephone: \_\_\_\_\_

My mailing address is: \_\_\_\_\_  
 My residential address is: \_\_\_\_\_  
 My business address is: \_\_\_\_\_ (include full address to locate my estate)

Who can be reached by \_\_\_\_\_  
 My cell and other telephone numbers are: \_\_\_\_\_  
 My life insurance policies, pension statements, death benefit records, etc., I may have are stored \_\_\_\_\_

I have given the power of attorney to \_\_\_\_\_ who can be reached by \_\_\_\_\_

**Persons To Be Notified**

The following people should be notified in case of my death:

1. \_\_\_\_\_ Relationship: \_\_\_\_\_  
 2. \_\_\_\_\_ Relationship: \_\_\_\_\_  
 3. \_\_\_\_\_ Relationship: \_\_\_\_\_  
 4. \_\_\_\_\_ Relationship: \_\_\_\_\_

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**Documenting Your Wishes (continued)**

**My Address to Be Notified**

The following address should be notified in case of my death:

Address: \_\_\_\_\_ who can be reached by \_\_\_\_\_  
 Attorney: \_\_\_\_\_ who can be reached by \_\_\_\_\_  
 Insurance Agent: \_\_\_\_\_ who can be reached by \_\_\_\_\_  
 Minister: \_\_\_\_\_ who can be reached by \_\_\_\_\_  
 Other: \_\_\_\_\_ who can be reached by \_\_\_\_\_

**Final Arrangement Wishes**

I would prefer a \_\_\_\_\_ to be held at \_\_\_\_\_  
 I would like to \_\_\_\_\_  
 I would like \_\_\_\_\_ to conduct the funeral ceremony. If this is not possible, I would like \_\_\_\_\_ to officiate.  
 Rather than sending flowers, I would prefer that individuals make donations to \_\_\_\_\_

**Thoughts and Personal Messages**

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**Self-Assessment and Track Your Progress**

Self-assessment is a tool to help you identify areas where you need to improve. It is a good idea to take this assessment before you attend the next session, and to email the results to [PHFA@phfa.org](mailto:PHFA@phfa.org).

**Special Practice** (check all that apply)

(1) Check if emergency savings  (2) Check if emergency savings

(3) Check and update medical benefits  (4) Check if emergency savings

(5) Check your credit  (6) Check if emergency savings

(7) Check if emergency savings  (8) Check if emergency savings

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(99) Check if emergency savings  (100) Check if emergency savings

Please show any additional comments you may have:

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**PRIOR TO NEXT SESSION, email completed homework to:**



**Next Time: Borrow to Grow**

**Borrow to Grow Pre-Session Questionnaire**

**Pre-session Questionnaire**

Circle the answer that you believe is correct.

1. Which of the following is a type of credit you can use from PHFA?  
 A. Banking  
 B. Insurance  
 C. Military  
 D. Service

2. Which of the following would increase the cost of credit?  
 A. Lower loan  
 B. Higher down payment  
 C. Lower credit score  
 D. Lower fees

3. Which of the following "5C's of Credit" refers to a person's credit history?  
 A. Character  
 B. Capacity  
 C. Collateral  
 D. Creditworthiness

4. Which of the following credit behavior has the most influence on the FICO scoring model?  
 A. Amount of debt  
 B. Payment history  
 C. Interest rates  
 D. Payment

5. How do you have any disclosure that makes it not possible for involving credit?  
 A. Credit score and mortgage loans  
 B. Credit score and mortgage loans  
 C. Credit score and mortgage loans  
 D. Credit score and mortgage loans

6. Which of the following would have a positive effect on your credit?  
 A. Making timely payments on your credit report  
 B. Making payments through a debt management program  
 C. Having a higher credit score than the debt you owe  
 D. Having a higher credit score than the debt you owe

7. Which of the following is a type of credit you can use from PHFA?  
 A. Banking  
 B. Insurance  
 C. Military  
 D. Service

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**Email Spend Sensibly Pre-Session Questionnaire to:**

