

Building Your Financial House

Set the Foundation of Your Future



Module 6 Protect Your Potential Facilitator Guide (EOR)

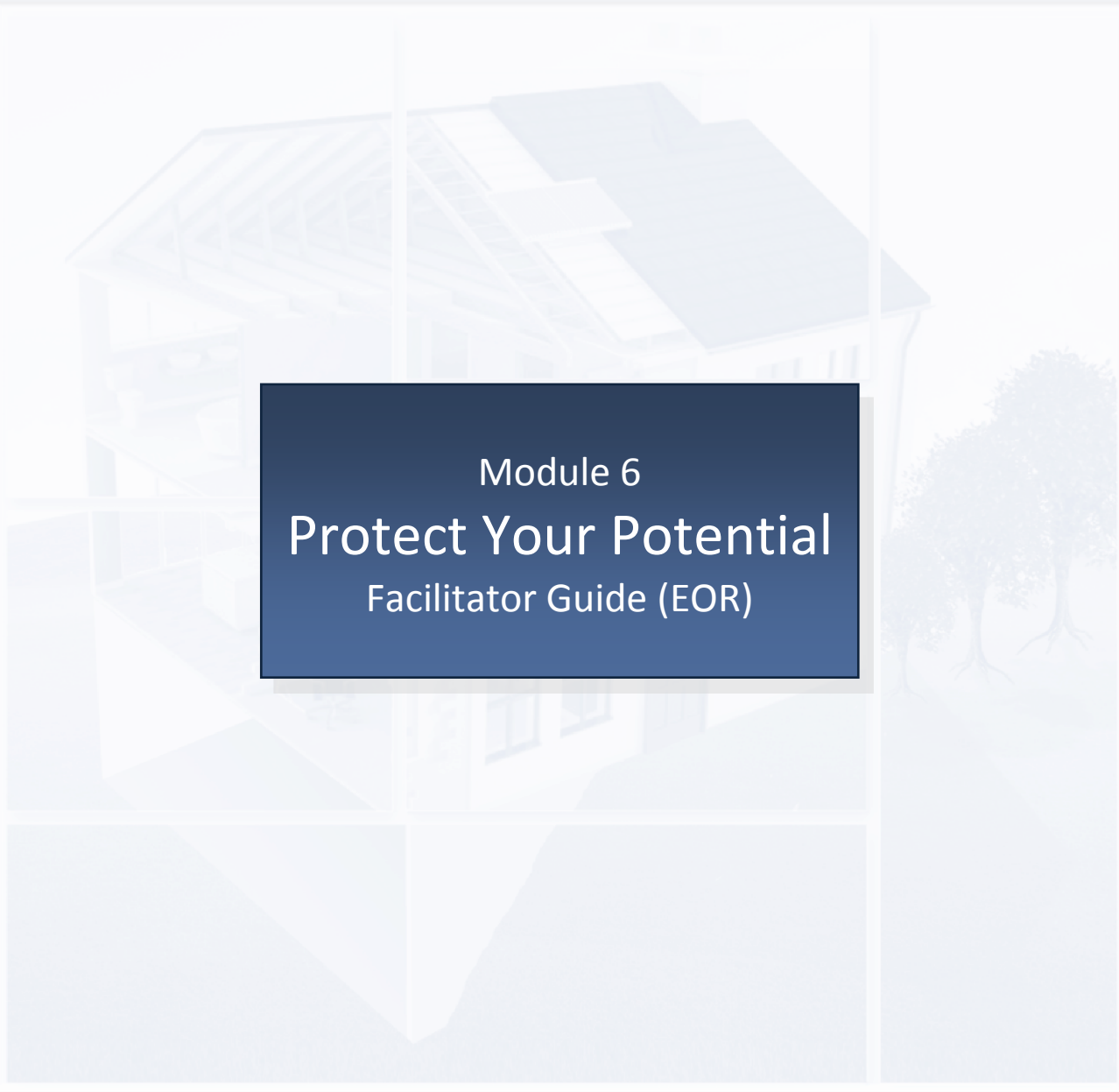




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Objectives and Checklist

According to the Framework, just as a roof protects your house, protect your potential by having a cash savings for emergencies, managing risks with the right insurance, and being a smart consumer. As a result of Module 6, participants will know how to:

- Identify potential risks which could result in financial catastrophe
- Define ways to manage risk
- 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

What we encourage the participants to do with this information is:

- Build a cash reserve for emergencies
- Review potential risks to financial stability
- Evaluate current insurance policies and make necessary adjustments to transfer risk
- Plan and document wishes for final affairs
- Comparison shop and ask questions before, during, and after buying

To prepare for the session, refer to the following checklist.

Handouts	<input type="checkbox"/> Module 6 - Participant Guide <input type="checkbox"/> Module 6 - Presentation Slides <input type="checkbox"/> Participant Certificates of Participation
Supplies	<input type="checkbox"/> Computer/laptop, projector, and slide advancer (test prior to start) <input type="checkbox"/> Extension cord <input type="checkbox"/> Adhesive flip chart paper <input type="checkbox"/> Colored markers <input type="checkbox"/> Visuals
Room Set-up	<input type="checkbox"/> Adequate tables and chairs, ideally arranged in a U-shape <input type="checkbox"/> Four separate tables or adequate space for small groups to work <input type="checkbox"/> Layout 'Case Study' visuals and markers where small groups will work

Visuals

Below are the visual aids that will be used during the presentation of Module 6: Protect Your Potential.

Case Study:

- 1. Use adhesive flip-chart paper or a plain white sheet of paper as an alternative
- 2. Make one visual of each below

<u>Quit Her Job</u>	
<u>Risk</u>	<u>Manage</u>

<u>Marry Barry</u>	
<u>Risk</u>	<u>Manage</u>

<u>Buy a House</u>	
<u>Risk</u>	<u>Manage</u>

<u>Mom Moves In</u>	
<u>Risk</u>	<u>Manage</u>

Session Outline and Activities

Slides	Section	Time Allotted
PYP.1-8	Welcome and Recap - Collect and copy page MMW-3 for data tracking	10 minutes
PYP.9-12	Objectives and Self-Assessment - Pre-Session Assessment, page PYP-3	5 minutes
PYP.13-14	Case Study: Anna’s Risks, page 26 - Risk Round Robin	15 minutes
PYP.15-18	Managing Risk	10 minutes
PYP.19-20	Side Bar: Emergency Savings	5 minutes
PYP.21-25	Transferrable Risks and Insurance - To Transfer or Not to Transfer - Loss of Income - Loss of Health - Loss of Property	25 minutes
PYP.26-27	Side Bar: Identity Theft	5 minutes
PYP.28-29	Cost of Sharing and Know Your Policies	5 minutes
PYP.30	Know Your Policies	5 minutes
PYP.31-32	Getting Your Affairs in Order	10 minutes
PYP.33-41	Consumer Protection - Smart Shopping and Consumerism - Financial Services and Professionals - Resources	15 minutes
PYP.42-47	Recap and Take Action	10 minutes
PYP.48-49	Session Evaluation and Closing, page PYP-39	5 minutes

Insure This? Key



In 1957, world-famous food critic Egon Ronay wrote and published the first edition of the *Egon Ronay Guide to British Eateries*. Because his endorsement could make or break a restaurant, Ronay insured his taste buds for \$400,000.



Lloyds of London insured a cigar which is twelve and a half feet long, and is the world's largest. The cigar contains 15,903 full tobacco leaves, and took 315 hours to make. It would also take 339 uninterrupted days and nights to smoke it all.



Whiskey company Cutty Sark was offering a \$1.5 million prize for capturing the mythical Scottish lake inhabitant, the Loch Ness Monster, alive. They then took out home insurance against paying this prize, just in case someone actually did capture it alive



While playing on Australia's national cricket team from 1985 to 1994, Merv Hughes took out an estimated \$370,000 policy on his trademark walrus mustache, which, combined with his 6'4" physique and outstanding playing ability, made him one of the most recognized cricketers in the world.



It is reported that more than 30,000 alien abduction policies have been sold by a London-based insurance company. They also sell insurance against alien impregnation and transformation into a werewolf. No claims have been paid to date.

Certificate of Participation

in recognition of your participation on this day,

in the

module of the

Building Your Financial House Financial Education Program



Presentation Instruction Guide and Script *(italics)*

Welcome and Recap	Time: 15 minutes
<p>As participants arrive, hand out the Module 6 Participant Guide and Participant Slides.</p> <p>Discuss any housekeeping issues that may be relevant.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide PYP.1</i></p>
<p>Explain:</p> <p><i>Remember the objectives of Building Your Financial House:</i></p> <p>Read the objectives</p> <p>Next</p>	 <p style="text-align: right;"><i>slide PYP.2</i></p>
<p>Explain:</p> <p><i>Remember the topic schedule for the entire program; this session, we'll be talking about checking our taxes.</i></p> <p>Next</p>	 <p style="text-align: right;"><i>slide PYP.3</i></p>
<p>Explain:</p> <p><i>Let's recap what we talked about last session.</i></p> <p>Read the points.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide PYP.4</i></p>

Ask participants to turn to **page MMW-3, Self-Assessment and Track Your Progress**, in the **Module 5** participant guide and **complete** the page (goals, worksheets completed, actions taken) if they haven't done so already.

Explain:

Did you set a goal?

Next



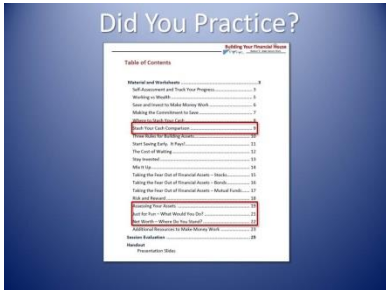
slide PYP.5

Explain:

Did you practice?

Ask for any feedback on the homework.

Next



slide PYP.6

Explain:

Did you learn more?

Ask for any feedback on the additional resources.

Next



slide PYP.7

Explain:

Did you make progress?


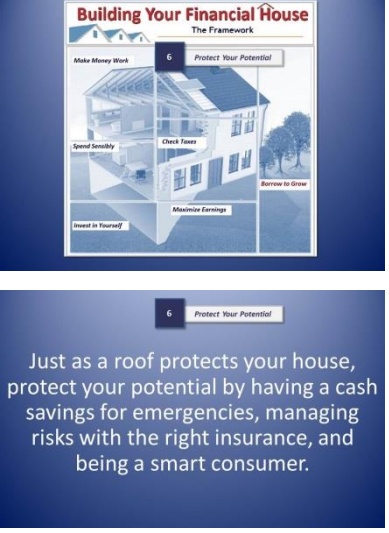
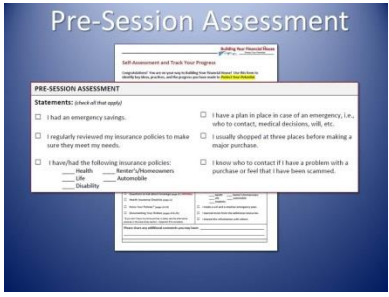
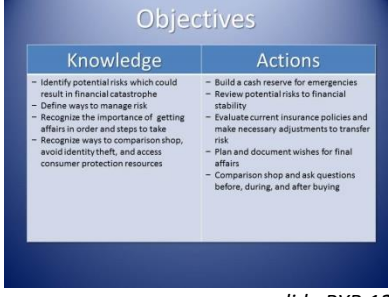
Ask for any feedback on the actions taken. Make sure participants write their anonymous identifier (participant #) in the lower right hand box.

Collect, copy, and return the worksheets before the session is finished.

Next



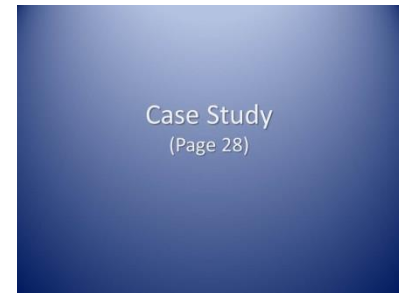
slide PYP.8

Module 6: Objectives and Self-Assessment	Time: 5 minutes
<p>Refer participants to the Module 6 - Participant Guide and Presentation Slides handouts. Again, participants may prefer to follow the slides, but pages in the guide will be referenced during the presentation so both (and the Case Study) should be handy.</p> <p>Next</p>	 <p style="text-align: right;">slide PYP.9</p>
<p>Remind audience where the module fits in the framework.</p> <p>Read the slide.</p> <p>Next</p>	 <p style="text-align: right;">slide PYP.10</p>
<p>Refer to page PYP-3, Self-Assessment and Track Your Progress.</p> <p>Read the points of the pre-session self-assessment. Ask participants to complete.</p> <p>Next</p>	 <p style="text-align: right;">slide PYP.11</p>
<p>Explain:</p> <p><i>Remember that each of the modules in Building Your Financial House will have things that we should know about the topic, but also what we should do with this information, or the actions.</i></p> <p>Read the knowledge objectives.</p> <p>Click and read the action objectives.</p> <p>Next</p>	 <p style="text-align: right;">slide PYP.12</p>

Case Study: Risk Round Robin

Time: 15 minutes

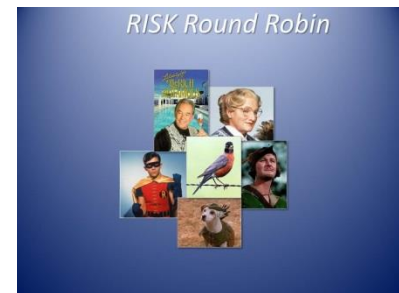
Refer to the **Case Study, pages 28, Anna’s Risks**. Ask for volunteers to read the paragraphs.



slide PYP.13

Next

Separate class into four groups; **assign** each group to one of the **Case Study** visuals. **Allow** one (1) minutes for the groups to write down the risk Anna faces with the issue and a way to manage or lessen it. **Call time** and rotate groups to the next visual. **Repeat** until everyone has had a chance at each visual.



slide PYP.14

Groups may list more than one risk but it **must** have a way to manage it. There should also be no repeat answers, thus making the final rotation a challenge.

Hang the visuals on the wall and **discuss** in the following order: Quit Job, Marry Barry, Buy a House, and Mom Moves In. **Expect** a lively discussion.

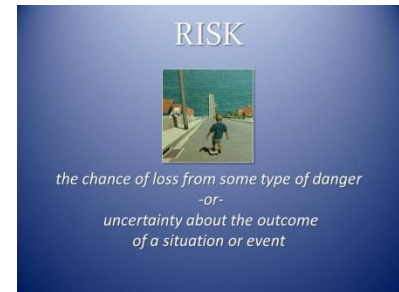
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Managing Risk

Time: 10 minutes

Explain:

Risk is the chance of loss from some type of danger-or the uncertainty about the outcome of a situation or event. We often think of RISK in terms of dramatic loss as in this picture. What is the risk? Severe injury or death. Is it serious? Absolutely, the emotional toll would be devastating and it could cause financial ruin to his family with medical bills or funeral expenses.



slide PYP.15

But did you know there is risk in everything we do from taking a shower, getting married, switching jobs, buying video games, buying a house, etc. Risk is everywhere and every day.

Most risks we handle without a thought. Say you’re walking down the street and see ice on the sidewalk, what do you do? Cross the street before you reach it, walk around it, take your chances and slide across like a six year old, or take comfort in knowing a fall and trip to the emergency room will be covered by your health insurance? Consider it managed, with a logical, although somewhat unconscious, process.

Next

Explain:

Here are the steps we followed in the risk management process for the decisions that Anna is contemplating.

- Identify the possible risk
- Consider how serious the loss would be
- Consider options to minimize
- Take action....doing nothing adds a risk in itself

Next

slide PYP-16

Explain:

Back to our boy on the skateboard. What are the ways to minimize the risk or loss?

- **Eliminate** the risk. Take the skateboard away! (click)
- **Reduce** the risk, by wearing safety gear, start closer to the end or use another, less dangerous hill. (click)
- **Retain** the risk. Basically, he will do it and whatever happens, happens. He'll take his chances and his parents will have to deal with whatever comes. (click)
- Then there is **transfer**, meaning someone else is taking on the risk. And no, putting someone else on the skateboard is not an option! We transfer the risk by having adequate insurance to pay for losses.

slide PYP-17

Refer to page PYP-5, Managing Risk, and explain that there is additional information that participants can review on their own.

Ask participants to share what they believe to be a risk to recidivism once they are released and ways they intend on managing it.

Refer to page PYP-6, What are My Potential Risks and Losses? and explain that the worksheet gives participants the opportunity to evaluate risk in their own lives, including risk of recidivism and ways to manage it. There is also a column for appropriate insurance which will be covered next.

page PYP-5

Life Event	Describes the Risk and Possible Loss	Ways to Manage Risk (avoid, reduce, accept, share)	Insurance Choice
Example: Driving a car	<ul style="list-style-type: none"> • Car Accident • Theft • Hill Damage • Injury to self and others 	<ul style="list-style-type: none"> • Obey traffic rules and speed limits • Wear seat belts • Lock doors • Park in garage 	<ul style="list-style-type: none"> • Auto insurance with a collision • Liability • Comprehensive
Returning to your Release of Inmate			
NOT Returning to their Release of Inmate			
Leaving an Apartment			
Getting Married			
Having Children			
Unintentional Death (suicide or other)			
Stop Working/Retirement			
Recreational Activities or Hobbies			
Other Events/Risks			

page PYP-6

Next

Explain:

So how do we know when to transfer risk with insurance? Insurance is:

- **Necessary**-when the loss may cause financial ruin or required by law
- **Important**-loss may force borrowing to cover expenses
- **Optional**-loss can be covered by other means, such as emergency savings

Next

Protect Your Potential

When to Transfer

- Necessary-loss may cause financial ruin or is required by law
- Important-loss may force borrowing to cover expenses
- Optional-loss can be covered by other means, such as emergency savings

slide PYP.18

Side Bar: Emergency Savings

Time: 5 minutes

Explain:

Emergency Savings....First line of defense for a loss. Experts say we should have three to six months' worth of EXPENSES saved up in case of an emergency. Our emergency savings should be 'liquid' meaning in cash form, like a savings account at a bank or credit union. It should also be accessible but not too accessible. For example, open up an account at a different bank or credit union and forego the ATM card.

Next

Side Bar: First Line of Defense

Emergency Savings

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



slide PYP.19

Explain:

Here are the calculations for Anna's emergencies savings. The number is quite large. Keep in mind that Anna's original goal was to save 1/2 month's rent and that was terrific. For our own situations, start small, i.e. one month's rent and work from there. It may take some time but at least it will be something to fall back on in an emergency!

Refer to page PYP-7, Saving for Emergencies and explain that the worksheet gives participants the opportunity to calculate their own emergency savings needed upon their release.

Next

Emergency Savings

Anna's Emergency Savings Worksheet			
Rent for 1 month	\$ 1,000	x 3 months =	\$ 3,000
Gas/Oil, electric and water for 1 month	\$ 175	x 3 months =	\$ 525
Groceries for 1 month	\$ 600	x 3 months =	\$ 1,800
Car insurance and fuel for 1 month	\$ 185	x 3 months =	\$ 555
Total	\$ 1,960	x 3 months =	\$ 5,880

Total amount needed for emergency savings: **\$5,880**

slide PYP.20

Building Your Financial House
Protect Your Potential

Saving for Emergencies

Nobody can predict the future, so it makes sense to put aside money for the unexpected. Using the money saved for an emergency is better than taking out a loan or selling assets for cash. If you take out a loan, you will have to pay interest. If you sell assets, you may lose interest and possibly some of the original investment.

Here are some things to consider when building an emergency savings.

- The rule of thumb is to set aside enough cash to cover your basic living expenses for at least three months. However, even saving \$200 can help you cope better with unexpected expenses.
- Keep the money in an easily accessible (but not too accessible) savings account that is separate from your general savings. If you mix your emergency fund with your general savings account, it becomes too easy to dip into it. Consider opening an account at another financial institution, separate from your regular savings or checking accounts.
- Don't keep the money in long-term assets, such as a stock, mutual fund or CD with a long maturity date; this makes accessing the money more difficult.
- Use the money only for true emergencies, such as an unexpected medical bill or car repair. If you lose your job, you may need your emergency fund for food, utilities, rent payments and necessary transportation. (People can usually get by buying clothing for at least three months.)

How much will I need to keep in my emergency fund? Use the following worksheet to calculate how much you may need in your emergency fund. Remember, even saving one month of expenses can help you in the future!

Emergency Savings Worksheet			
Groceries for 1 month	_____	x 3 months =	\$ _____
Gas/Oil, electric and water for 1 month	_____	x 3 months =	\$ _____
Rent or Mortgage for 1 month	_____	x 3 months =	\$ _____
Car payment or bus fare for 1 month	_____	x 3 months =	\$ _____
Other debt for 1 month	_____	x 3 months =	\$ _____
Total amount needed for emergency fund: _____			

page PYP-7

Transferrable Losses and Insurance

Time: 25 minutes

Click to reveal first picture. **Ask** the participants (1) if the item can be protected from loss, (2) how it can be protected (type of insurance), and (3) whether they would purchase the protection. **Click** to advance to the next picture. The key is as follows:

- **Income** can be protected from loss due to disability or death by disability and life insurance
- A **home's** structure, stuff, and your fault can be protected by homeowner's insurance
- **Credit payments** can be protected from loss due to disability, death, or even unemployment by credit life or disability insurance and involuntary unemployment credit insurance
- A **pet's** health expenses can be protected by pet insurance
- **Health** (minor, major illness, emergency, or skilled care) can be protected by health and long-term care insurance; required by the Affordable Care Act
- **Automobiles** (property damage, medical expenses, and liability) can be protected by automobile insurance and is required by law in PA
- **Jewelry** (furs, antiques, collections, etc.) can be protected by a special property rider on homeowner's policies
- **Big ticket items** can be protected by product warranties
- A person's **identity** can be protected by credit monitoring, prevention, and repair services which we will talk more about later

Expect a lively discussion. Remember this in an opinion (with the exception of automobile and health which are required by law).

Next



slide PYP.21

Explain:

Let's talk in more detail about transferring some common losses with insurance. For most people, insuring income, health, and property is the norm. As we discuss each section, keep in mind the following:

- *there is more information in the participant materials than we can cover, so be sure to take time after class to review*
- *our discussion about insurance is general in nature; discuss your individual needs and questions with your insurance agent, financial coach, or counselor*

Next



slide PYP.22

Refer to pages PYP-8 thru 12, Insuring Loss of Income, and explain that there is additional information that participants can review on their own, but may follow the discussion in the materials if they prefer.

Loss of Income can be insured in the event of death, illness, or disability. **In the event of death**, life insurance can be used to cover lost income of the deceased, as well as, to pay off debts. The cost is based on the age and health of the **insured person**. (You can be the insured person but not the owner of the policy.) The higher your age, the higher the premium; the poorer your health, the higher the premium. When deciding on life insurance, consider how much you really need and what products will cover your need in a cost effective manner.

Let's talk about need first. Some insurance agents will give a general formula for coverage, i.e., five to eight times your annual wages. That amount may sell piece of mind, but it's not necessarily true for everyone. Your need is based on:

- Medical expenses previous to death, burial costs and estate taxes
- Support for surviving family members
- Other expenses, i.e., day-care costs, college tuition, and retirement

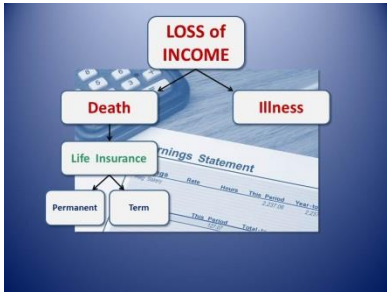
Refer to page PYP-9, Calculating Life Insurance Need, and point out that the worksheet gives the participants the opportunity to determine their own life insurance needs.

Explain:

There are two types of life insurance: permanent and term.

- **Permanent** life insurance is a policy that is in effect for life, as long as the premiums are paid, of course! Whole life, universal life and variable universal life are common varieties of policies. Each has advantages and disadvantages but is sold based on 'building up a cash value.' These policies have higher premiums, as some of it goes to pay for insurance and some goes to the savings (cash value) component. The benefit is they are in effect for life as long as you keep paying the policy premiums. The question is do you need life insurance for your entire life or just a portion of it, as during the time you are raising your children?
- **Term** insurance is temporary and pure insurance (no cash value). It's good for a period of time and then expires. You may be able to renew the policy but your rate will be higher and based on your current health situation. This policy is less expensive than permanent.

-continued-



slide PYP.23

Building Your Financial House
Insuring Loss of Income

When we talk about insuring losses, you may not have a need in each category. Some needs are universal and life long, like for your health and property. Other needs come about when the events happen and are not life long, like the need to replace lost income due to death or disability. It's a good idea to think about your risks and losses on a regular basis, say once every year, and take any action necessary to keep your protection protected. Now we will address the losses that are covered by life, health, and property.

Due to Death
In general, life insurance is used to replace income lost from the deceased, especially if he or she was the primary income provider for the family. It can also be used to pay off funeral expenses and debts, replacement savings for college, or leave a legacy according to their wishes. Life insurance may help to keep children in the family home and school district. Not everyone has a need for life insurance as it varies with age and responsibilities.

If you determine that you may need life insurance, how much should you have? Some insurance agents will give a general formula, i.e., five to eight times your annual wages. That amount may sell piece of mind, but it's not necessarily true for everyone. Your need is based on the following:

- How much of the family income do I provide?
- How would my services, expertise and children, get by?
- Does anyone else depend on me financially, such as a parent, grandparent, sibling, etc.
- How will my family pay final expenses and repay debts?
- Will there be estate taxes to pay?
- Do I have children for whom I would like to set aside money to finish their education?
- Do I have family members or organizations to which I would like to leave money?
- How will inflation affect future needs?

The next page provides a worksheet in order for you to put your considerations and needs into an annual dollar amount.

page PYP-8

Building Your Financial House
Calculating Life Insurance Need

Use the following worksheet to do a quick calculation for the amount of life insurance you may need. Remember that this is based on what is important to you, your family, and your goals.

Income Replacement	
1. Annual income needed if you were to die today:	\$
2. Annual income family would receive from other sources:	\$
3. Total annual income replacement (see item 1.2):	\$
4. Multiplying factor for number of years needed (see notes):	\$
5. Total Income Replacement Need (multiply item 3 by 4):	\$
Cash Needed for Final Expenses, Debts, and Goals	
6. Funeral and other final expenses:	\$
7. Mortgage and other debts:	\$
8. College savings for children (Number of children):	\$
9. Other goals:	\$
10. Total Cash Needed (sum of items 6-9):	\$
Resources to Place	
11. Savings and investments (see account, CD's, IRAs, bonds, mutual funds, etc.):	\$
12. Retirement savings:	\$
13. Life insurance currently in place:	\$
14. Total Resources Available (sum items 11-13):	\$
15. Estimated Life Insurance Need (see item 5 - item 14 - item 10):	\$

Notes:

1. College savings: can't deduct on 1041. Taxes on 1021 are more than 10% of your AGI. Don't forget to include any other college savings you have in other accounts. 2. Retirement savings: include 401(k), IRA, 529, etc. 3. Life insurance currently in place: include term life insurance, universal life, and variable universal life. 4. Total Resources Available: include cash, savings, investments, etc. 5. Estimated Life Insurance Need: this is the amount of life insurance you need to purchase.

Source: Adapted from Life Insurance Needs Estimation Worksheet

page PYP-9

Building Your Financial House
Insuring Loss of Income (continued)

Now that you have an idea about how much you may need, the next step is to find a life insurance policy that will meet your need in a cost effective manner. All policies are not the same. Some policies cover you for your lifetime and others cover a certain number of years. Some build up cash values. Some policies combine different kinds of insurance, and others let you change from one type to another. Let's look at the two basic types of life insurance.

Term insurance covers you for a certain time frame or "term" of one or more years. It pays a death benefit only if you die during the term. The more time you have to live, the more you pay for insurance. The longer insurance protection for your permanent life. Generally does not build up cash value and has lower premiums than early years to pay for permanent life. You can renew most term insurance policies for one or more terms, even if your health has changed. Each time you renew the policy for another term, premiums may be higher. Ask what the premium will be if you continue to renew the policy and understand how your renewal premium compares to other coverage. Also ask if you will lose the right to renew the policy at a certain age. You may be able to make a new term insurance policy for a shorter period of time, but you will need to be in good health. Premiums for the new policy will be higher than you have been paying for the term insurance.

Permanent life insurance is a policy that is in effect for life, as long as the premiums are paid. While this is usually a flexible permanent policy that allows you to vary your premium payments and adjust the benefit value. Note that if the payments you make plus the interest earned on the savings component do not cover the cost of insurance, your coverage will end. At this point you must increase premium payments or lower the death benefit to continue the policy.

Variable Universal Life (VUL) policies are permanent policies that allow you to vary your premium payments and adjust the benefit value. You can invest your premium payments in a variety of investment options. Be sure you understand the performance of these funds, and the risks involved in investing. Make sure you understand the investment and potential for decreased coverage when buying this type of policy.

When choosing a policy, ask yourself if you need the insurance for your entire life or just a portion of it. If so, while rating is higher. Keep in mind you may combine term with permanent insurance here to cover the period of your greatest need, and permanent death benefit for the remainder of your life. Discuss these options with your insurance agent to make sure you buy the right insurance for your needs.

Source: Adapted from Life Insurance Needs Estimation Worksheet

page PYP-10

-continued-

Click and explain:

Now let's look at the **Loss of income in the event of illness or injury**, disability insurance can cover a portion of your lost wages. The policy will not cover your entire wages, usually only up to 2/3. Some policies cover your wages for the short-term (0-6 months) and others are long-term (only after 6 months of being disabled).

Click

What's important to know about disability policies is the definition of disability. There is a difference between not being able to do **YOUR job** and not able to do **ANY job**.

For example: Let's say you are a hairdresser and a skiing accident leaves you unable to stand for no more than 10 minutes at a time without severe pain. Clearly, you are unable to perform **your job** with this injury.

However, you may be able to do work in which you don't have to stand, i.e., office work. So, are you truly disabled and should collect disability insurance? The answer is if the policy defines disability as unable to do **YOUR job**, then most likely, yes. If it defines disability as not being able to do **ANY job**, then most likely no.

A note on disability, if you have earned enough credits to qualify for social security disability (SSD), the definition of disability is a permanent or terminal condition that doesn't allow you to perform tasks of **ANY job**. You have to be disabled for six months before you can even make a claim. These two conditions make it necessary to think about alternatives to relying on SSD.

Refer to page PYP-12, **Calculating Disability Insurance Need**, and point out that the worksheet gives the participants the opportunity to determine disability insurance needs using relevant information from the **Case Study**.

Next

Refer to pages PYP-13 thru 16, **Insuring Loss of Health** and explain that there is additional information that they can review on their own, but may follow the discussion in the materials if they prefer.

Explain:

Our health can be insured for both temporarily and permanent illnesses/injuries. Here is just an overview of the insurances and what they cover.

-continued-



slide PYP.23

Due to Disability

The greatest personal asset we have is the ability to earn an income. Statistics show that we have a three in four chance of suffering a disability during our working lives and that will leave us out of work for 90 days or longer. Also think about how a disability could affect your earnings over a lifetime. For example, a 25 year old earning \$30,000 per year could lose \$3.8 million in future earnings if they suffered a permanent disability. Disability benefits.

There are several sources of benefits to consider when planning for disability protection. These benefits may be short term, typically covering three to six months following a disability, or long term, typically covering the months and beyond following a disability. They do not replace 100% of your pre-disability income. In order to prevent fraudulent claims and provide an incentive to return to work, there may also be limitations on the duration of benefits, depending upon the source. Here are some examples of disability benefits sources:

- Self-insure** - employers may specify a set number of sick days which are paid at 100% of salary before any disability insurance would be paid.
- Worker's Compensation** - all states require employers to provide this coverage, which typically pays 60-80% of your pre-disability income. It is used to pay benefits for work-related illness or injury. According to the National Safety Council, only 70% of long-term disabilities actually qualify for work-related and would be covered by this benefit.
- Social Security Disability Insurance** - you must work enough quarters to qualify for benefits which are based on earnings over your work life. The number of work credits needed depend upon the age when you become disabled. The disability must also be expected to last at least one year or result in death. Keep in mind that according to the Social Security Administration, 60% of disability claims are initially denied and the average monthly benefit in 2012 was \$1,136, which is near the federal poverty line.
- Employer-sponsored plans** - these disability insurance plans are usually part of group insurance plans offered in an employee benefits package and typically pay 60% of pre-disability salary. Some employers pay the full cost of the disability insurance and other offer the opportunity to purchase coverage at group rates. These plans may have combinations of benefits checks, as well as if you are receiving other sources of disability benefits. Note also if you voluntarily purchase disability insurance through your employer's group plan and one other besides the benefits you receive will be income tax free.
- Individual disability insurance** - these policies are portable and can move with you from employer to employer. They tend to be more expensive but are the most flexible and reliable policies that incorporate benefits checks.
- Other sources** - veteran's disability benefits, credit life/disability benefits, automobile insurance if disability results from an auto accident, Supplemental Social Income (SSI), and, of course, your own savings.

Source: The Real Deal on Disability Insurance by Gordon Brown, MSF, Director, Job and Family Health Foundation, 2007

page PYP-11

Calculating Disability Insurance Need

In order to determine if you have a need for disability insurance, it is important to evaluate all of your potential disability income sources and your expenses. Below is a quick calculation for how much disability insurance you may need. Use **bold's** relevant information from the **Case Study** to complete the worksheet.

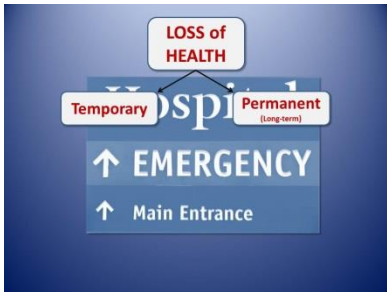
Monthly Income Replacement	
1. Monthly income from spouse/other family members:	\$
2. Monthly income from savings/investments:	\$
3. Monthly veteran's benefits:	\$
4. Other monthly income sources:	\$
5. Total Monthly Income Replacement Need: (sum rows 1-4)	\$
Monthly Expenses	
6. Monthly expenses from My Money Map, page 55-56:	\$
7. Increased expenses (health-care and home care):	\$
8. Lower expenses (car, insurance, retirement, etc.):	(\$)
9. Other monthly expenses not previously included:	\$
10. Total Monthly Expenses: (sum rows 6-9)	\$
11. Total Monthly Disability Insurance Need: (sum rows 5-10)	\$

Remember that disability insurance will not replace 100% of pre-disability income. Disability insurance can assist in getting you as close to pre-disability income as possible. Consider both group disability benefits through your employer and an individual policy, but shop around and compare policies before you buy or select coverage. Keep in mind the following:

- What is the disability definition? Is the inability to perform your own job or the inability to perform any job?
- Does the policy cover disability from illness, accidents, or both, and are benefits paid for partial or residual disability?
- Are full benefits paid for loss of sight, hearing, or limbs, whether or not you are able to work?
- What is the maximum benefit and the percentage of income it will replace?
- Is the policy non-cancelable, guaranteed renewable, or conditionally renewable?
- Will the premiums be waived if you are disabled for a certain period of time?
- Does the policy adjust for inflation, and if so what is the rate?

Source: Adapted from Figuring Your Disability Needs (NAC)

page PYP-12



slide PYP.24

-continued-

Click

Temporary loss of health can be protected by what we know as “health insurance.” Employers have traditionally provided health insurance benefits to employees and their families. However, with the cost of insurance, many are cutting back leaving many uninsured people in this country. The new Affordable Care Act (ACA) was passed in 2010, which states that everyone must have health insurance that includes essential benefits.

- Essential benefits include emergency services, hospitalization, maternity and newborn care, mental health, prescription drugs, rehabilitation, lab services, and preventative/wellness services.
- Dental and vision coverage are add-ons to basic plans. They are not required as part of the ACA.

Types of plans available are:

- **Health Maintenance Organizations or HMO** that may limit coverage to a network of doctors/providers and require referrals from a primary care physician to see specialists.
- **Preferred Provider Organizations or PPO** also have a network of providers but gives the patient a choice to see a provider outside of the network. PPO’s don’t require referrals to see a specialist.
- **High Deductible Health Plans** have lower monthly premiums in exchange for a high deductible.
- **Catastrophic Plans** also have higher deductibles, higher out of pocket limits and lower premiums. These plans are basically safety nets against serious accidents or illness and have more limitations on essential services.
- There are also government programs, **Medicare, Medicaid, and CHIP** that provided benefits for seniors, the impoverished, and children.

Refer to **page PYP-15, Health Insurance Checklist**, and point out that the worksheet gives the participants the opportunity to determine their own health insurance needs upon release.

Click

Permanent or long terms loss of health is described as the need for medical **and** personal care over an extended period of time or until life’s end. Personal care means assistance with **activities of daily living or (ADL’s)** such as bathing, dressing, eating, moving to/from a bed or a chair, and using the bathroom. Also, there might be a need for assistance with other **everyday tasks** (instrumental activities of daily living-IADL’s), such as managing money, housework, cooking, taking medication, shopping for groceries, etc.

-continued-



slide PYP.24

Insuring Loss of Health

The loss of health can be described in two ways, temporary and permanent, and is distinguished by the types of services needed and the type of insurance which covers them, not necessarily the duration of the condition or treatment.

Temporary loss of health is covered by what we know as “health insurance” and includes conditions of minor or acute illnesses or injuries; permanent loss of health refers to the condition of being unable to care for oneself and is covered by long-term care insurance. Let’s start with temporary loss of health.

Employers have traditionally provided health insurance benefits to employees and their families. However, with the cost of insurance, many had cut back on benefits, leaving many uninsured or underinsured people. The Affordable Care Act (ACA) was passed in 2010, which states that everyone must have health insurance that includes essential benefits. Those that do not have access to employer-provided plans can access individual plans through the marketplace exchanges created by the ACA.

Health insurance plans cover a variety of needs, but according to ACA, plans must include the following essential health benefits:

- Ambulatory patient services (outpatient care you get without being admitted to a hospital)
- Emergency services
- Hospitalization (like surgery and overnight stays)
- Pregnancy, maternity, and newborn care (both before and after birth), including breastfeeding
- Mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
- Prescription drugs, including birth control
- Rehabilitative services and devices (prosthetics and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care*

*Note that separate vision coverage plans are not included as essential benefits.

There are several types of health insurance plans, each with benefits and drawbacks. Here is a brief summary of the most common types of plans.

- **Indemnity plans** – These major medical plans provide the most flexibility in choosing where and from whom to receive care. You may visit almost any doctor and hospital that you choose. These plans usually pay a portion of the cost and are often referred to as “fee-for-service” plans.
- **Preferred Provider Organization (PPO) plans** – In these plans, the insurance company enters into contracts with selected hospitals and doctors to furnish services at a discounted rate. As a member of a PPO, you may be able to seek care from a doctor or hospital that is not a preferred provider, but you will probably have to pay a higher deductible or co-payments.

Source: Adapted from Issue 6: Health Insurance (H&I)

page PYP-13

Health Insurance Checklist

How can you determine if the health insurance plan(s) being offered by your employer (or if shopping for coverage according to the Affordable Care Act) is right for you? Use the following checklist to pin-point your needs, if they will be covered, and for how much. Then decide which policy is best for you and your family.

Benefit	Must have	Company #1	Company #2	Company #3
Office visits				
Hospital care				
Transport (in and out of hospital)				
Emergency room visits				
Medical tests, X-rays				
Primary physician				
Specialty care				
Well-baby care				
Immunizations				
Prescription Drugs				
Mental health				
Maternity care				
Orthodontics				
Preventive and wellness exams				
Other not listed				
Costs				
Monthly premium				
Office visit copay				
Prescription drug copay				
Emergency room copay				
Deductible				
Out-of-pocket (OOP)				
Out-of-pocket max (\$)				
Other Issues				
Choice of doctors				
Referrals to specialist/necessary				
Coverage locations				
Other special requirements				
Totals:				
Which is best for me?				

Source: Adapted from PA Health Options (see PA Insurance Department)

page PYP-15

-continued-

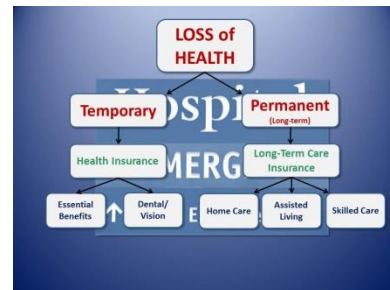
Click, and explain:

The need for long-term care can be a result of an accident or disability, serious or chronic illness, and/or the aging process. There are different levels of care that may be covered:

- Most people would like to stay in their own home for as long as they can. You may be able receive services **at home** based on the assistance needed and available and condition of the property.
- **Assisted living** is community living, in which service providers may be on staff or outside agencies, with level of care and assistance based on the facility.
- **Skilled care** in nursing homes providing 24 hour supervision and the widest array of services.

The cost of long-term care depends on the type and duration of care. Some government programs, such as Medicaid and Medicare provide limited LTC services; private long-term care insurance is expensive but provides for a wider range of options, facilities, and services. Finally, there are other creative ways to pay for long-term care using equity in your home or even life insurance.

Next



slide PYP.24

Insuring Loss of Health (continued)

A permanent loss of health is a condition of being unable to care for oneself for long periods of time or expected until death. It can be a result of a chronic illness, disability or aging. Requiring long-term care includes a variety of services and supports, and most are not medical in nature. Some services provide assistance with activities of daily living (ADLs). ADLs include dressing, bathing, using the toilet, moving in or from bed/chair, eating or food preparation, and walking. Other services provide assistance with what are called instrumental activities of daily living (IADLs) and include housework, managing money, taking medications, meal preparation, shopping for groceries, using the telephone, caring for pets, etc. Long-term care planning also includes where to live and handling financial, legal, and family dynamics along the way.

According to the Administration on Aging (US Dept of HHS), 70% of people turning 65 can expect to need some form of long-term care during their lives. Statistics also show that women, people having a chronic illness, living alone, family history and poor diet and exercise habits increase the chances for needing long-term care. So, how much does care cost and what are options to cover these needs?

Costs

The cost of long-term care depends on the type and duration of care you need, the provider you use, and where you live. In Pennsylvania (2014):*

- The median cost of a semi-private room in a nursing home is at \$8,072/month
- The median cost of an in-home health aide is \$4,108 per month
- The median cost of an assisted living facility is \$3,800 per month or \$48,000 per year.
- The median cost of adult day health care is \$2,300 per month

Coverage

- Medicaid** - Pays for skilled nursing or rehabilitative care for a maximum of 100 days and does not pay for non-skilled assistance for ADLs, which make up the majority of needed services.
- Medicaid** - Pays for most long-term services but your income and assets must be below a certain level in order to qualify. There are also other requirements that must be met.
- Long-term care (LTC) insurance** - LTC policies reimburse policyholders a daily amount for services in a variety of settings including at home, community living, full-skilled care nursing facility. Costs vary according to your age, maximum daily benefit, maximum days or years policy will pay. Lifetime maximum benefits and other options. It is important to review policy limitations, as well as insurance company stability before buying LTC insurance.
- Reverse mortgage** - This is a type of home equity loan, open to homeowners aged 62 or older, that allows you to receive cash against the value of your home without selling it. Age and property value determine the maximum loan amount, credit history is important, and a trustee. There are expenses and require counseling by an approved reverse mortgage counselor before you start the loan process.
- Life insurance** - Some policies will allow access to accelerated death benefits, with the policy for cash for any reason, or set to a third party in the event of a terminal illness. These settlements are typically equal to 50% of the death benefit, have age restrictions, and may be taxable.

*Source: Genworth Cost of Care Survey (2014) Source: Administration on Aging (US Department of HHS)

page PYP-15

Refer to pages PYP-17 thru 19, and explain:

The last category of transferable losses is property. In PA, automobile insurance is required by law. The law requires the following coverage:

- **Medical benefits** – pays medical bills for you or any others covered by the policy, regardless of fault.
- **Bodily injury liability** – pays medical and rehabilitation expenses and any damages for injury you cause to other people.
- **Property damage liability** – pays to repair or replace another person’s property that you damage.

Auto policies also contain a variety of optional coverage, such as comprehensive (for theft and damage from hazards), collision (damage to your car), un- or under-insured motorists, rental car reimbursement, etc. that can be purchased depending on your needs.

Another condition to your policy is whether you have limited or full-tort coverage which affects your right to recover certain expenses. If you are in an accident, you have the right to recover out-of-pocket medical and other expenses. Limited tort restricts your right to other damages such as ‘pain and suffering.’ Full-tort allows unrestricted rights to sue for all damages.

-continued-



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Insuring Loss of Property

Automobile

Automobile insurance is mandatory in order to legally drive in Pennsylvania. More than that, having the right insurance coverage may protect you from a large financial loss in the event of an accident and accidents do happen. According to PennDOT, there were 117,127 reportable traffic crashes in 2013. Relative to Pennsylvania's population, 1 in 64 people was involved in a crash. 1 in 156 people was injured in a crash. 1 in 50,699 people was killed in a crash.

In Pennsylvania, there are three specific losses that must be covered in an automobile policy: medical benefits, bodily injury liability, and property damage liability.

- Medical benefits coverage** pays for the medical bills for you (and others covered by the policy), if there are injuries resulting from an accident, regardless of fault. The minimum amount of coverage required is \$5,000.
- Bodily injury liability** pays for damages for which you are liable, in the event that you injure someone in an auto accident. These damages can include medical expenses, lost wages, and pain and suffering. The minimum amount of coverage required is \$25,000 per person and total of \$50,000 per accident.
- Property damage liability** pays for repairs to someone's property (their car, a fence, etc.) that results from an accident in which you were at fault. The minimum amount of coverage is \$5,000.

Note that the coverage limits are the most your insurance will pay in any one accident. If you do not have enough liability insurance, and you are found at fault for an accident, you may be responsible to pay for anything over insurance does not cover. There are also several types of optional coverage available:

- Uninsured and underinsured motorist coverage** applies to you, relatives residing in your household, and your passengers if injured by at-fault uninsured/underinsured motorist or a hit and run driver. This does not include property damage.
- Collision coverage** pays to repair damage to your car as a result of an accident. If your vehicle is being financed, your bank or lender may require you to have this coverage. The standard deductible in Pennsylvania is \$500, unless you choose otherwise.
- Comprehensive coverage** pays for theft or damage to your car from hazards such as fire, floods, vandalism, etc.
- Guaranteed Asset Protection (GAP)** coverage will pay the difference between an insurance company's payment to a totaled vehicle and the balance of a vehicle loan.
- Other options** include accidental death benefits, rental reimbursement, towing, income loss, personal benefits, etc.

An important consideration with auto insurance is to have limited or full tort coverage. If you are in an automobile accident, you are able to recover out-of-pocket medical and other expenses. **Limited tort** restricts your right to recover certain other expenses, such as pain and suffering, unless the injury is deemed a "serious injury," i.e. death, significant deformity, or an impairment of the body function. **Full-tort** allows unrestricted rights to sue for all damages.

page PYP-17

-continued-

We protect our homes by insuring the physical structure of the building and the cost for rebuilding in the event of a disaster. We also insure the contents of our home or our personal property such as, clothes, furniture, appliances, etc. We may also need liability insurance, just in case someone gets hurt on our property.

It's important to not only know what is protected but when. In the case of homeowner's insurance, it's a matter of covered 'perils' or events which cause a loss. Damage from a fire or hail storm may be covered, but from a flood or earthquake may not be. Some policies cover all perils **except** what is specifically excluded; some policies cover only those that are specifically named in the policy.

Homeowner's policies are commonly described as forms, each prescribing certain general coverage. The chart on page PYP-19 summarizes the form.

Click and explain:

Finally, and as mentioned before, there are other things that can be protected.

- **Credit** (life, disability, or job loss) **insurance**—which will cover specific loan payments if you die, become disabled, or lose your job. Note that these policies are attached to a specific loan and will expire when the loan is paid. Keep in mind also that they are declining benefit policies, as the loan is paid down, so goes the insurance benefit even though your premiums may not decrease.

- **Product warrantees**, which are technically not insurance products, may cover manufacturing or accidental damages and repairs for a limited amount of time.

- **Identity theft**—we can protect our personal information from being used for malicious purposes, mostly financial gain. Let's talk about identity theft in more detail.

Next



slide PYP.25

Building Your Financial House
Protect Your Potential

Homeowner's and Renter's
Homeowner's insurance protects you against financial loss if there is damage to your home and possessions and liability in case someone gets hurt in your home or on your property. Homeowner's insurance is not mandatory in Pennsylvania but banks and lenders will require coverage for at least the amount of the mortgage loan. Policies usually contain a package of coverage from structure to personal property to liability. Here is a summary.

- Dwelling coverage** pays for damage to your house and structures attached to your house, including damage to plumbing, heating/cooling systems, etc. When determining the amount of coverage, keep in mind the replacement cost or how much it would take to repair or rebuild your home with similar materials and quality. **Replacement cost** is not the market value (what you would get if you sold your home), or actual cash value which subtracts wear and tear and age from replacement cost.
- Other structures coverage** pays for damage to structures not attached to the dwelling and includes garages, sheds, fences, etc. The typical limit of coverage on these is 10% of the dwelling coverage.
- Personal property coverage** pays for damage to your personal items, i.e. furniture, clothing, appliances, etc., and is usually a percentage of the dwelling coverage limit. Again, consider replacement cost to make sure you can adequately replace all of your personal items in the event of a total loss. Some items, i.e., jewelry, furs, antiques may have limitations but you can purchase additional coverage with an **endorsement** or **scheduled personal property endorsement**.
- Loss of use coverage** pays for additional living expenses if you can't live in your home while it's being rebuilt or repaired. The typical limit of loss of use coverage is 20% of the dwelling limit.
- Medical payments** to others coverage provides payment for medical bills for people hurt on your property or hurt by your pets. The basic amount of coverage is usually \$2,000 per person but higher benefits may be available for an additional cost.
- Personal liability** protects you, your relatives in the household, and residents in your household under the age of 21 if you are sued and found legally responsible for injury or damage to their property. Most policies offer \$200,000. Higher benefits may be available for an additional cost.

It's important to not only know what is protected but when. In the case of homeowner's insurance, it's a matter of covered perils or events which cause a loss, like a fire or hail storm. Some policies cover all perils except those that are specifically excluded; other only cover the perils specifically named in the policy. It's also very important to know that typical homeowner's and renter's policies do not cover damages resulting from a flood, sinkholes, or earth movement/earthquakes.

page PYP-18

Building Your Financial House
Protect Your Potential

Homeowner's Insurance Policy Forms

The following chart is an overview of the different homeowner's policy forms available. Note that this is descriptive; your actual policy may differ and should be carefully reviewed and discussed with your agent to make sure you have the protection that you need.

Form	Description	Dwelling/Other Structures	Personal Property	Medical Payments	Personal Liability
1 - Broad Form	If perils not named, they're not covered	✓	✓	✓	✓
2 - Special Form	Perils covered, if not specifically excluded	✓	✓	✓	✓
3 - Contracts Broad Form	Renter's policy		✓	✓	✓
4 - Comprehensive Form	Same basic coverage as Special Form but includes many optional coverages, as well	✓	✓	✓	✓
5 - Unit Owner's Form	Condominium, insured what is not covered by association policy	✓	✓	✓	✓
6 - Modified Coverage Form	Older homes, provides "functional replacement cost"	✓	✓	✓	✓

Finally, there are several things you can do to make sure you have the protection you need but also reduce policy costs.

- Create a home inventory with photos, to make sure your coverage fits your situation
- Tell your insurer about any improvements, i.e. new roof, repairs, that you've made
- Bundle your insurance policies, i.e. home, auto, etc. for multi-policy discounts
- Having protective devices, i.e., smoke detectors, burglar alarms, dead bolts on doors, etc., can help reduce your premiums
- Consider potential injuries before installing a swimming pool, trampoline, or swing set
- Check with your insurance company before choosing a pet; some companies will not insure you if you own certain breeds of dogs
- Review your deductibles; if you maintain an adequate cash reserve, you may be able to lower your deductibles and thus policy costs
- Consider a home warranty that will cover mechanical breakdowns such as heating systems, plumbing, electric, and appliances, as these breakdowns are not covered by homeowner's insurance

page PYP-19

Side Bar: Protecting Your Identity

Time: 5 minutes

Explain:

Identity theft is when a person uses your personal information, such as Social Security number and date of birth, with the intent to commit fraud or to aid an unlawful activity. Once this information is obtained, the person may open new credit card accounts, open bank accounts, write bad checks or take out a loan **all in your name**.

-continued-

Side Bar: Protecting Your Identity

Identity Theft

- What is it?
- How does it happen?
- Can it be prevented?
- Can it be insured?

slide PYP.26

-continued-

Click

ID theft can happen through a couple of ways:

- *Simple theft of personal items: wallet, purse, mail, etc.*
- *Theft through technology: e-mail, phishing, hacking, unsecured websites, shoulder surfing, skimming*
- *Desperate methods: dumpster diving, impersonating a medical professional or government official, parents using child's identity*

Click

Did you know that approximately 75% of ID theft victims know the perpetrator? Think about the people that have access to your information, i.e., friends, relatives, service providers in your home. Here are a few things you can do to decrease your risk.

- *Guard your personal information. Don't carry your PIN numbers in your wallet, purse, or pocket. Never leave information out in the open or write it on an envelope.*
- *Keep a record of account numbers, expiration dates, and phone numbers of each credit card issuer so you can report a loss quickly.*
- *Don't sign a blank charge or debit slip. Draw a line through blank spaces above the total so the amount can't be changed.*
- *Shred documents, old credit/debit cards, before throwing away.*
- *Open your monthly statements promptly and compare them to your receipts. Report mistakes or discrepancies as soon as possible.*

Click

Can it be insured? Not in a traditional sense. So, what about those companies offering "ID theft insurance?" The term "insurance" may lead some consumers to believe these products will pay any funds that are stolen. ID theft products act more like "expense reimbursement programs" than insurance. (Keep in mind that most identity theft victims never incur a high amount of direct monetary losses because of federal laws in place limiting liability for unauthorized use of credit, debit, and ATM cards.) Id theft products may cover expenses you might incur to fix damage done, such as phone calls to creditors, lost wages for appointments, notary services, certified mailing costs, and even attorney fees.

Some companies offer services which essentially guide victims through the process of restoring their identity, like what to do, who to call, for a fee, of course. Victims may give these services a limited power of attorney, which allows them to act on their behalf when dealing with consumer reporting companies, creditors, etc. Some companies offer credit monitoring services, which track credit report activity and notify the subscriber when there is an inquiry or new account.

Restoring your identity and correcting any issues is a slow and time-consuming process, but one you can do on your own

Next

Side Bar: Protecting Your Identity

Identity Theft

- What is it?
- How does it happen?
- Can it be prevented?
- Can it be insured?



slide PYP.26

Explain:

What you should do if you are a victim of identity theft: Under the resources tab, you will find the FTC publication, "Take Charge: What to do if your identity is stole." This is a step-by-step instruction booklet to get you through the process. But essentially:

- File a police report
- Fraud alerts to credit bureaus
- Close any accounts that were affected
- 1-877-ID-THEFT (438-4338) or online at www.ftc.gov/idtheft

Next

Side Bar: Protecting Your Identity

- If you are a victim:
- File a police report
 - Fraud alerts to credit bureaus
 - Close any accounts that were affected
 - 1-877-ID-THEFT (438-4338) or online at www.ftc.gov/idtheft



slide PYP.27

The Cost of Sharing

Time: 5 minutes

Using the Insure This? Key on page 6 of this facilitator guide, click to reveal each picture and read the explanation of what and how it was insured. Expect a lively response from the audience.

Explain:

Yes, anything is insurable for a price! Let's talk about the cost of sharing risk.

Next



slide PYP.28

Refer to page PYP-21, and explain:

You're probably familiar with the Premium -or- simply the price of protection or cost of coverage and must be paid to keep the policy in place. However, the premium is not the only cost to you for sharing your risk. Here are more costs to consider:

Click to next item and use the description on page PYP-21 to address each type of cost.

Next

The Cost of Sharing

- 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"

slide PYP.29

The Cost of Sharing

You can insure losses for just about everything, including body parts (like a fashion model's legs), pets, weddings, and even fantasy football, as long as you are willing to pay for it. In tough times, sharing the cost of items or services is a good thing. It helps both parties get something of value that they couldn't get on their own. It's no different when you "share a risk" with an insurance company. You get protection and the company gets cash to run the business, make good on their promises, and hopefully make a profit. The cash that comes from you is called the **premium**, or simply the "price of protection."

The premium is not the only cost to you for sharing your risk. Here are more costs to consider:

- **Deductible or "you go first"**: an amount of money you must pay first before the insurance company pays on a claim (or loss). For example, you may have a \$500 deductible with your automobile policy. That means you pay the first \$500 of any claim before the insurance company will pay anything to you.
- **Co-payments or "pay per view"**: money paid for each use of a specific covered expense in a policy. For example, you may have to pay \$25 every time you visit a doctor or have a prescription filled.
- **Co-insurance or "your 'fare' share"**: the amount of a claim that is split between you and insurance company. For example, the insurance company may agree to pay 80% of the claim and you must pay the remaining 20%.
- **Annual policy fees or "more please"**: an additional administrative fee attached to a policy. This fee is more common in life insurance policies and annuities.
- **Commissions or "placement fees"**: fees paid to the agent for selling the policy. Commissions are usually included in the premium but not always.
- **Premium sales charge or "take a chance"**: a percentage fee (typically 5-7%) for premiums paid into a policy. This fee is more common in life insurance policies and annuities.
- **Surrender charge or "exit fees"**: fee charged if a policy is cancelled within a certain amount of time, typically 7-10 years. This fee is more common in life insurance policies and annuities.

One cost that is not included in policy documents is the waiting period or "not so fast." This is the amount of money you will need during the time you have to wait before benefits will be paid. For example, let's say you have a long-term disability policy that doesn't pay benefits until after six months of being disabled. What money will you have for living expenses during the six-month waiting period? Those are costs you will need to cover by other means, such as an emergency fund.

page PYP-21

Know Your Policies

Time: 5 minutes

Explain:

What are some of the other things we should know about insurance in order to make sure we are adequately protected?

We need to know:

- Which perils (or events) causing loss or damage to which property are covered?
- What injury(s) are covered and on whom?
- How do I file a claim?
- How much is paid and who will receive payment?
- How can I control potential losses and policy costs?

Refer to page PYP-20, Questions to Ask About Coverage, and point out that the worksheet gives the participants a general outline of questions (about property insurance) to discuss with their insurance agents when they are released.

Explain:

Keep in mind that each type of insurance has specific terminology and defined benefits. It's a good idea to take a closer look at each of your policies at least once per year to make sure that your coverage meets your needs.

Refer to pages PYP-22 thru 26, and point out that the worksheets gives the participants the opportunity to evaluate their health, automobile, homeowner's/renter's, life, and disability insurance policies. If participants do not have access to policy information, use the **Case Study, Appendix B** to become familiar with policy terminology.

Next

slide PYP.30

page PYP-20

Getting Your Affairs in Order

Time: 10 minutes

Explain:

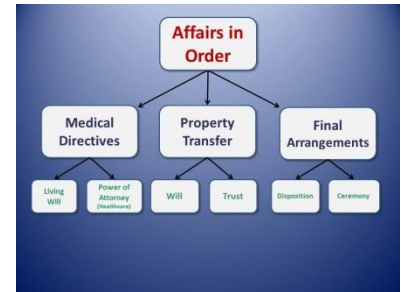
Next on to getting our affairs in order.

Next

slide PYP.31

Explain:

We already talked about organizing records which is first and probably the easiest part of getting our affairs in order. And just like record keeping, regardless of what your age, it's a good idea to do some planning in the event that you cannot make medical decisions for yourself or worse case, pass away without leaving some instructions to take care of your personal matters. That isn't easy at any age, but prudent.



slide PYP.32

Click

Medical Directives

If you should you become unable to communicate or make medical decisions for yourself, such as in the case of a serious accident or medical emergency, a living will and HCPOA give you a way to tell health care providers about the care you wish to receive, or not receive. Both are known as advance directives for health care and are considered legal documents that provide clear and convincing evidence of your preferences. There are some differences between the two.

Living Will

- Written statement of a person's wishes to initiate, continue, withhold, or withdraw certain life-sustaining treatments if they become incompetent, are in an irreversible coma, or determined to have a terminal condition
- Only applies to medical decisions that must be made if you are terminally ill or in a state of permanent unconsciousness
- Can designate a person responsible for carrying out your decision but don't have to

Health Care Power of Attorney

- Written document that designates an agent with the authority to handle all or some of your medical decisions such as admitting you to a medical or nursing facility, authorizing medical procedures, pain relief, hiring care givers, etc.
- Only effective during one's life and terminates if the person becomes disabled or incompetent (THE HCPA can remain in effect by adding "Durable" to the title.)
- Must designate an agent responsible for performing health decisions

Click

Property Transfer

Most people assume that when they die their survivors automatically inherit their assets. This is not always the case. If a property owner dies without a valid will (called intestate), PA inheritance laws will determine 'who gets your stuff,' including your kids. A last will and testament, commonly known as a will, is a written document that describes who and how your possessions are distributed.

-continued-

-continued-

A will is important because it can designate a guardian for your surviving minor children, and is especially important if you want a non-family member to raise them. A will also identifies who will settle your estate or deliver your stuff according to the will. That person is called the executor (male) or executrix (female). Keep in mind that some assets can be transferred without a will, including those owned as Joint Tenancy with Right of Survivorship, and those with beneficiary designations, (life insurance, retirement accounts, etc.).

A trust is another legal document used to disperse property, both while you are living and after you die. A trust holds designated assets, such as title to your house, investments, etc. and is managed by a trustee. There are several types of trusts, but essentially, the trustee manages and disperses property according to the instructions of the trust. A trust can be revocable, meaning the donor can rescind or cancel the trust arrangement or irrevocable, meaning it's permanent and the donor cannot retrieve his/her assets in the trust. Trusts are thought of for high wealth individuals but can also be very useful in situations of second marriages and children with special needs.

Click

Final Arrangements

Perhaps the most morbid of our discussion, but what would you prefer to be done with your body after death? Burial/ entombment, cremation, donation to science are common options. Then think about any ceremonies or religious traditions you may have: funerals, memorials, parties.

In all of this, don't forget about the cost of final arrangements. According to the National Funeral Directors Association, the median cost of a funeral in 2012 was over \$7,000, not including a cemetery plot or vault. How will your arrangements be paid?

Refer to pages PYP-29 & 30, Documenting Your Wishes, and point out that the worksheet gives the participants the opportunity to give survivors a guideline to follow during the difficult time of making final arrangements.

Next



slide PYP.32

Building Your Financial House
Protect Your Potential

Questions to Ask About Coverage

If you have identified a risk to property that should be covered by insurance, let's look at some specific questions to ask when talking to an agent about an insurance policy.

Type of insurance: _____

Company: _____ Agent Name: _____

In the event of a loss, file a claim by _____

In this policy, coverage is included:

- For these PERILS (something that causes injury, loss or damage) _____
- For this PROPERTY _____
- To cover these LOSSES _____
- To cover these PEOPLE (the "insured") _____
- In this LOCATION _____
- For this TIME PERIOD _____
- And for the losses, who will receive payment (the "beneficiary(s)") _____
- And for the losses, will receive this AMOUNT OF PAYMENT \$ _____
- I can CONTROL LOSSES by _____
- I can CONTROL POLICY COSTS by _____

page PYP-29

Consumer Protection

Time: 15 minutes

Explain:

Next on to shopping smart!

Click and refer to page PYP-31, Be a Smart Shopper! Ask for volunteers to read the **Before, During, and After** paragraphs. **Remind** participants of the importance of the **Rule of Three**. that smart shopping occurs before, during, and after a sale

Protect Your Potential ...

SHOP SMART!

Smart Shopping

Before During After you buy!

slide PYP.33

Be a Smart Shopper!

It's up to you to get the most for your money. You work hard for it and deserve to receive value when you spend it. You are responsible for protecting your right to receive value for your money. You can do that before, during, and after a purchase.

Before

There are some simple questions to ask yourself before making any purchase. Do I NEED this item? How much can I afford? Can I negotiate the price or wait for a sale? Have I thought about how this item will be of value to me? Have I done my homework with possible alternatives? Will I practice the Rule of Three? Have I checked my local Better Business Bureau for information on the companies that I will be shopping? (www.bbb.org)

During

There's a saying that goes back to ancient Roman times, "Caveat emptor." It means, "let the buyer beware," and it's all about comparison shopping. Use the "Rule of Three," compare at least three products or services before making a spending decision. Look closely at the items, including function, price, warranty, and value for the price. Ask questions until you receive a satisfactory answer. Use your comparison to negotiate a better price or ask for a discount. Remember, as a responsible consumer, you are in the driver's seat.

After

Stand up for your rights. Know the consumer laws that may be applied if you think you haven't been given a fair deal. Take action to exercise your rights under these laws. It will not only help you but it helps your community. Taking action shows that you've made a decision to support businesses that deliver good products or services at a fair price. When people take action, unfair and dishonest practices are driven out.

How do you stand up for your rights? The first thing to do is write a letter of complaint. A well-written letter of complaint can have a big effect. You may get a replacement, be offered a store credit, or get your money back. Good companies are competing with other companies and want to keep your business; that is why they pay attention to these letters. Send the letter with a request for delivery confirmation and keep a copy for your records.

If you do not receive satisfaction after writing a letter of complaint, call the Pennsylvania Attorney General's office (1-888-320-6868). When you reach the right person, be prepared to tell them your story. Have all the facts at your fingertips, including your letter of complaint and any responses received from the merchant.

*The Rule of Three is simply shopping on three comparable items before purchasing. This is especially important for major purchases or investments you may make.

page PYP-31

Next

Click and read the ingredients that it took to make the burger in the picture look so good. Remind participants that things aren't always what they seem.

The Perfect Burger...

- 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

Or is it?

slide PYP.34

Next

Explain:

Advertisers ... their job is to sell...and they do it all around us. Commercials, billboards, mailers, spam, etc. Taking a closer look, as we just did with the burger, when you see an ad, ask yourself:

Read the slide.

Refer to page PYP-32, Advertising and Consumerism, and explain that there is additional information that participants can review on their own.

Next

Advertising

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?

slide PYP.35

Advertising and Consumerism

You or your family members may want a great deal of "stuff." Maybe you want more things than the family can afford. This is not surprising. We live in a consumer culture. We often buy just to "keep up with the Joneses." Often, it doesn't seem to matter whether a product works. We tend to think that if it doesn't look right or it's not of style, it's not one we need. How does consumerism affect us? Take a look at some of the ways we're pulled in.

- Teleshopping**
Everyone on TV is dressed to make a statement. It seems like they've got all the latest cars, furniture, houses, etc. They're all right into our living rooms shouting, "BUY SOME THING!"
What to do? Stick to your own goals. Make your own choices. Watch less TV.
- Ads**
We get ads from every direction: mail, TV, newspaper, billboards, websites, etc. All are shouting, "BUY SOME THING!"
What to do? Think about the "rules" of these ads when making purchases. Compare at least three products or services before making a spending decision.
- Malls**
Many people go to malls for recreation. The store windows in the mall have the latest and greatest of everything and all are shouting, "BUY SOME THING!"
What to do? Consider alternative forms of recreation with your family. If you do go to the mall, have a list and stick to it.
- Friends and Relatives**
Sisters, brothers, and friends may all seem to have great "stuff." Maybe you'd like (or feel pressured) to keep up with them and, "BUY SOME THING!"
What to do? Keep focus on your goals. Think it through. Make your own choices.
- Children**
Companies advertise directly to children. Your children may put a lot of pressure on you to, "BUY SOME THING!" like toys, cereal, and clothes.
What to do? It's okay to tell your children, "No, that's not part of our money plan or goals." Share the family money plan and goals with them. Help them set their own goals and save money for the things they want.

page PYP-32

Explain:

We talked about spending. It gets a bad rap. We know we have to do it to take care of our needs. Consumerism, on the other hand, is the belief, and preoccupation, that it is good for people to buy more and more. Notice how needs and sensibility isn't part of the equation.

Read the slide.

Next

Consumerism

Ask yourself *before* you buy...

- Do I really NEED this item?
- How much can I afford?
- Can I wait for a sale?
- Have I shopped for alternatives?
- Have I done my homework?

slide PYP.36

Refer to page PYP-33, Choosing Financial Professionals and explain that there is additional information that they can review on their own, but may follow the discussion in the materials if they prefer.

Explain:

One of the most confusing industries is financial services. Not only do we have to make our way through the financial jargon, but we have to sort through what organizations, sell what products, and by whom! Here is a brief overview of traditional financial organizations and what products/services they provide.

-continued-

Financial Services

Banks/Credit Unions	cash management, saving, & borrowing
Brokerage Firms	stocks, bonds, mutual funds, options, etc.
Insurance Companies	life, health, disability, property & casualty insurance and annuities
Investment Companies	mutual funds and other managed accounts
Other	financial planning, tax preparation, business accounting, wills & estates

(PAGE PYP-23)

slide PYP.37

-continued-

Click and read the type of financial institution and the products/services that it provides.

Next

Choosing Financial Professional

You have a wide array of choices when it comes to financial services and professionals. The following diagram shows financial services categories and the professionals that work in that category.

Financial Services

- Banking
- Insurance
- Securities Investments
- Other

Other

- Loan Officer
- Insurance Agent/Producer
- Financial Planner
- Investment Adviser
- Accountant

- Loan Officer** – a bank employee that handles routine banking transactions.
- Insurance Agent/Producer** – a salesperson who can help you obtain life, health, property, and other insurance products, such as annuities.
- Broker/Registered Representative** – a person who is in the business of buying and selling securities—stocks, bonds, mutual funds, and other financial assets. Although they often use such titles as financial consultant, financial advisor, or investment consultant, brokers are primarily investment salespeople.
- Investment Adviser** – an individual who receives compensation for giving advice about financial assets. Some investment advisers also manage investment portfolios, sell financial assets, or offer financial planning.
- Accountant** – a professional who is trained in the field of accounting. Those who work with individuals typically provide advice on tax and financial planning.
- Financial Planner** – a professional who helps you to develop a strategy for managing your money. Financial planners can offer expertise in the services they provide. Some will examine every aspect of your financial house—savings, investments, insurance, taxes, college savings, retirement, and estate planning; others only recommend the products they sell, which may limit your choices.

Before you choose a particular person, be sure to find out in advance which products and services they can—and cannot—provide. Keep in mind they will typically suggest the products or services they sell. For example, an insurance agent will sell you about insurance products, such as life insurance and annuities—but likely won't discuss other investment choices, such as stocks, bonds, or mutual funds.

Source: Adapted from Investopedia (http://www.investopedia.com) and The Industry 500 Series (http://www.enr.com/industry500)

page PYP-33

Explain:

Now what about the financial professionals? It's important to know their job function and most importantly the products that they sell. Sometimes there isn't a clear definition based on their title, so be sure to ask specific questions about the products and services they sell, along with how they get paid. For example commissions on financial products, fee for service, or a combination of both.

Click and read the type of financial institution and the products and services that it provides.

Next

Financial Professionals

- Loan Officer** – Sells loans (mortgages, auto, personal, etc.) from one or more lenders.
- Broker** – Buys/sells stocks, bonds, mutual funds etc., for their clients (individual or companies).
- Agent or Producer** – Sell life, health, and property insurance and annuity contracts for one or more companies.
- Investment Adviser** – Individual or company that provides investment advice tailored to client needs.
- Financial Planner** – General term; may sell products/services and are regulated according to what they sell.

slide PYP.38

Explain

Even when we take all the steps to protect our potential, we still rely on businesses to follow the rules. The reality is, sometimes they don't and our efforts to resolve issues become fruitless. Then it's time file a complaint. But what are the rules?

There are many consumer protection laws in place, covering topics from financial services to product safety to professional licensing.

Refer to pages PYP-34, Federal Consumer Protection Laws, and explain that there is additional information that they can review on their own.

Next

Consumer Protection

File a Complaint

slide PYP.39

Federal Consumer Protection Laws

There are many federal consumer protection laws. The Federal Trade Commission (FTC) protects consumers against unfair, deceptive, or fraudulent practices. It enforces laws enacted by Congress and trade regulations established by the commission itself. Categories of enforcement range from automobile purchase and financing to telemarketing and telephone services. We are going to focus on the rules that financial institutions must follow, housing protections, and others. In the Borrow to Grow module, we will cover lending laws.

- Truth in Lending Act (TILA)**
TILA requires financial institutions to disclose the terms and conditions of bank accounts clearly and in writing. Some of the information that a bank must give consumers:
 - Interest rate
 - Minimum balance requirements
 - Fees
 The bank must periodically send statements for your accounts and provide account information to you at any time you ask for it.
- Electronic Funds Transfer Act (EFTA)**
EFTA establishes rights, liabilities, and responsibilities for customers that use these services and banks that offer them. EFTA services include using automated teller machines (ATMs), debit cards, and telephone or computer transactions.
- Expedited Funds Availability Act (EFAA)**
EFAA limits the amount of time a bank has to hold a check deposited into your checking account.
- Gramm-Leach-Bliley Act**
This act requires financial institutions to protect the privacy of consumer's personal financial information.
- Fair Housing Act**
The Fair Housing Act prohibits discrimination on the basis of race, color, sex, religion, handicap, familial status, or national origin in the financing, sale, or rental of housing.
- Real Estate Settlement Procedures Act (RESPA)**
RESPA requires that a consumer be given information about the services and costs involved in the closing of a residential mortgage. It also limits the amount that can be collected for mortgage services.
- Magnuson-Moss Warranty Act**
This act sets the disclosure standards for written warranties, including "full" warranties, implied warranties, and consumer remedies for breach of warranties or service contracts.
- Telemarketing and Consumer Fraud and Abuse Prevention Act**
This act sets the rules for deceptive telemarketing practices, unsolicited calls, the hours of the day and night when calls can be made, and unsolicited call disclosures.

Source: Adapted from Money Smart 2010

page PYP-34

Explain:

Let's take a look at some of the resources available to help you navigate the plethora of consumer information out there.

The federal **General Services Administration** publishes a consumer action handbook which has information on being a savvy consumer, filing a complaint, and a consumer assistance directory. You can download the handbook directly from the resources tab above.

Click

The **Federal Trade Commission –or-FTC** is responsible for enforcing many consumer protection acts and has addition easy to read publications on credit, identity theft, scams, etc. You can file a complaint about fraud, identity theft, or an unfair business practice directly on their website.

Click

The **Consumer Finance Protection Bureau (CFPB)** is responsible for educating consumers on abusive financial practices, supervision financial institutions, and research on the consumer financial markets. You can file a complaint about a financial product or service directly on their website.

Click

The **Financial Industry Regulatory Authority or FINRA** is an independent, not-for-profit organization, authorized by congress to regulate securities firms and brokers, enforce insider trading and market manipulation rules, and educate consumer about investing. You can check the background of a financial professional and report a problem directly from their website.

Click

The **Federal Deposit Insurance Corporation (FDIC)** is responsible for insuring deposits with member banks, examining and supervise banks for safety and financial soundness, and managing when a bank does fail. You can file a complaint about an insured institution directly from their website.

Next



slide PYP.40

Explain:

There are also several resources for Pennsylvania consumers.

The **PA Office of Attorney General** publishes a Rights & Resources for Consumers of All Ages handbook, consumer action handbook which has information on topics from automobiles to warrantees, filing a complaint, and a directory of PA resources. You can download the handbook directly from the resources tab above.

-continued-



slide PYP.41

-continued-

Click

The PA Dept of Banking and Securities is responsible for regulating state chartered banks, credit unions, non-deposit lending organizations, and securities brokers

The PA Insurance Dept is responsible for regulating insurance companies and licensing agents.

The PA Dept of State is responsible for regulating a variety of professional licenses, including doctors, accountants, auctioneers, real estate agents, veterinarians, and hair dressers.

Refer to pages PYP-35, Getting Help with Financial Issues in Pennsylvania, and explain that there are additional PA government agencies that provide assistance listed, along with contact information.

Next



slide PYP.41



page PYP-35

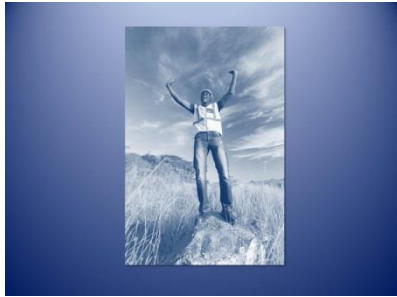
Recap and Take Action

Time: 10 minutes

Explain:

You made it through yet another module! Whew!

Next



slide PYP.42

Explain:

Let's recap.

Read points.

Next

Protect Your Potential

We've covered:

- Building a cash reserve for emergencies
- Potential risks to financial stability
- Choosing appropriate insurance to transfer risk
- Getting affairs in order
- Shop smart and ask questions, identity theft, and consumer protection resources

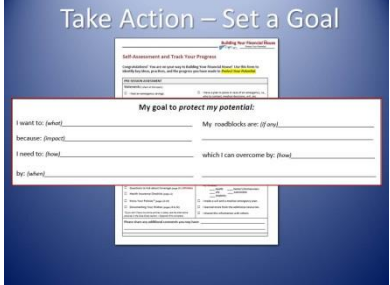
Next time: Borrow to Grow

slide PYP.43

Refer back to **page PYP-3; Self-Assessment and Track Your Progress.**

Click and read the goal section. Clarify any questions on setting a goal.

Next

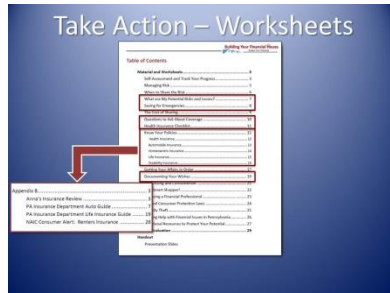
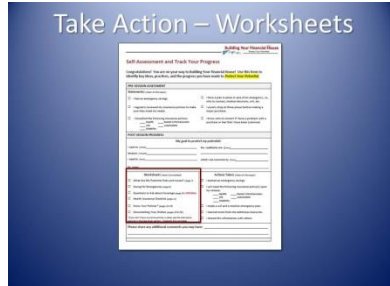


slide PYP.44

Highlight the list of worksheets that are in the module.

Click and read the worksheet titles and page numbers on **page PYP-2, Table of Contents.** Remind the participants that the **Case Study** should be used to complete the worksheets as referred to in the instructions. You may want to show the actual pages to clarify.

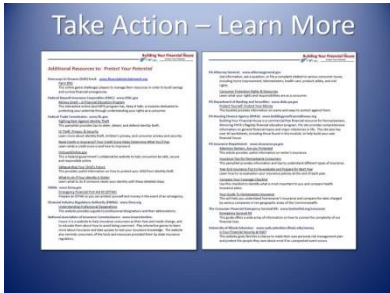
Next



slide PYP.45

Refer to **pages PYP-37 & 38, Additional Resources to Protect Your Potential** that contains additional resources for those participants that would like to learn more on their own and have access to the internet.

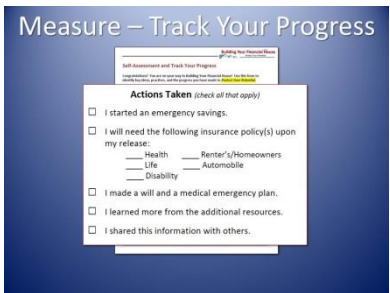
Next



slide PYP.46

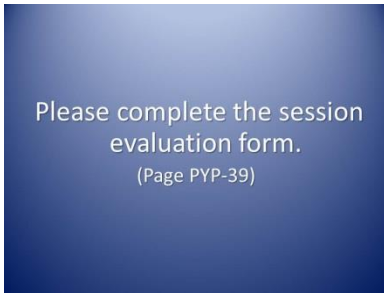

Refer back to **page PYP-3.** Click and point out the list of target actions to be taken as a result of the module. Stress the importance of keeping a record of the progress the participants are making.

Next



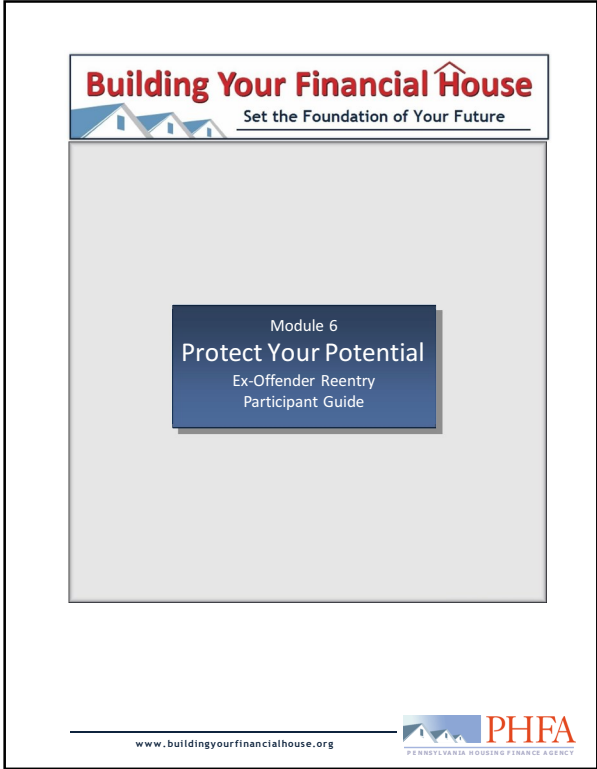
slide PYP.47



Session Evaluation and Closing	Time: 5 minutes
<p>Refer to page PYP-39 and ask participants complete the session evaluation.</p> <p>Return the Self-Assessment and Track Your Progress sheets for Make Money Work back to participants.</p> <p>Next</p>	 <p><i>slide PYP.48</i></p>
<p>Collect session evaluations and remind participants of the next session's date and time, as well as, any housekeeping details before dismissing.</p>	 <p><i>slide PYP.49</i></p>

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Participant Guide



page PYP-1

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page PYP-

Self-Assessment and Track Your Progress

Congratulations! You are on your way to Building Your Financial House! Use this form to identify key ideas, practices, and the progress you have made to **Protect Your Potential**.

PRE-SESSION ASSESSMENT	
Statements: (check all that apply)	
<input type="checkbox"/> I regularly reviewed my insurance policies to make sure they meet my needs.	<input type="checkbox"/> I had an emergency savings. <input type="checkbox"/> I have a plan in place in case of an emergency, i.e., who to contact, medical decisions, will, etc.
<input type="checkbox"/> I have/had the following insurance policies: ___ Health ___ Renter's/Homeowners ___ Life ___ Automobile	<input type="checkbox"/> I usually shopped at three places before making a major purchase.
<input type="checkbox"/> I know who to contact if I have a problem with a purchase or feel that I have been scammed.	
POST-SESSION PROGRESS	
My goal to protect my potential:	
I want to: (what) _____	My roadblocks are: (if any) _____
because: (important) _____	
I need to: (how) _____	which I can overcome by: (how) _____
by: (when) _____	
Worksheets (check if completed)	Actions Taken (check all that apply)
<input type="checkbox"/> What Are My Potential Risks and Losses? (page 6)	<input type="checkbox"/> I started an emergency savings.
<input type="checkbox"/> Saving for Emergencies (page 7)	<input type="checkbox"/> I will need the following insurance policy(s) upon my release: ___ Renter's/Homeowners
<input type="checkbox"/> Calculating Life Insurance Need (page 9)	___ Health ___ Automobile
<input type="checkbox"/> Calculating Disability Insurance Need (page 12)*	___ Disability
<input type="checkbox"/> Health Insurance Checklist (page 15)	<input type="checkbox"/> I made a will and a medical emergency plan.
<input type="checkbox"/> Questions to Ask about Coverage (page 20) OPTIONAL	<input type="checkbox"/> I learned more from the additional resources.
<input type="checkbox"/> Know Your Policies** (pages 22-26)	<input type="checkbox"/> I shared this information with others.
<input type="checkbox"/> Documenting Your Wishes (pages 29 & 30)	
* Use Appendix B to review information in the Case Study to complete. ** If you don't have insurance policies in place, see the alternative exercise in the Case Study section - Appendix B to complete.	
Please share any additional comments you may have: _____	

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Managing Risk

Risk is the chance of loss



from some type of danger.

Risky behavior, such as rock climbing, increases the odds that you will suffer a severe injury. Keeping your doors unlocked increases the chance that someone will take your stuff. Who will pay for the losses or medical treatment if these things happen? You will. And replacing stolen items or paying hospital bills aren't cheap. Whether you're doing something to increase your risks or just going about your daily life, you can take steps to protect yourself. Managing risk refers to how you deal with the chance of a potential loss. Basically, you have four options.

- Avoid** the risk. Take yourself out of the situation altogether. Stay off the rocks! This option is the only way to truly eliminate risk.
- Reduce** the risk. Take steps to protect yourself. Wear a helmet, use ropes and don't go to high while rock climbing. Keep reminder notes by the door so you don't forget to lock it. These options may greatly reduce the chance of injury or loss and the severity.
- Accept** the risk. Take your chances: Whatever happens...happens! Don't worry about the rocks being so jagged! Someone won't really take my stuff! This may be a good strategy when the amount or likelihood of loss is small.
- Share or transfer** the risk. This is what insurance companies are all about. Many people choose this option to manage big financial risks, such as medical expenses or the loss of income. In exchange for a premium payment, the insurance company agrees to pay all or part of your loss.

It's important to look at all risk management options when protecting your potential!

When do you know it's time to share or transfer the risk with insurance? Let's break the question down in terms of necessary, important, or optional. Insurance is:

- Necessary** - if the loss may cause financial ruin, interfere with your ability to earn an income or if it is required by law. Auto insurance is required, by law, in Pennsylvania.
- Important** - if the loss may force you to borrow money to cover expenses. Renter's insurance can easily and cheaply cover the average \$13,000 of stuff owned by a single renter in a one bedroom apartment.
- Optional** - if the loss can be covered by other means including emergency savings, current income, or other coverage such as from an employer.

Source: Adapted from High School Financial Planning Program (NEFE) and from DollarWorks 2 (University of Minnesota Extension)

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What are My Potential Risks and Losses?

What does all this risk and insurance talk mean to your situation? Think about the risks and losses that you may encounter upon your release. What steps can you take to manage (avoid, reduce, accept, share) the risks? What insurance, if any, might decrease the financial burden of that event?

Life Event	Describe the Risks and Possible Loss	Ways to Manage Risk (avoid, reduce, accept, share)	Insurance Choice
Example: Owning a car.	<ul style="list-style-type: none"> Car Accident Theft Hail Damage Damage to car Injury to self and others 	<ul style="list-style-type: none"> Obey traffic rules and speed limits Wear seat belts Lock doors Park in garage 	Auto Insurance with <ul style="list-style-type: none"> collision liability comprehensive
Returning to Your Network of Friends			
NOT Returning to Your Network of Friends			
Renting an Apartment			
Getting Married			
Having Children			
Untimely Death (yours or other)			
Stop Working/ Retirement			
Recreational Activities or Hobbies			
Other Event/Risk			

What risks do you need to manage differently?

Source: Adapted from DollarWorks 2 (University of Minnesota Extension)

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Saving for Emergencies

Nobody can predict the future, so it makes sense to put aside money for the unexpected. Using the money saved for an emergency is better than taking out a loan or selling assets for cash. If you take out a loan, you will have to pay interest. If you sell assets, you may lose interest and possibly some of the original investment.

Here are some things to consider when building an emergency savings.



- The rule of thumb is to set aside enough cash to cover your basic living expenses for at least three months. However, even saving \$500 can help you cope better with unexpected expenses.
- Keep the money in an easily accessible (but not too accessible) savings account that is separate from your general savings. If you mix your emergency fund with your general savings account, it becomes too easy to dip into it. Consider opening an account at another financial institution, separate from your regular savings or checking accounts.
- Don't keep the money in a long-term asset, such as a stock, mutual fund or CD with a long maturity date; this makes accessing the money more difficult.
- Use the money only for true emergencies, such as an unexpected medical bill or car repair. If you lose your job, you may need your emergency fund for food, utilities, rent payments and necessary transportation. (People can usually put off buying clothing for at least three months.)

How much will I need to keep in my emergency fund? Use the following worksheet to calculate how much you may need in your emergency fund upon release. Try not to be discouraged by the amount, and remember that even saving one month of expenses can help you in the future!

Emergency Savings Worksheet	
Groceries for 1 month	_____ x 3 months = \$ _____
Gas/oil, electric and water for 1 month	_____ x 3 months = \$ _____
Rent or Mortgage for 1 month	_____ x 3 months = \$ _____
Car payment or bus fare for 1 month	_____ x 3 months = \$ _____
Other debt for 1 month	_____ x 3 months = \$ _____
Total amount needed for emergency fund: _____	

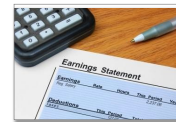
Source: Adapted from Your Spending, Your Savings, Your Future and Smart About Money (NEFE)

Insuring Loss of Income

When we talk about insuring losses, you may not have a need in each category. Some needs are universal and life-long, like for your health and property. Other needs come about when life events happen and may only last for a short period of time, like loss of income due to death or disability. It's a good idea to think about your risks and losses on a regular basis, say once every year, and take any action necessary to keep your potential protected. Now we will address the losses most of us are concerned with: income, health, and property.

Due to Death

In general, **life insurance** is used to replace income lost from the deceased, especially if he/she was the primary income provider for the family. It can also be used to pay off funeral expenses and debts, supplement savings for college, or leave a legacy according to their wishes. Life insurance may help to keep children in the family home and school district. Not everyone has a need for life insurance as it varies with age and responsibilities.



If you determine that you may need life insurance, how much should you have? Some insurance agents will give a general formula, i.e., five to eight times your annual wages. That amount may sell piece of mind, but it's not necessarily true for everyone. Your need is based on the following:

- How much of the family income do I provide?
- How would my survivors, especially spouse and children, get by?
- Does anyone else depend on me financially, such as a parent, grandparent, sibling, etc.
- How will my family pay final expenses and repay debts?
- Will there be estate taxes to pay?
- Do I have children for whom I would like to set aside money to finish their education?
- Do I have family members or organizations to which I would like to leave money?
- How will inflation affect future needs?

The next page provides a worksheet in order for you to put your considerations and needs into an actual dollar amount.

Source: Adapted from Life Insurance Buyer's Guide (NAIC)

Calculating Life Insurance Need

Use the following worksheet to do a quick calculation for the amount of life insurance you may need. Remember that this is based on what is important to you, your family, and your goals.

Income Replacement	
1. Annual income needed if you were to die today:	\$
2. Annual income family would receive from other sources:	\$
3. Total annual income to be replaced: (add: lines 1 & 2)	\$
4. Multiplying factor for number of years needed: (see below*)	\$
5. Total Income Replacement Need: (multiply: line 3 x line 4)	\$
Cash Needed for Final Expenses, Debts, and Goals	
6. Funeral and other final expenses:	\$
7. Mortgage and other debts:	\$
8. College savings for children** Current tuition \$ _____ x _____ (number of children)	\$
9. Other goals:	\$
10. Total Cash Need: (add: lines 6 thru 9)	\$
Resources in Place	
11. Savings and investments: (bank account, CD's, stocks, bonds, mutual funds, etc.)	\$
12. Retirement savings:	\$
13. Life insurance currently in place:	\$
14. Total Resources Available: (add: lines 6 thru 9)	\$
15. Estimated Life Insurance Need: (add: lines 5 + line 10 - line 14)	\$

Replacement Income Factor	Years Needed	Factor
	10	6.8
	15	12.4
	20	15.4
	25	18.1
	30	20.4

**College Savings—participation in PA Treasury's 529 Guaranteed Savings Plan (www.pa529.com) and buying tuition credits at current rates is a conservative method of keeping up with future tuition cost increases, regardless of your children's ages. Use the following (2016-17) average tuition credit rates per semester and a normal 8 of semesters to earn an undergraduate degree as a guide. (Note that room and board expenses are not included.)

Community colleges: \$1,918.65 x 8 = \$7,674.60
PA State System of Higher Education: \$3,618.96 x 8 = \$28,951.68
State-related universities: \$8,437.68 x 8 = \$67,501.36
Private 4-year college: \$17,076.00 x 8 = \$136,608.00

Source: Adapted from Life Insurance Need Worksheet (LifeHappens.org)

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Insuring Loss of Income (continued)

Now that you have an idea about how much you may need, the next step is to find a life insurance policy that will meet your need in a cost effective manner. All life policies are not the same. Some policies cover you for your lifetime and others cover a specific number of years. Some build up cash values. Some policies combine different kinds of insurance, and others let you change from one type to another. Let's look at the two basic types of life insurance:

Term insurance covers you for a certain time frame or 'term' of one or more years. It pays a death benefit only if you die during that term. The main benefit of term insurance is that it generally offers the largest insurance protection for your premium dollar. It generally does not build up cash value and has lower premiums in the early years compared to permanent policies.

You can renew most term insurance policies for one or more terms, even if your health has changed. Each time you renew the policy for a new term, premiums may be higher. Ask what the premiums will be if you continue to renew the policy and if you will need to pass a physical examination to continue coverage. Also ask if you will lose the right to renew the policy at a certain age. You may be able to trade in your term insurance policies for a permanent policy during a conversion period even if you are not in good health. Premiums for the new policy will be higher than you have been paying for the term insurance.

Permanent life insurance is a policy that is in effect for life, as long as the premiums are paid. Whole life, universal life and variable universal life are common varieties of policies. Each has advantages and disadvantages, but these policies have higher premiums, as some of it goes to pay for insurance and some goes to the savings (cash value) component. The benefit is they are in effect for life as long as you keep paying the policy premiums. Follow is a brief summary of each variety of permanent life insurance:

- **Whole Life** is a basic permanent policy that covers you for as long as you live and the premiums are paid. Some policies let you pay for a shorter timer period, i.e. until age 65, but the premiums are higher. Premiums are usually fixed over the payment period.
- **Universal Life** is a flexible permanent policy that lets you vary your premium payments and adjust the benefit value. Note that if the payments you make plus the interest earned on the savings component don't cover the cost of insurance, your coverage may end. At that point you must increase premium payments or lower the death benefit to continue the policy.
- **Variable Universal Life** is also a flexible permanent policy, but the savings component can be invested in mutual funds or other allowed investments. The cash value (and ultimately, benefit value) is based on the performance of these funds, varying both to the up and down sides. Make sure you understand the investments and potential for decreased coverage when buying this type of policy

When choosing a policy, ask yourself if you need life insurance for your entire life or just a portion of it, i.e., while raising children? Keep in mind you may combine term with permanent insurance; term to cover the period of your greatest need, and permanent (with a lower benefit) for the remainder of your life. Discuss these options with your insurance agent to make sure you buy the right insurance for your needs.

Source: Adapted from Life Insurance Buyer's Guide (NAIC)

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Due to Disability

The greatest personal asset we have is the ability to earn an income. Statistics show that we have a three in ten chance of suffering a disability during our working lives and that will keep us out of work for 90 days or longer. Also think about how a disability could affect your earnings over a lifetime. For example, a 25 year old earning \$50,000 per year could lose \$3.8 million in future earnings if they suffered a permanent disability.* Disability benefits are a necessity for almost anyone that works, regardless if they are single, married, and with or without children, in order to maintain a desired standard of living in the event of a disability.



There are several sources of benefits to consider when planning for disability protection. These benefits may be short-term, typically covering three to six months following a disability, or long-term, typically covering six months and beyond following a disability. They do not replace 100% of your pre-disability income, in order to prevent fraudulent claims and provide an incentive to return to work. There may also be limitation on the duration of benefits, depending upon the source. Here are some examples of disability benefit sources:

- **Sick time** – employers may specify a set number of sick days which are paid at 100% of salary before any disability insurance would be paid.
- **Worker's Compensation** – all states require employers to provide this coverage, which typically pays two-thirds of your pre-disability income; it is used to pay benefits for work-related illness or injury. According to the National Safety Council, only 73% of long-term disabilities actually qualify as work-related and wouldn't be covered by this benefit.
- **Social Security Disability Insurance** - you must work enough quarters to qualify for benefits which are based upon earnings over your work life; the number of work credits needed depend upon the age when you become disabled. The disability must also be expected to last at least one year or to result in death. Keep in mind that according to the Social Security Administration, 65% of disability claims are initially denied and the average monthly benefit in 2012 was \$1,130, which is near the federal poverty line.
- **Employer-sponsored plans** – these disability insurance plans are usually part of group insurance plans offered in an employee benefit package and typically pay 60% of pre-disability salary. Some employers pay the full cost of the disability insurance and other offer the opportunity to purchase coverage at low group rate. These plans may have a coordination of benefits clause, i.e., will pay less if you are receiving other sources of disability benefits. Note also if you voluntarily purchase disability insurance through your employer's group plan and use after-tax dollars, the benefit you receive will be income tax-free.
- **Individual disability insurance** – these policies are portable and can move with you from employer to employer. They tend to be more expensive but are the most flexible and reliable policies that you can purchase. Again, they typically cover 60% of your pre-tax salary and may have a coordination of benefits clause.
- **Other sources** – veteran's disability benefits, credit life/disability benefits,* automobile insurance (if disability results from an auto accident), Supplemental Social Income (SSI), and, of course, your own savings.

*Source: The Real Risk of Disability in the United States, Milliman Inc., on behalf of the Life Foundation, May 2007

Source: Adapted from Disability Insurance (LifeHappens.org)

Calculating Disability Insurance Need

In order to determine if you have a need for disability insurance, it is important to evaluate all of your potential disability income sources and your expenses. Below is a quick calculation for how much disability insurance you may need. Use Anna's relevant information from the Case Study to complete the worksheet.

Monthly Income Replacement	
1. Monthly income from spouse/other family members:	\$
2. Monthly income from savings/investments:	\$
3. Monthly veteran's benefits:	\$
4. Other monthly income sources:	\$
5. Total Monthly Income Replacement Need: (add: lines 1 thru 4)	\$
Monthly Expenses	
6. Monthly expenses from My Money Map, page SS-14:	\$
7. Increased expenses: (health-related, child care, etc.)	\$
8. Lower expenses: (work-related, entertainment, etc.)	(\$)
9. Other monthly expenses not previously included:	\$
10. Total Monthly Expenses: (add: lines 6 thru 9)	\$
15. Total Monthly Disability Income Need: (add: lines 5 + line 10)	\$

Remember that disability insurance will not replace 100% of pre-disability income. Disability insurance can assist in getting you as close to pre-disability income as possible. Consider both group disability benefits through your employer and an individual policy, but shop around and compare policies before you buy or select coverage. Keep in mind the following:

- What is the disability defined? Is the inability to perform your own job or the inability to perform any job?
- Does the policy cover disability from illness, accidents, or both; and are benefits paid for partial or residual disability?
- Are full benefits paid for loss of sight, hearing, or limbs, whether or not you are able to work?
- What is the maximum benefit and the percentage of income it will replace?
- Is the policy non-cancelable, guaranteed renewable, or conditionally renewable?
- Will the premiums be waived if you are disabled for a certain period of time?
- Does the policy adjust for inflation, and if so what is the rate?

Source: Adapted from Figuring Your Disability Needs (NAIC)

Insuring Loss of Health

The loss of health can be described in two ways, temporary and permanent, and is distinguished by the types of services needed and the type of insurance which covers them, not necessarily the duration of the condition or treatment.



Temporary loss of health is covered by what we know as 'health insurance' and includes conditions of minor or acute illnesses or injuries; permanent loss of health refers to the condition of being unable to care for oneself and is covered by long-term care insurance. Let's start with temporary loss of health.

Employers have traditionally provided health insurance benefits to employees and their families. However, with the cost of insurance, many had cut back on benefits, leaving many un- or underinsured people. The Affordable Care Act (ACA) was passed in 2010, which states that everyone must have health insurance that includes essential benefits. Those that do not have access to employer provided plans can access individual plans through the marketplace exchanges created by the ACA.

Health insurance plans cover a variety of needs, but according ACA, plans must include the following essential health benefits:

- Ambulatory patient services (outpatient care you get without being admitted to a hospital)
- Emergency services
- Hospitalization (like surgery and overnight stays)
- Pregnancy, maternity, and newborn care (both before and after birth), including breastfeeding
- Mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
- Prescription drugs, including birth control
- Rehabilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care*

*Note that dental and vision coverage for adults are not included as essential benefits.

There are several types of health insurance plans, each with benefits and drawbacks. Here is a brief summary of the most common types of plans.

- **Indemnity plans** – These major medical plans provide the most flexibility in choosing where and from whom to receive care. You may visit almost any doctor and hospital that you choose. These plans usually pay a portion of the cost and are often referred to as "fee for service" plans.
- **Preferred Provider Organization (PPO) plans** – In these plans, the insurance company enters into contracts with selected hospitals and doctors to furnish services at a discounted rate. As a member of a PPO, you may be able to seek care from a doctor or hospital that is not a preferred provider, but you will probably have to pay a higher deductible or co-payment.

Source: Adapted from Insure U: Health Insurance (NAIC)

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- **Health Maintenance Organization (HMO) plans** – These major medical plans usually make you choose a primary care physician (PCP) from a list of network providers. If you need care from any network provider other than your PCP, you may have to get a referral from your PCP. Treatment received outside the network is usually not covered, or covered at a significantly reduced level.
- **Point of Service (POS) plans** – These major medical plans are a hybrid of the PPO and HMO models. They are more flexible than HMOs, but do require you to select a primary care physician (PCP). Like a PPO, you can go to an out-of-network provider and pay more of the cost. However, if the PCP refers you to an out-of-network doctor, the health plan will pay the cost.
- **High Deductible Health Plans** have lower monthly premiums in exchange for a high deductible and may be HMO's, PPO's, POS's, etc.
- **Catastrophic Plans** also have higher deductibles, higher out of pocket limits and lower premiums. These plans are basically safety nets against serious accidents or illness and have more limitations on essential services.
- There are also **government programs** that provided benefits for seniors, low-income persons, and children. Following is a summary of these plans.
 - **Medicare** – If you are 65, you are eligible for Medicare, which is divided into four parts.
 - **Part A** covers you when you're in the hospital, skilled care nursing facility (short-term), home health services, and hospice care. If you worked and paid Medicare taxes for 10 years, there is no charge for Part A.
 - **Part B** covers services from doctors and other health care providers, outpatient care, durable medical equipment, and preventative services. You pay a monthly premium based on your income for this coverage. (Side bar: Medicare supplemental insurance or **Medigap** is private insurance that fills in the gaps that are not covered by Part A or B of Medicare, i.e., deductibles, co-pays, etc., which may be substantial. There are several types of Medicare supplemental plans available and offer the same benefits, regardless of which company is selling the coverage.)
 - **Part C**, also known as, **Medicare Advantage** is a private insurance policy that provides the same benefits as Parts A and B, along with supplemental benefits that vary by plan. There may be a premium charged to you, depending on benefits covered and may require the use of certain doctors and hospitals.
 - **Part D** is prescription drug coverage. Some Medicare Advantage plans provide this coverage but some require separate purchase.
 - **Medicaid** – This plan provides health coverage to eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.
 - **CHIP** – This plan provides health coverage to eligible children, through both Medicaid and separate CHIP programs. CHIP is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.

Source: Adapted from PA Insurance Department and Medicaid.gov (US Department of HHS)

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Health Insurance Checklist

How can you determine if the health insurance plan(s) being offered by your employer (or if shopping for coverage according to the Affordable Care Act) is right for you? Use the following checklist to pin point your needs, if they will be covered, and for how much. Then decide which policy is best for you and your family.

Benefit	Must Haves	Company #1	Company #2	Company #3
Office visits				
Hospital care				
Surgery (in- and outpatient)				
Emergency room visits				
Medical tests, X-rays				
Annual physicals				
Maternity care				
Well-baby care				
Immunizations				
Prescription Drugs				
Mental health				
Dental care				
Orthodontics				
Vision care, glasses, exams				
Other not listed				
Costs				
Monthly premium				
Office visit co-pay				
Prescription drug co-pay				
Emergency room co-pay				
Deductible				
Coinsurance (%)				
Maximum out-of-pocket (\$)				
Other Issues				
Choice of doctors				
Referrals to specialists necessary				
Convenient locations				
Ease of getting appointment				
Totals:				
Which is best for me?				

Source: Adapted from PA Health Options.com (PA Insurance Department)

Insuring Loss of Health (continued)

A **permanent** loss of health is a condition of being unable to care for oneself for long periods of time or expected until death. It can be a result of a chronic illness, disability, or aging. Requiring long-term care includes a variety of services and supports, and most are not medical in nature. Some services provide assistance with activities of daily living (ADL's). ADL's include dressing, bathing, using the toilet, moving to or from bed/chair, caring for incontinence, and eating. Other services provide assistance with what are called instrumental activities of daily living (IADL's) and include housework, managing money, taking medication, meal preparation, shopping for groceries, using the telephone, caring for pets, etc. Long-term care planning also includes where to live and handling financial, legal, and family dynamics along the way.

According to the Administration on Aging (US Dept of HHS), 70% of people turning 65 can expect to need some form of long-term care during their lives. Statistics also show that women, people having a chronic illness, living alone, family history, and poor diet and exercise habits increase the chances for needing long-term care. So, how much does care cost and what are options to cover these needs?

Costs

The cost of long-term care depends on the type and duration of care you need, the provider you use, and where you live. In Pennsylvania (2016):*

- The median cost of a semi-private room in a nursing home was \$9,071/month
- The median cost of an in-home health aide is \$4,109 per month
- The median cost of an assisted living facility is \$3,600 per month or \$43,200 per year.
- The median cost of adult day health care \$1,300 per month

Coverage

- **Medicare** – Pays for skilled services or rehabilitative care for a *maximum of 100 days* and does not pay for non-skilled assistance for ADL's, which make up the majority of needed services.
- **Medicaid** – Pays for most long-term services but your income and assets must be below a certain level in order to qualify; there are also state requirements that must be met.
- **Long-term care (LTC) insurance** – LTC policies reimburse policyholders a daily amount for services in a variety of settings including at-home, community living, or full skilled-care nursing facility. Costs vary according to your age, maximum daily benefit, maximum days or years policy will pay, lifetime maximum benefit, and other options. It is important to review policy limitations, as well as, insurance company stability before buying LTC insurance.
- **Reverse mortgage** – This is a type of home equity loan, specifically for seniors (age 62 or older), that allows you to receive cash against the value of your home without selling it. Age and property value determine the maximum loan amount; credit history or income is not a factor. These loans are expensive and require counseling by an approved reverse mortgage counselor before you can start the loan process.
- **Life insurance** – Some policies will allow access to accelerated death benefits, sell the policy for cash for any reason, or sell to a third party in the event of a terminal illness. These settlements are typically capped at 50% of the death benefit, have age restrictions, and may be taxable.

*Source: Genworth Cost of Care Survey (2016)

Source: Adapted from LongTermCare.gov (US Department of HHS)

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Insuring Loss of Property

Automobile

Automobile insurance is mandatory in order to legally drive in Pennsylvania. More than that, having the right insurance coverage may protect you from a large financial loss in the event of an accident and accidents do happen. According to PennDOT, there were 127,127 reportable traffic crashes in 2015. Relative to Pennsylvania's population, 1 in 44 people was involved in a crash; 1 in 156 people was injured in a crash; 1 in 10,699 people was killed in a crash.



In Pennsylvania, there are three specific losses that must be covered in an automobile policy: medical benefits, bodily injury liability, and property damage liability.

- **Medical benefits** coverage pays for the medical bills for you (and others covered by the policy), if there are injuries resulting from an accident, regardless of fault. The minimum amount of coverage required is \$5,000.
- **Bodily injury liability** pays for damages for which you are liable, in the event that you injure someone in an auto accident. These damages can include medical expenses, lost wages, and pain and suffering. The minimum amount of coverage required is \$15,000 per person and total of \$30,000 per accident.
- **Property damage liability** pays for repairs to someone's property (their car, a fence, a tree, etc.) that results from an accident in which you were at fault. The minimum amount of coverage is \$5,000.

Note that the coverage limits are the most your insurance will pay in any one accident. If you do not have enough liability insurance, and you are found at fault for an accident, you may be responsible to pay for anything your insurance does not cover. There are also several types of optional coverage available.

- **Uninsured and underinsured motorist** coverage applies to you, relatives residing in your household, and your passengers if injured by at-fault uninsured/underinsured motorist or a hit and run driver. This does not include property damage.
- **Collision** coverage pays to repair damage to your car as a result of an accident. If your vehicle is being financed, your bank or lender may require you to have this coverage. The standard deductible in Pennsylvania is \$500 unless you choose otherwise.
- **Comprehensive** coverage pays for theft or damage to your car from hazards such as fire, floods, vandalism, etc.
- **Guaranteed Asset Protection (GAP)** coverage will pay the difference between an insurance company's payment for a totaled vehicle and the balance of a vehicle loan.
- **Other options** include accidental death benefits, rental reimbursement, towing, income loss, funeral benefits, etc.

An important consideration with auto insurance is to have limited or full tort coverage. If you are in an automobile accident, you are able to recover out-of-pocket medical and other expenses. **Limited tort** restricts your right to recover certain other expenses, such as pain and suffering, unless the injury is deemed a "serious injury," i.e. death, significant deformity, or an impairment of body function. **Full-tort** allows unrestricted rights to sue for all damages.

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Homeowner's and Renter's

Homeowner's insurance protects you against financial loss if there is damage to your home and possessions and liability in case someone gets hurt in your home or on your property. Homeowner's insurance is not mandatory in Pennsylvania but banks and lenders will require coverage for at least the amount of the mortgage loan. Policies usually contain a package of coverage from structure to personal property to liability. Here is a summary.

- **Dwelling** coverage pays for damage to your house and structures attached to your house, including damages to plumbing, heating/cooling systems, etc. When determining the amount of coverage, keep in mind the replacement cost or how much it would take to repair or rebuild your home with similar materials and quality. **Replacement cost** is not the market value (what you would get if you sold your home) or actual cash value which subtracts wear and tear and age from replacement cost.
- **Other structures** coverage pays for damage to structures not attached to the dwelling and includes garages, sheds, fences, etc. The typical limit of coverage on these is 10% of the dwelling coverage.
- **Personal property** coverage pays for damage to your personal items, i.e. furniture, clothing, appliances, etc., and is usually a percentage of the dwelling coverage limit. Again, consider replacement cost to make sure you can adequately replace all of your personal items in the event of a total loss. Some items, i.e., jewelry, furs, antiques may have limitations but you can purchase additional coverage with a **rider or scheduled personal property endorsement**.
- **Loss of use** coverage pays for additional living expenses if you can't live in your home while it's being rebuilt or repaired. The typical limit of loss of use coverage is 20% of the dwelling limit.
- **Medical payments** to others coverage provides payment for medical bills for people hurt on your property or hurt by your pets. The basic amount of coverage is usually \$1,000 per person but higher benefits may be available for an additional cost.
- **Personal liability** protects you, your relatives in the household, and residents in your household under the age of 21 if you are sued and found legally responsible for injury or damage to their property. Most policies offer \$100,000; higher benefits may be available for an additional cost.

It's important to not only know *what* is protected but *when*. In the case of homeowner's insurance, it's a matter of covered perils or events which cause a loss, like a fire or hail storm. Some policies cover all perils except those that are specifically excluded; other only cover the perils specifically named in the policy. It's also very important to know that typical homeowner's and renter's policies do not cover damages resulting from a flood, sinkholes, or earth movement/earthquakes.

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Homeowner's Insurance Policy Forms

The following chart is an overview of the different homeowner's policy forms available. Note that this an overview; your actual policy may differ and should be carefully reviewed and discussed with your agent to make sure you have the protection that you need.

Form	Description	Dwelling/ Other Structures	Personal Property	Medical Payments	Personal Liability
2 - Broad Form	If perils not named, they're not covered	✓	✓	✓	✓
3 - Special Form	Perils covered, if not specifically excluded	✓	✓	✓	✓
4 - Contents Broad Form	Renter's policy		✓	✓	✓
5 - Comprehensive Form	Same basic coverage as Special Form but includes many optional coverages, as well	✓	✓	✓	✓
6 - Unit Owner's Form	Condominium, insures what is not covered by association policy	✓	✓	✓	✓
8 - Modified Coverage Form	Older homes, provides functional replacement costs	✓	✓	✓	✓

Finally, there are several things you can do to make sure you have the protection you need but also reduce policy costs.

1. Create a home inventory, with photos, to make sure your coverage fits your situation
2. Tell your insurer about any improvements, i.e. new roof, repairs, that you've made
3. Bundle your insurance policies, i.e. home, auto, etc. for multi-policy discounts
4. Having protective devices, i.e. smoke detectors, burglar alarm, dead bolts on doors, etc., can help reduce your premiums
5. Consider potential injuries before installing a swimming pool, trampoline, or swing set.
6. Check with your insurance company before choosing a pet; some companies will not insure you if you own certain breeds of dogs
7. Review your deductibles; if you maintain an adequate cash reserve, you may be able to lower your deductibles and thus policy costs
8. Consider a home warranty that will cover mechanical breakdowns such as heating systems, plumbing, electric, and appliances, as these breakdowns are not covered by homeowner's insurance

Source: Adapted from PA Insurance Department

Questions to Ask About Coverage

If you have identified a risk to property that should be covered by insurance, let's look at some specific questions to ask when talking to an agent about an insurance policy. **(OPTIONAL)**

Type of Insurance: _____
Company: _____ Agent Name: _____

In the event of a loss, I file a claim by _____

In this policy, coverage is included:

1. For these PERILS (something that causes injury, loss or damage) _____
2. For this PROPERTY _____
3. To cover these LOSSES _____
4. To cover these PEOPLE (the "insured") _____
5. In this LOCATION _____
6. For this TIME PERIOD _____
7. And for the losses, who will receive payment (the "beneficiary[s]") _____
8. And for the losses, will receive this AMOUNT OF PAYMENT \$ _____
9. I can CONTROL LOSSES by _____
10. I can CONTROL POLICY COSTS by _____

Source: Adapted from DollarWorks 2 (University of Minnesota Extension)

The Cost of Sharing

You can insure losses for just about everything, including body parts (like a fashion model's legs), pets, weddings, and even fantasy football, as long as you are willing to pay for it. In tough times, sharing the cost of items or services is a good thing. It helps both parties get something of value that they couldn't get on their own. It's no different when you 'share a risk' with an insurance company. You get protection and the company gets cash to run the business, make good on their promises, and hopefully make a profit. The cash that comes from you is called the **premium**, or simply the 'price of protection.'

The premium is not the only cost to you for sharing your risk. Here are more costs to consider:

- **Deductible or "you go first"**: an amount of money you must pay first before the insurance company pays on a claim (or loss). For example, you may have a \$500 deductible with your automobile policy. That means you pay the first \$500 of any claim before the insurance company will pay anything to you.
- **Co-payments or "pay per view"**: money paid for each use of a specific covered expense in a policy. For example, you may have to pay \$25 every time you visit a doctor or have a prescription filled.
- **Co-insurance or "your 'fare' share"**: the amount of a claim that is split between you and insurance company. For example, the insurance company may agree to pay 80% of the claim and you must pay the remaining 20%.
- **Annual policy fees or "more please"**: an additional administrative fee attached to a policy. This fee is more common in life insurance policies and annuities.
- **Commissions or "placement fees"**: fees paid to the agent for selling the policy. Commissions are usually included in the premium but not always.
- **Premium sales charge or "take a chance"**: a percentage fee (typically 5-7%) for premiums paid into a policy. This fee is more common in life insurance policies and annuities.
- **Surrender charge or "exit fees"**: fee charged if a policy is cancelled within a certain amount of time, typically 7-10 years. This fee is more common in life insurance policies and annuities.

One cost that is not included in policy documents is the **waiting period** or "not so fast". This is the amount of money you will need during the time you have to wait *before* benefits will be paid. For example, let's say you have a long-term disability policy that doesn't pay benefits until after six months of being disabled. What money will you have for living expenses during the six month waiting period? Those are costs you will need to cover by other means, such as an emergency fund.

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Know Your Policies

Complete the following worksheets for the insurance policies that you have in order to get to know them better. **If you don't have any policies in place, use the Case Study, Appendix B as an alternative activity.**

Health Insurance	
Company:	Agent Phone:
Agent:	Agent Email:
Benefits	
Annual Maximum	
Lifetime Maximum	
Dental	
Vision	
Other	
Costs	
Annual Premium	
Co-payments	
Co-insurance	
Max Out-of-Pocket	
Other	
Limitations	
Network Doctors	
Pre-approvals/Referrals	
Other	

Source: Adapted from DollarWorks 2 (University of Minnesota Extension)

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Auto Insurance	
Company:	Agent Phone:
Agent:	Agent Email:
Benefits	
Liability -bodily injury -property damage	
Medical Expenses	
Physical Damage -collision -comprehensive	
Uninsured Motorist	
Underinsured Motorist	
Other	
Costs	
Annual Premium	
Deductibles/Other	
Limitations	
Full Tort/Limited Tort	
Other	

Homeowner's Insurance	
Company:	Agent Phone:
Agent:	Agent Email:
Benefits	
Replacement Cost or Cash Value	
Dwelling	
Personal Property	
Personal Liability	
Medical Payments	
Loss of Use	
Flood	
Other	
Costs	
Annual Premium	
Deductibles/Other	
Limitations	
Exclusions	
Other	

Life Insurance	
Company:	Agent Phone:
Agent:	Agent Email:
Policy Type	
Temporary (term)	
Permanent (cash value)	
Benefits	
Death Benefit	
Policy Loans	
Flexible Premium/Benefit	
Other	
Costs	
Annual Premium	
Annual Policy Fee	
Sales Charge	
Surrender Charge	
Other	
Limitations	
(Non) Standard Premiums	
Suicide Clause	

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Disability Insurance	
Company:	Agent Phone:
Agent:	Agent Email:
Benefits	
Monthly Benefit	
Taxable/Non-taxable	
Other	
Costs	
Annual Premium	
Waiting Period Expenses	
Other	
Limitations	
Definition of Job	
Waiting Period	
Benefit Period	
Coordination of Benefits	
Other	

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Getting Your Affairs in Order

Death is as natural as birth - yet few of us give it serious consideration until we are confronted with the loss of someone we know. After someone dies, the survivors must make important decisions while also sorting through their emotions. Take time to plan ahead and discuss your wishes with family and friends. Providing them with guidance during difficult times may be easier for everyone. Consider the following steps in getting your affairs in order:

- 1. Organizing Your Records**
 In the Check Taxes, module we covered recordkeeping in-depth, including tools and guidelines. Remember, records are necessary for making health care decisions, obtaining insurance benefits, assisting with medical costs, and transferring ownership of your assets. Having a well-organized record system helps with quick retrieval of important financial information and legal papers. It also reduces stress and can save you money.

 Keep in mind that in Pennsylvania, the following information is needed in order to file a death certificate: actual residence address, birth date, birth place, education level, mailing address, marital status, military service number, occupation, both parents' full names, and Social Security Number.
- 2. Making Medical Decisions Ahead of Time**
 Most of us have a hard time thinking about being unable to communicate or make our own decisions. If you become unconscious or otherwise unable to approve your medical treatment, Pennsylvania law will determine how and what medical decisions are to be made for you unless you plan ahead with a living will or a Health Care Power of Attorney (HCPA).

 A living will and HCPA give you a way to tell health care providers about the care you wish to receive, or not receive, should you become unable to communicate or make medical decisions for yourself. Both are known as advance directives for health care and are considered legal documents that provide clear and convincing evidence of your preferences. There are some differences between the two.

Living Will	Health Care Power of Attorney
Written statement of a person's wishes to initiate, continue, withhold, or withdraw certain life-sustaining treatments if they become incompetent, are in an irreversible coma, or determined to have a terminal condition. Only applies to medical decisions that must be made if you are terminally ill or in a state of permanent unconsciousness.	Written document that designates an agent with the authority to handle all or some of your medical decisions such as admitting you to a medical or nursing facility, authorizing medical procedures, pain relief, hiring care givers, etc. Only effective during one's life and terminates if the person becomes disabled or incompetent. (THE HCPA can be made to remain in effect by adding "durable" to the title.)
Can designate a person responsible for carrying out your decision but don't have to.	Must designate an agent responsible for performing health decisions.

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Getting Your Affairs in Order (continued)

- 3. Transferring Property**
 Most people assume that when they die their survivors automatically inherit their assets. This is not always the case. If a property owner dies without a valid will (called intestate), PA inheritance laws will determine who gets your stuff, including your kids. A last will and testament, commonly known as a will, is a written document that describes who and how your possessions are distributed.

 A will is important because it can designate a guardian for your surviving minor children, and is especially important if you want a non-family member to raise them. A will also identifies who will settle or distribute your stuff according to the will. That person is called the executor (male) or executrix (female). Keep in mind that some assets can be transferred without a will, including those owned as Joint Tenancy with Right of Survivorship, and those with beneficiary designations, (life insurance, retirement accounts, etc.).
- 4. Planning for Final Arrangements**
 Since ancient times, ceremonies like funerals and memorial services have been held to honor the dead and to help survivors cope with grief. There are many types of arrangements to consider: a funeral, viewing (or calling hours), grave site service (committal) and/or a memorial service. The type of arrangement may also depend on disposition method for the deceased's body, which includes cremation, burial, entombment and donation to medical science.
- 5. Financing the Final Ceremony**
 A traditional burial is becoming one of the largest single expenses for a household. The average cost of an adult funeral is \$7,755.* Services and other items selected such as a casket, embalming, closing police escort, music, grave marker, use of funeral home facility, etc., will all affect the actual cost of a funeral. Prepayment options are available but it is recommended that you consult an attorney before signing any prepayment contract.

 In addition to any savings, life insurance, or employee benefits you may have, there may be other financial resources available to help pay funeral expenses. Social Security (if the deceased earned enough "credits") has a lump sum death benefit for survivors of \$255. Veteran's Affairs benefits are available for service- and non-service related deaths. Union and fraternal benefits may also be available. If you receive public assistance or Medicaid, you may be able to set up an irrevocable burial reserve (savings) which may not be included as part of your assets for assistance eligibility.

*Source: National Funeral Directors Association (2010)

Source: Adapted from Getting Your Affairs in Order (Penn State Extension)

Documenting Your Wishes

By writing down your wishes, you give your survivors guidelines to follow during the difficult time of making final arrangements. Use the following questionnaire to put it all together and get your affairs in order.

Personal Data

My full name: _____ My spouse's full name: _____
 My birth date: _____ My place 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: _____

Estate Information

I have asked _____ (executor/ executrix) to settle my estate.
 My will and other important papers are stored at _____
 Any life insurance policies, pension statements and/or death benefit records I may have are stored at _____
 I have given my power of attorney to _____ who can be reached at _____

Persons To Be Notified

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

- _____
- _____
- _____
- _____
- _____

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Documenting Your Wishes (continued)

My Advisors To Be Notified

The following advisors should be notified in case of my death.
 Attorney: _____
 Banker: _____
 Insurance Agent: _____
 Minister: _____
 Other: _____

Final Arrangement Wishes

I would prefer a _____ to be held at _____
 I would like to be _____ at _____
 I would like _____ to conduct the final ceremony. If this is not possible, I would like _____ to officiate.
 I would prefer that individuals make donations to _____ rather than send flowers.

Thoughts and Personal Messages

Source: Adapted from Getting Your Affairs in Order (Penn State Extension)

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Be a Smart Shopper!

It's up to you to get the most for your money. You work hard for it and deserve to receive value when you spend it. You are responsible for protecting your right to receive value for your money. You can do that before, during, and after a purchase.

Before

There are some simple questions to ask yourself before making any purchase. Do I NEED this item? How much can I afford? Can I negotiate the price or wait for a sale? Have I thought about how this item will be of value to me? Have I done my homework with possible alternatives? Will I practice the Rule of Three? Have I checked my local Better Business Bureau for information on the companies that I will be shopping? (www.bbb.org)

During

There's a saying that goes back to ancient Roman times, "Caveat emptor." It means, "Let the buyer beware," and it's all about comparison shopping. Use the "Rule of Three," compare at least three products or services before making a spending decision. Look closely at the items, including function, price, warranty, and value for the price. Ask questions until you receive a satisfactory answer. Use your comparison to negotiate a better price or ask for a discount. Remember, as a responsible consumer, you are in the driver's seat.

After

Stand up for your rights. Know the consumer laws that may be applied if you think you haven't been given a fair deal. Take action to exercise your rights under these laws. It will not only help you but it helps your community. Taking action shows that you've made a decision to support businesses that deliver good products or services at a fair price. When people take action, unfair and dishonest practices are driven out.

How do you stand up for your rights? The first thing to do is write a letter of complaint. A well-written letter of complaint can have a big effect. You may get a replacement, be offered a store credit, or get your money back. Good companies are competing with other companies and want to keep your business; that is why they pay attention to these letters. Send the letter with a request for delivery confirmation and keep a copy for your records.

If you do not receive satisfaction after writing a letter of complaint, call the Pennsylvania Attorney General's office (1-888-520-6680). When you reach the right person, be prepared to tell them your story. Have all the facts at your fingertips, including your letter of complaint and any response received from the merchant.

*The Rule of Three is simply shopping at three comparable places before purchasing. This is especially important for major purchases or investments you may make.

Source: Adapted from Finding Paths to Prosperity (CFED)

Advertising and Consumerism

You or your family members may want a great deal of 'stuff.' Maybe you want more things than the family can afford. This is not surprise. We live in a consumer culture. We often buy just to "keep up with the Joneses." Often, it doesn't seem to matter whether a product works. We tend to think that it doesn't look right or it's out of style, a new one is needed. How does consumerism affect us? Take a look at some of the ways we're pulled in.



Television
 Everyone on TV is dressed to make a statement. It seems like they've got all the latest cars, furniture, houses, etc. TV brings it all right into our living rooms shouting, "BUY SOMETHING!"
What to do? Stick to your own goals. Make your own choices. Watch less TV.



Ads
 We're hit with ads from every direction-radio, TV, newspaper, billboards, websites, etc. All are shouting, "BUY SOMETHING!"
What to do? Practice the "Rule of Three" before making a purchase. Compare at least three products or services before making a spending decision.



Malls
 Many people go to malls for recreation. The store windows in the mall have the latest and greatest of everything and all are shouting, "BUY SOMETHING!"
What to do? Brainstorm alternative forms of recreation with your family. If you do go to the mall, have a list and stick to it.



Friends and Relatives
 Sisters, brothers, and friends may all seem to have great 'stuff.' Maybe you'd like (or feel pressure) to keep up with them and, "BUY SOMETHING!"
What to do? Keep focus on your goals. Think it through. Make your own choices.



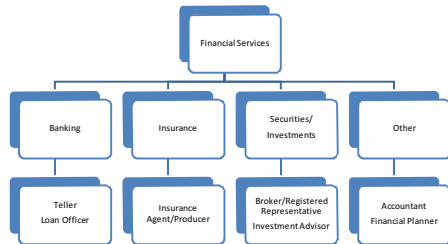
Children
 Companies advertise directly to children. Your children may put a lot of pressure on you to, "BUY SOMETHING!" like toys, cereal, and clothes.
What to do? It's okay to tell your children, "No, that's not part of our money map or goals." Share the family money map and goals with them. Help them set their own goals and save money for the things they want.

Source: Adapted from Finding Paths to Prosperity (CFED)

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Choosing Financial Professional

You have a wide array of choices when it comes to financial services and professionals. The following diagram shows financial service categories and the professionals that work in that category.



- **Teller**—a bank employee that handles routine banking transactions.
- **Loan Officer**—a person that sells loans and represents lenders to borrowers and borrowers to lenders.
- **Insurance Agent/Producer**—a salesperson on who can help you obtain life, health, property, and other insurance products, such as annuities.
- **Broker/Registered Representative**—a person who is in the business of buying and selling securities—stocks, bonds, mutual funds, and other financial assets. Although they often use such titles as financial consultant, financial adviser, or investment consultant, brokers are primarily investment salespeople.
- **Investment Adviser**—an individual who receives compensation for giving advice about financial assets. Some investment advisers also manage investment portfolios, sell financial assets, or offer financial planning.
- **Accountant**—a professional who is trained in the field of accounting. Those who work with individuals typically provide advice on tax and financial planning.
- **Financial Planner**—a professional who helps you to develop a strategy for managing your money. Financial planners can differ greatly in the services they provide. Some will examine every aspect of your financial house—including savings, investments, insurance, taxes, college savings, retirement, and estate planning; others only recommend the products they sell, which may limit your choices.

Before you choose a particular person, be sure to find out in advance which products and services they can—and cannot—provide. Keep in mind they will typically suggest the products or services they sell. For example, an insurance agent will tell you about insurance products, such as life insurance and annuities—but likely won't discuss other investments choices, such as stocks, bond, or mutual funds.

Source: Adapted from *Spice and Invest.Org* (FINRA) and *The Industry Pilot Series* (Silver Career Management.com)

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Federal Consumer Protection Laws

There are many federal consumer protection laws. The Federal Trade Commission (www.ftc.gov) protects consumers against unfair, deceptive, or fraudulent practices. It enforces laws enacted by Congress and trade regulations established by the commission itself. Categories of enforcement range from automobile purchase and financing to telemarketing and telephone services. We are going to focus on the rules that financial institutions must follow, housing protections, and others. In the *Borrow to Grow* module, we will cover lending laws.

Truth-in-Saving Act (TISA)

TISA requires financial institutions to disclose the terms and conditions of bank accounts clearly and in writing. Some of the information that a bank must give consumers is:

- Interest rate
- Minimum balance requirements
- Fees

The bank must periodically send statements for your accounts and provide account information to you at any time you ask for it.

Electronic Funds Transfer Act (EFTA)

EFTA establishes rights, liabilities, and responsibilities for customers that use these services and banks that offer them. EFTA services include using automated teller machines (ATM's), debit cards, and telephone or computer transactions.

Expedited Funds Availability Act (EFAA)

EFAA limits the amount of time a bank can hold a check deposited into your checking account.

Gramm-Leach-Bliley Act

This act requires financial institutions to protect the privacy of consumers' personal financial information.

Fair Housing Act

The Fair Housing Act prohibits discrimination on the basis of race, color, sex, religion, handicap, familial status, or national origin in the financing, sale, or rental of housing.

Real Estate Settlement Procedures Act (RESPA)

RESPA requires that a consumer be given information about the services and costs involved in the closing of a residential mortgage. It also limits the amount that can be collected for mortgage escrow.

Magnuson Moss Warrantee Act

This act sets the disclosure standards for written warranties, including 'full' warranties, implied warranties, and consumer remedies for breach of warranty or service contract.

Telemarketing and Consumer Fraud and Abuse Prevention Act

This act sets the rules for deceptive telemarketing practices, unsolicited calls, the hours of the day and night when calls can be made, and unsolicited call disclosures.

Source: Adapted from *MoneySmart* (FDIC)

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Getting Help with Financial Issues in Pennsylvania

With so many resources out there, it can sometimes be difficult to know who to call first. The following is a list of Pennsylvania resources available to help.

Pennsylvania Attorney General

www.attorneygeneral.gov/ / 1-888-520-6680

- Get information, ask a question, or file a complaint related to various consumer issues, including home improvement, telemarketers, health care, product safety, and civil rights.

Pennsylvania Department of Banking and Securities

www.dobsp.pa.gov/ / 1-800-PA-BANKS

- Get information, ask a question, or file a complaint against state-chartered banks, credit unions, trust companies and savings associations.
- Get information, ask a question, or file a complaint against state-licensed mortgage lenders; check cashers, pawnbrokers, money transmitters; independent vehicle repossessors and in-house auto-financers.
- Confirm that an investment firm, advisor, or representative is registered in PA to sell securities.
- File a complaint or report suspected investment fraud or scams.

Pennsylvania Department of Revenue

www.revenue.state.pa.us/ / 1-888-PA-TAXES

- Get information or ask questions about state-collected taxes, including personal income tax, sales and use tax, all corporate taxes, inheritance tax, and realty transfer tax.
- Request forms, file or make tax payments.

Pennsylvania Department of State

www.dos.state.pa.us/ / 1-800-822-2113

- Get information, ask a question, or file a complaint against state-licensed real estate professionals, including agents, brokers, and appraisers.
- Find out if a charitable organization or solicitor is registered in PA.

Pennsylvania Housing Finance Agency

www.phfa.org/ / 1-800-822-1174

- Apply for a PHFA home purchase, modification or improvement loan
- Find a qualified housing counselor in your area.

Pennsylvania Insurance Department

www.insurance.pa.gov/ / 1-877-881-6388

- Get information, ask a question, or file a complaint against state-licensed insurance agents, brokers, and adjusters.
- Get information or ask questions about insurance policies and annuities.

Pennsylvania Treasury

www.patreasury.org/ / 1-800-222-2046

- Find unclaimed property (bank accounts, stocks, un-cashed checks, CD's, life insurance policies, etc.)
- Get information about Pennsylvania's 529 college saving program.

Identity Theft

What is Identity Theft? Identity theft is when someone uses your personal information, like your name, Social Security Number, credit card number, or other financial account information without your permission, to commit fraud or other crimes.



Identity theft is serious. While some victims can resolve their problems quickly, others spend hundreds of dollars and many days repairing damage to their good name and credit record. Some consumers victimized by identity theft may lose out on job opportunities, or be denied loans for education, housing, or cars because of negative information on their credit reports. In rare cases, they may even be arrested for crimes they did not commit.

How do thieves steal an identity?

For identity thieves, this information is gold. They are willing to do anything to get it, including:

- **Dumpster Diving** - rummaging through trash looking for bills or other paper with your personal information on it
- **Skimming** - stealing credit/debit card numbers by using a special storage device when processing your card
- **Phishing** - pretending to be financial institutions or companies and sending spam or pop-up messages to get you to reveal your personal information
- **Changing Your Address** - diverting your billing statements to another location by completing a change of address form
- **Old-Fashioned Stealing** - wallets, purses, mail, and personnel records

What do thieves do with a stolen identity?

Once they have your personal information, identity thieves use it in a variety of ways. They may open new credit cards, utility accounts, and bank accounts in your name. They may get a driver's license or official ID card issued in your name but with their picture; they may use your name and Social Security number to get government benefits. They may rent a house or get medical services using your name. They may also give your personal information to police during an arrest.

How can you find out if your identity was stolen?

The best way to find out is to monitor your accounts and bank statements each month, and check your credit report on a regular basis. If you check your credit reports regularly, you may be able to limit the damage caused by identity theft. Unfortunately, many consumers learn that their identity has been stolen only after damage has been done. Collection calls, getting turned down for a loan, and getting mail about an apartment you never rented might be some tell-tale signs that you are a victim of identity theft.

What should you do if your identity is stolen?

Filing a police report, checking your credit reports, notifying creditors, and disputing any unauthorized transactions are some of the immediate steps to take to restore your good name. You should also file an [ID Theft Complaint](#) with the FTC.

Source: Adapted from www.ftc.gov (FTC)

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Additional Resources to: Protect Your Potential

Comprehensive Loss Underwriting Exchange: <https://personareports.lexisnexis.com/CLUEReport>
CLUE is an insurance claims information report that contains up to seven years of personal property and automobile claims history. You are entitled to a free CLUE report every 12 months. Insurers use the information to determine if it will offer coverage and how much you will pay.

Doorways to Dreams (D2D) Fund: www.financialentertainment.org/FarmBlitz
This online game challenges players to manage farm resources in order to build savings and survive financial emergencies.

Federal Deposit Insurance Corporation (FDIC): www.FDIC.gov/MoneySmart – A Financial Education Program
This interactive online (and MP3) program has, Keep It Safe, a modules dedicated to protecting your potential through understanding your rights as a consumer.

Federal Trade Commission: www.ftc.gov
Need Credit or Insurance? Your Credit Score Helps Determine What You'll Pay. Learn what a credit score is and how to improve it.
OnGuardOnline.gov
This is federal government's collaborative website to help consumers be safe, secure and responsible online.
Safeguarding Your Child's Future
This provides useful information on how to protect your child from identity theft.
What to do if Your Identity is Stolen
Learn what to do if someone steals your identity with these detailed steps.

FEMA: www.fema.gov
Emergency Financial First Aid Kit (EFFAK)
Prepare an EFFAK so you can protect yourself and money in the event of an emergency.

Financial Industry Regulatory Authority (FINRA): www.finra.org
Understanding Professional Designations
This website provides a guide to professional designations and their abbreviations.

Insurance Institute for Highway Safety: www.iihs.org
Check the crashworthiness and crash avoidance and mitigation rating for your vehicle.

Life Happens: www.lifehappens.org
Life Insurance Need Calculator
Use this online calculator to help determine life insurance needs. There is also a worksheet available in pdf form.

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National Association of Insurance Commissioners: www.insureUonline.com
Insure U is a website to help insurance consumers as their lives and needs change, and to educate them about how to avoid being scammed. Play interactive games to learn more about insurance and take quizzes to test your insurance knowledge. The website also reminds consumers of the tools and resources provided them by state insurance regulators.

PA Attorney General: www.attorneygeneral.gov
Get information, ask a question, or file a complaint related to various consumer issues, including home improvement, telemarketers, health care, product safety, and civil rights.
Consumer Protection Rights & Resources
Learn what your rights and responsibilities are as a consumer.

PA Department of Banking and Securities: www.dobs.pa.gov
Protect Yourself: Protect Your Money
This booklet provides information on scams and ways to protect against them.

PA Housing Finance Agency (PHFA): www.buildingyourfinancialhouse.org
Building Your Financial House is a commercial free financial resource for Pennsylvanians. Mirroring PHFA's flagship financial education program, the site provides comprehensive information on general financial topics and major milestones in life. The site also has over 40 worksheets, including those found in this module, to help build your own financial house.

PA Insurance Department: www.insurance.pa.gov
The PA Insurance Department provides consumers with a variety of insurance product guide, including automobile, homeowners, life, etc. The following are some general insurance tips to get you started.
Insurance Tips for Pennsylvania Consumers
This pamphlet provides information and tips to understand different types of insurance.
Year-End Insurance Tips to Re-evaluate and Prepare for Next Year
Learn how to re-evaluate your insurance policies at the end of each year.

The Consumer Financial Emergency Survival Kit: www.bostonfed.org/consumer-emergency-survival-kit
This guide offers a wide array of information on how to survive the complexity of our financial lives.

University of Illinois Extension: www.web.extension.illinois.edu/money
Is Your Financial Security at Risk?
This website gives families a chance to make their own personal risk management plan and protect the people they care about most if an unexpected event occurs.

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Agency: _____
Date: _____

Session Evaluation

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

	Excellent	Very Good	Good	Fair	Poor
Overall, I feel the session was:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The location of the session was:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The meeting room and facilities were:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Before the session:					
My knowledge and skills about the topic were:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
After the session:					
My knowledge and skills about the topic are:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My confidence to apply what I have learned today is:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
During the Session:	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
The instructions were clear and easy to follow.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The time allocated was right for the topic.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There was ample opportunity to share experiences/ideas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The overhead slides were clear and helped my learning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The activities and examples helped my learning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The activities and examples were relevant to my situation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The instructor:					
Was knowledgeable about the topic.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delivered lessons in a clear and understandable manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was engaging and encouraged interaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was well-prepared.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was approachable and open to questions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The session:					
Met my expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was of value to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has motivated me to take action.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Final Questions					
The most valuable thing I learned today was:	What was the least valuable part of the session and how could it be improved?				
Additional comments:					

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