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## **Workbook For Sale**

Rob has developed a workbook to help families begin to take control of their financial lives and make key decisions related to special needs financial planning.

Each copy—\$20  
(plus \$5 for shipping)

Send check made out to  
Cascade Investment Group

*Rob Wrubel is  
available for individual  
appointments.*

*Call 719-632-0818 to  
get started today.*

## **Do You Have Life Insurance?**

*Life insurance protects your family in emergencies*

*By Rob Wrubel, CFP®*

A key element of your financial plan includes planning to protect yourself in the case of emergencies and unforeseen circumstances.

You should have an emergency fund to dip into when faced with sudden, unexpected circumstances such as a medical emergency, car accident or job loss.

You should work towards eliminating your debts so less money goes out towards old purchases and more towards savings, investing and enjoying life.

You should have your legal work done immediately to insure the orderly transfer of your assets and to make sure your special needs family member has a guardian and trustee to help him or her.

And you need life insurance.

Life insurance is one of the last financial products any of us wish to talk about. Some of us think talking about it jinxes us—dooming us to an early demise. Others avoid the subject because too many life insurance agents have tried to promote and sell life insurance as the only financial tool that can create wealth. Others think it will be too expensive to buy.

Life insurance is another tool we use to protect our families against sudden loss.

We use insurance of all kinds to protect against losses we cannot afford to take.

Home insurance pays for the cost of our house to be fixed or rebuilt if it gets damaged by a tree falling onto the roof or the house getting destroyed by fire.

Car insurance pays for the cost to fix a car damaged in an accident or to fix someone else's car if we caused the accident. It also pays for injuries to us or other parties—costs that could far exceed replacing a bumper or front end.

In these cases, we pay a little money each month to cover financial risks we cannot afford to repay.

The purpose of life insurance is to replace income that our family would not have if we were deceased.

We pay for the mortgage, food, other insurances, entertainment, medical needs and therapeutic visits from income. We make contributions to retirement plans, education plans and save for special needs trusts from the money we earn.

A sudden and unexpected death of one of the wage earners changes the family's economic status unless some means to replace income has been put in place.

Let us review the following num-

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bers and situation.

We have a married couple with two children. One of the children has special needs and she is 13. Both children are in public middle school and both parents work.

Mom and Dad each earn \$50,000 per year in salary and are age 40. Mom expects to retire when the special needs child leaves high school and Dad expects to retire at age 65. Mom will work eight more years.

This family does not want to lose any of their comfort or lifestyle in the event of a premature death of either spouse.

The purpose of life insurance for this family is to provide enough money to replace the take home pay of Mom or Dad if either were to pass away before retiring. Mom will need less insurance than Dad as she expects to work fewer years.

In Dad's case, he will need to replace 25 years worth of his take home pay. If he does a good job saving, he will need less of that money as he gets older and closer to retirement. In this case, he will likely need about \$1,000,000 of death benefit for his life insurance (depending on other resources available). He will need to purchase a 20 year or 30 year term policy.

This calculation is simplified and does not take into account savings, other resources or inflation. He might want to purchase more as the value of his income will likely rise over time.

I recommend most people use term insurance when buying insurance. Term insurance lasts for a specific amount of time —10 years, 20 years or even 30 years. When the term is over, the insured generally does not have any more coverage.

There are other types of life insurance—whole life, universal life and variable universal life. These types of coverage have some sort of potential to accumulate additional value over time, or to last longer than a standard term policy.

Unfortunately, the expenses often outweigh the benefits of these types of policies. Most people are better off buying term insurance and making sure they have a strong savings and investing plan in place.

One area where these other policies may be useful for special needs families involves funding a special needs trust. Even here, you must take great care in buying anything other than term insurance.

Trusts can be funded with other assets you will have—like your house, retirement accounts and investment accounts. Often, diligent work in savings in other areas will be greater than the value you create by putting money into an insurance contract with a savings component.

Also, many special needs people will not likely outlive both parents. Funding a trust with life insurance might not make sense if those dollars would be better used on creating a better quality of life while Mom and Dad are still alive.

Life insurance is a crucial part of your financial plan, helping create peace of mind and protection for your family in the event of an emergency.

You should review your insurance on a regular basis. Your needs may have changed or your income may have increased over time.

Call me if you would like to discuss your needs or review your current policies.

*Rob Wrubel is a Senior Investment Consultant with Cascade Investment Group, member FINRA & SIPC. Cascade Investment Group is not a tax or legal advisor. You should always consult with your tax advisor or attorney before taking any actions that may have tax consequences.*