

INSURED AT EVERY STAGE

THE GOLDEN YEARS



**Cotton Wealth Management
Associates**

Later adulthood brings with it just as many changes and opportunities as the bloom of youth. If you have children setting out on their own paths, many aspects of your financial life and priorities are changing. Whether you have children or not, approaching retirement has a way of crystallizing your financial focus.


At this stage, you may very likely be at the height of your earning power and near your peak savings as you lay the groundwork for retirement. Wealth protection is critical during this final leg of retirement and throughout your retirement period.

Preserving your assets requires more than a thoughtful investment strategy. You may want to consider insurance that protects you against an array of financial risks, especially the cost of health care.

AUTO 01

You may be able to manage your auto insurance rates by checking that you have the right people on your policy and are using any new discounts available to you. If your adult children are still on your policy, you should evaluate whether this choice still makes financial sense. In addition, make sure you are taking advantage of all available discounts, which may include reduced prices for auto and homeowners insurance if you bundle with the same company and:¹

- **Are over a certain age, often 50**
- **Drive fewer miles**
- **Take a defensive driving course**
- **Retired from the military**
- **Are a member of senior organizations, like AARP**
- **Drive a car that is more affordable to insure**



“ You may be able to manage your auto insurance rates by checking that you have the right people on your policy and are using any new discounts available to you now. ”

HOME 02

Even though you may have paid off your mortgage — mitigating your lender’s requirement to have homeowners insurance — keeping this coverage is smart for many reasons. Risks, such as the possibility of damage from fire or hail, will still exist even when your mortgage is paid off. Protecting yourself from property loss and exposure to personal liability will always be important.

Now is an ideal time to review your policy and the cost of replacing your home and belongings, as their value may have increased over the years. Also, consider an umbrella policy, which can help protect against the financial risk of personal liability.

The good news is that many homeowners insurance policies offer discounts for seniors, such as credits for retired homeowners. Also, you can find even better rates if you decide to downsize your home in retirement. So, take the time to shop around and see if you can find coverage that suits your needs — and saves you money.²

HEALTH

03

As you grow older and retire, making the right health insurance choices is critical. Depending on your current age and work status, your choices differ:

Medicare: When you turn 65, you become eligible for Medicare, which includes options for hospital and medical insurance, as well as prescription drug coverage. Once you enroll in Medicare, you should consider purchasing Part D, the Medicare Prescription Drug Plan, which can help you save money on prescriptions.³

To pay for medical care not covered by Medicare, you may consider other Medigap or supplemental insurance plans available through private insurance companies. You should sign up for these plans within six months of turning 65 since you won't need a health exam during this period.⁴

Gap Coverage: If you retire before age 65, you will need coverage to bridge the gap between when you retire and when Medicare begins. If your spouse continues to work, consider joining their plan if you're not already on it. However, you may need to wait until their employer's annual enrollment period, so make sure you prepare for this timing.

You can also purchase coverage through a private insurer, the public platform at [HealthCare.gov](https://www.healthcare.gov), or your state's program.



DISABILITY

04

Disability insurance is important, especially if your family depends on the income from your work. When you stop working, however, you should consider canceling your policy since you'll no longer need it.



LIFE 05

When you were raising a family, financial obligations made life insurance a critical expense. While you may not have dependent children anymore, this doesn't mean you should immediately cancel your policy. Life insurance may still be a prudent investment for a surviving spouse or any children to whom you wish to bequeath assets, as well as a way to manage final expenses. Analyzing the role of life insurance in your financial strategy is essential.

Before making any decisions about your coverage, consider these two steps:

- 1. Analyze how your death would affect your spouse's lifestyle — especially if they outlive you by decades.**
- 2. Consider how a life insurance policy can help provide a financial legacy for future generations.**

Once you understand how life insurance supports your family's needs and your personal goals, you can decide whether keeping this coverage makes sense.

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.



KNOW THE COSTS

Extended care is expensive. The estimated national median costs for 2023 are:⁵

- Home health aide: \$65,538 a year
- Assisted living: \$57,289 a year
- Private room in a nursing home: \$115,007 a year

EXTENDED CARE

For some people, extended care insurance is a priority during this stage of life. With the expense of children in the rearview mirror, you can now focus on buying protection against the most significant healthcare expenses you face in retirement.

Extended care insurance covers treatment for chronic, long-lasting illnesses and regular care (from in-home care to a nursing home). Since Medicare does not cover most of these costs, extended care insurance coverage is critically important.

The Takeaway

While few people enjoy analyzing and buying insurance, the right coverage can help free you to manage life's challenges without as much financial concern. As your career, family, and health change, your insurance needs will, too.

Remember, new circumstances often call for new coverage. So, while you explore the freedom and adventure that retirement can bring, don't forget to make sure you have insurance to help support the life you desire.

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SOURCES:

- ¹ Investopedia.com, May 1, 2023
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