Breed's Hill Newsletter

Planning Your Financial Future

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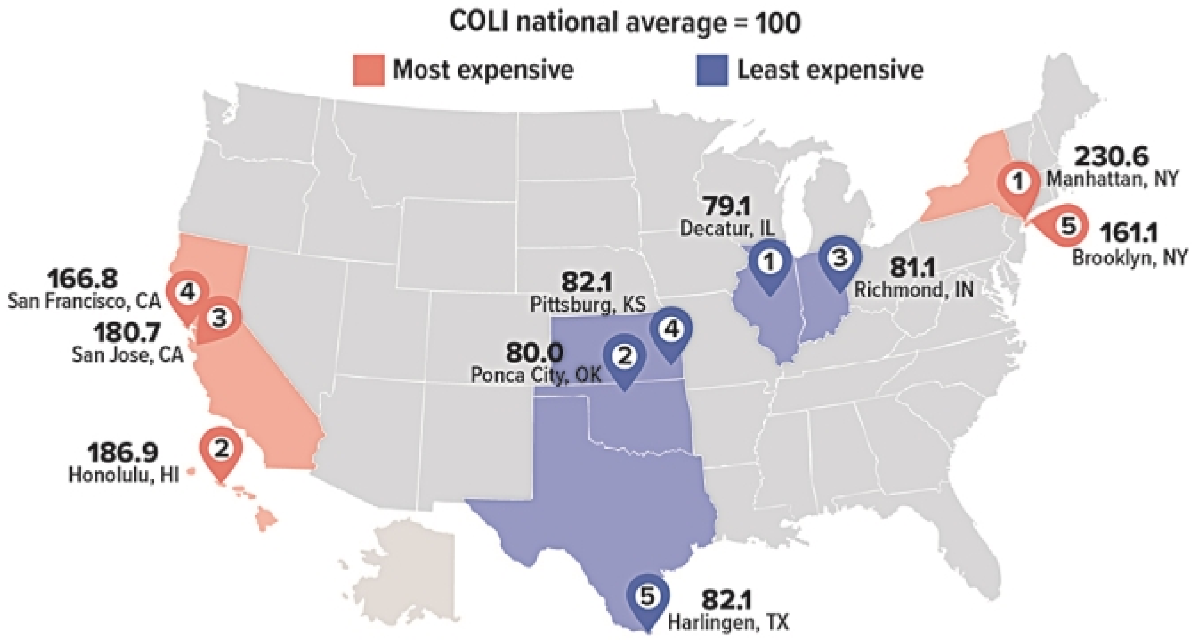
Cost of Living Varies Widely Across the U.S.

Residents of Manhattan, NY, live in the nation's most expensive urban neighborhoods, paying more than twice the national average to maintain a "professional/managerial" standard of living. By contrast, individuals who live in Decatur, IL, can stretch their dollars the farthest, paying less than 80% of the national average. Here are the five most and least expensive urban areas of the country, according to The Council for Community and Economic Research Cost of Living Index (COLI).



Source: The Council for Community and Economic Research Cost of Living Index, 2025 (2024 data)

Life Insurance in Retirement

What role can life insurance play in your retirement plan? Most of us think of life insurance as protection against financial loss should we die prematurely. But when we reach retirement and the kids are all self-sufficient, do we still need life insurance? The answer is maybe. Here are some situations where life insurance may make sense for retirees or those close to retirement.

Provide a source of retirement income

While life insurance is designed to protect against unexpected economic loss, cash value life insurance also may provide a source of income during retirement. Earnings on the cash value accumulate tax-deferred, and in some instances, cash-value distributions can be received income tax-free. However, loans used to access cash values from a life insurance policy will reduce the policy's cash value and death benefit, could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured.

Help pay for long-term care

Some cash value life insurance policies provide multiple sources of protection. Along with the death benefit and potential cash value, these policies may also provide a long-term care benefit. Often, these policies allow for a portion or all of the death benefit to be "accelerated" if used for the payment of qualifying medical and long-term care expenses.

Provide for a dependent family member

Sometimes, even in retirement, there are family members who depend on you for financial and/or custodial support. Should you die unexpectedly, life insurance may help provide funds needed to support dependent family members with disabilities.

Replace income for a surviving spouse

While Social Security provides retirement income for many of us, at the death of a spouse, his or her benefits end, reducing the total benefits available to the surviving spouse. Life insurance can be used to replace the loss of income for the surviving spouse.

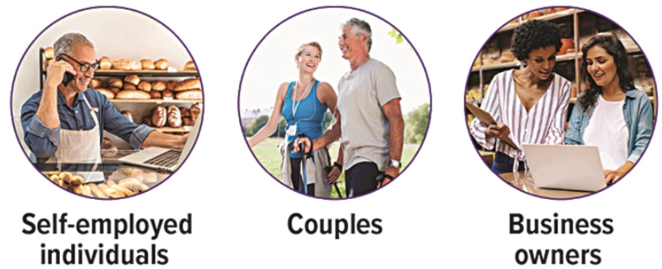
Pay off debt

While past generations often retired with little or no debt, it is not uncommon for today's retirees to leave the workforce while still carrying a mortgage, car loan, and credit card debt. Life insurance can provide the cash to pay off these debts, which is especially beneficial for a surviving spouse.

Help cover final expenses

Unfortunately, the expense of dying is often overlooked or underestimated. Uninsured medical bills, funeral costs, debts, and estate administration costs can add up. Typically, these expenses are paid in a lump sum, which can reduce savings for surviving spouses and dependent family members. Proceeds from life insurance can be used to help pay for these final expenses, which may help preserve savings for other needs.

Who may benefit from life insurance in retirement?



Leave a legacy

For many approaching retirement, as well as for those already there, a primary concern is having enough money to live comfortably. While conserving savings and keeping track of spending in retirement are important, all too often retirees will forgo spending on themselves in order to fulfill a desire to leave a legacy. Having life insurance can help you feel freer to spend more in retirement because you know you'll be leaving something behind for your loved ones.

Life insurance provides protection for your family's financial future should you die during your working years. However, life insurance may provide other benefits that can be useful during your retirement. Whether life insurance should be part of your retirement plan is best determined based on your individual circumstances and goals. You may want to talk with an insurance or financial professional before making this decision.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely there may be surrender charges and income tax implications. Any guarantees associated with payment of death benefits, income options, or rates of return are based on the financial strength and claims-paying ability of the insurer.

Debt After Death: What Happens to Debt When Someone Dies?

Losing a loved one is never easy. In addition to the emotional challenges you may face, you might also be worried about what will happen to their debts once they are gone.

Generally, with limited exceptions, when a loved one dies you will not be liable for their unpaid debts. Instead, their debts are typically addressed through the settling of their estate.

How are debts settled when someone dies?

The process of settling a deceased person's estate is called probate. During the probate process, a personal representative (known as an executor in some states) or administrator if there is no will, is appointed to manage the estate and is responsible for paying off the decedent's debts before any remaining estate assets can be distributed to the beneficiaries or heirs. Paying off a deceased individual's debts can significantly lower the value of an estate and may even involve the selling of estate assets, such as real estate or personal property.

Debts are usually paid in a specific order, with secured debts (such as a mortgage or car loan), funeral expenses, taxes, and medical bills generally having priority over unsecured debts, such as credit cards or personal loans. If the estate cannot pay the debt and no other individual shares legal responsibility for the debt (e.g., there is no cosigner or joint account holder), then the estate will be deemed insolvent and the debt will most likely go unpaid.

Estate and probate laws vary, depending on the state, so it's important to discuss your specific situation with an attorney who specializes in estate planning and probate.

What about cosigned loans and jointly held accounts?

A cosigned loan is a type of loan where the cosigner agrees to be legally responsible for the loan payments if the primary borrower fails to make them. If a decedent has an outstanding loan that was cosigned, such as a mortgage or auto loan, the surviving cosigner will be responsible for the remaining debt.

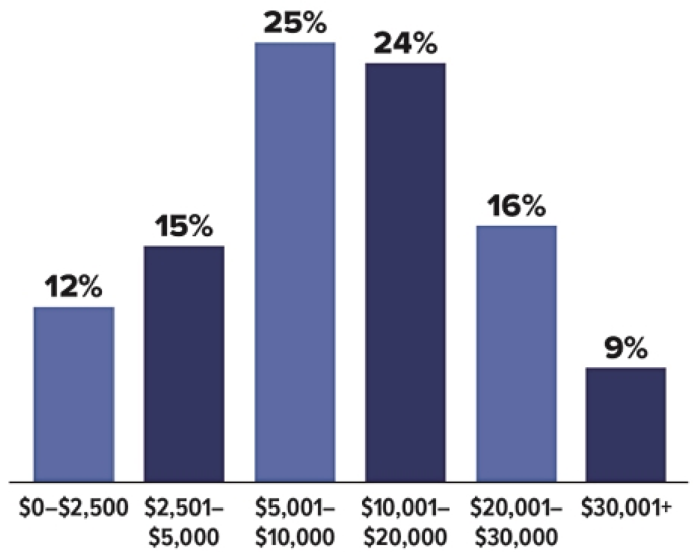
For cosigned private student loans, the surviving cosigner is usually responsible for the remaining loan balance, but this can vary depending on the lender and terms of the loan agreement.

If a decedent had credit cards or other accounts that were jointly held with another individual, the surviving account holder will be responsible for the remaining debt. Authorized users on credit card accounts will not be liable for any unpaid debt.

Are there special rules for community property states?

If the decedent was married and lived in a community property state, the surviving spouse is responsible for their spouse's debt as long as the debt was incurred during the marriage. The surviving spouse is responsible even if he or she was unaware that the deceased spouse incurred the debt.

How much debt Americans expect to leave behind when they die



Source: Debt.com Death and Debt Survey, 2024

What if you inherit a home with a mortgage?

Generally, when you inherit a home with a mortgage, you will become responsible for the mortgage payments. However, the specific rules will vary depending on your state's probate laws, the type of mortgage, and the terms set by the lender.

Can you be contacted by debt collectors?

If you are appointed the personal representative or administrator of your loved one' s estate, a debt collector is allowed to contact you regarding outstanding debts. However, if you are not legally responsible for a debt it is illegal for a debt collector to use deceptive practices to suggest or imply that you are. Even if you are legally responsible for a debt, under the Fair Debt Collection Practices Act (FDCPA), debt collectors are not allowed to unduly harass you.

Finally, beware of scam artists who may pose as debt collectors and try to coerce or pressure you for payment of your loved one's unpaid bills.

Concerned About Cyberattacks? The Threat Is Real

According to a 2024 survey, 60% of small businesses believe that cyberattacks are the biggest threat they currently face, and rightly so.[1]

When a data breach occurs, hackers gain access to the personally identifiable information of customers or other individuals, opening the door for identity theft and other financial crimes. Even small companies can be held legally responsible when their customers' personally identifiable information is disclosed. Moreover, the time and expense involved in recovering from any type of cyberattack could be insurmountable.

Does your company handle potentially sensitive information about customers, employees, or competitors? If so, you may want to be proactive about addressing this risk.

Methods of attack

Phishing often involves emails sent to employees. Clicking on a link provides access to the company's network, allowing the installation of malicious code (malware) designed to steal or hijack critical data.

A **watering hole attack** targets individuals or organizations by infecting websites that they frequently visit with malware.

Ransomware is a menacing virus that locks businesses out of their computer files and demands payment of a ransom in exchange for the return of company systems and data.

Fortify your defenses

The Federal Communications Commission has some cybersecurity tips for small businesses.

- Install and update antivirus software on every computer, and maintain firewalls between the internal network and the Internet. Lock up computers, laptops, and tablets to prevent them from falling into the wrong hands.
- If you have a Wi-Fi network, set it up so the network name is hidden and a secure password is required for access. Require passwords to be changed on a regular basis.
- Train employees in security practices, especially not to open emails from unknown senders. Set up a separate account for each user, and provide access only to the data needed for users to perform their jobs. Backup critical data regularly and delete data when it's no longer needed.
- Consider purchasing cyber insurance, which may offer some protection (up to policy limits) from the financial repercussions of a cyberattack, such as the cost of restoring lost or stolen data; liability stemming from a security failure; and in some cases, lost income due to business interruption.

The cost of cyber insurance depends on the types of coverage selected, and policies have exclusions, terms, and conditions for keeping them in force.

1) U.S. Chamber of Commerce, 2024