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More Affordable Than You Might Think

by Emerald

In a 2012 study, more than 80% of respondents cited financial reasons for not having enough life insurance coverage to meet their needs, yet they overestimated the cost of life insurance by almost three times the actual price.¹ Considering these perceptions, it may not be surprising that life insurance ownership is at an all-time low, with many people believing they need more coverage²⁻³

This is one situation in which a little information might go a long way. Over the last decade, the cost of basic term life insurance has dropped by almost 50%, so this may be a good time to consider purchasing additional protection for your family.⁴

Preparing for a Certainty

There's an old saying that the only certainties in life are death and taxes. Most people are forced to think about taxes every year, but it can be easy to ignore the inevitability of death, especially when you're young and healthy. Yet this is typically the time when life insurance is most affordable. Even if you are older or facing medical challenges, you may be surprised by how cost-effective a policy could be.

Think for a moment about what could happen if you were no longer able to provide for your family. Would they face a significant change in lifestyle? Would they be able to pursue long-term goals such as a college education for your children or a comfortable retirement for your spouse? A life insurance policy with the appropriate level of coverage could help them live the way you would like them to live.

Types of Life Insurance

There are two basic types of life insurance: term and permanent. Term life insurance — which offers a death benefit if the insured dies within a specified time period — is usually the least expensive and may offer low-cost coverage during the years when you are most concerned about providing for your dependents' needs. Permanent life insurance typically offers a life-time benefit as long as you keep the policy in force by paying the premiums.

What's Most Important

Although more than four out of five consumers cite financial reasons for not owning enough life insurance, obtaining the best price ranks only fourth among six factors they consider important when purchasing a life insurance policy.

Percentage who ranked each factor first in importance



Source: LIFE Foundation, 2011

Although you may have term life insurance through work, group plans generally limit the coverage amount to a multiple of your salary. And, of course, your group coverage usually would end if you leave your employer. An individual policy could provide more consistent protection regardless of changes in your career.

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.

If financial concerns have held you back from obtaining the life insurance coverage you need, you may want to investigate the available options provided by Freedom Financial Advantage, LLC. We're here to help. Contact us today!

1, 3-4) LIFE Foundation, 2012
2) LIMRA, 2011

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“If I look confused
it is because I am thinking.”
~Samuel Goldwyn~



In photo: Eden Peacock Wilkinson
Granddaughter of Gilbert & Barbara Peacock

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Surprise! It's Retirement Time by Emerald

In a 2012 survey, 50% of current retirees said they retired earlier than they had planned, up from 45% in 2011.¹

Many retirees reported reasons that were beyond their control, such as health problems or disability, company downsizing or closure, changes in the skills required for their jobs, or having to care for a spouse or family member. Yet some said they retired early by choice — because they could afford to or because they wanted to do something different.²

If you're nearing the end of your working years, you probably have a retirement timetable in mind. It may be as specific as a particular date or as general as a range of years. Regardless of your timetable, circumstances could change and retirement might come sooner than you think.

Addressing some key issues now might ease your transition and give you more choices in how you retire.

Calculate Your Income Stream

If you had to retire early, would you be able to maintain your standard of living? It might be helpful to calculate your projected income based on your preferred retirement timetable and an earlier date.

Of course, the sooner you retire, the less time there will be for your investments to pursue potential growth, so accelerating your savings now could make a big difference in how much you might accumulate. If you retire on schedule (or later), having a potentially larger savings balance could give you more flexibility in your retirement lifestyle.

Also keep in mind that Social Security benefits typically will be reduced if you retire before your "full retirement age," which ranges from 65 to 67, depending on year of birth.

Reduce Your Debt

Eliminating or reducing outstanding credit-card balances as soon as possible could be a great step toward getting on track for retirement. Paying off auto loans could also free up more income.

Although retirement strategies in the past were typically based on the assumption that retirees would have no mortgage debt, that has changed. About a third of homeowners aged 65 and older still have mortgages.³ If you foresee your mortgage being an issue in your retirement years, you may want to examine options to pay it off early, reduce payments, or otherwise modify the terms.

Consider Your Health

Your health and the health of your spouse could be among the most important factors in determining when you will retire. Ask yourself the following questions:

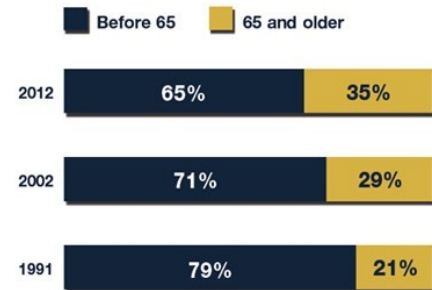
- Is your retirement timetable realistic based on your current health status?
- Would you be prepared if your health were to change?
- Have you factored the full cost of health care into your retirement strategy?

Surprises can be fun in many situations, but not when it comes to retirement. Preparing now could help ease you into a more comfortable retirement lifestyle.

1-2) Employee Benefit Research Institute, 2012
 3) U.S. Census Bureau, 2012
 4) Employee Benefit Research Institute, 2011

BEFORE OR AFTER 65?

Trend in age of retirement, as reported by retirees



Source: Employee Benefit Research Institute, 2012

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