

Protecting **Your** Assets.





A PENNY SAVED IS A PENNY EARNED



You likely heard this sage wisdom when you were a kid, receiving your first envelope filled with cash from your grandparents or a generous aunt—at least, that \$20.00 felt like a full stash when you were in primary school. But that was a lifetime ago; what messages have been incepted since then? Throughout movies, T.V., and social media the message is the same: greed. How are you going to get your dream car? When are you going to upgrade to a chef’s kitchen? Wouldn’t you like to take a luxury cruise around the world? While it all certainly makes for fantastic entertainment, the reality is most of us are not sitting on a pending patent for our next big break. Most of us have worked hard—hopefully at a job we love—to live a comfortable lifestyle and dabble in measured luxury on occasion. That’s why protecting all that you’ve worked so hard to earn is far more important than last-ditch efforts to strike it rich.

So how do you go about protecting that nest egg and the lifestyle that you and your family have so carefully curated over the years? Here are a few great steps to take and tools to consider no matter what chapter of your life or level of wealth you currently maintain.





1

LIFE INSURANCE: One of your most important assets is your income. Life insurance protects your loved ones if the unthinkable were to happen, leaving your family without you and the income you provide. Losing a spouse, parent, or caregiver is tough enough without the stress and uncertainty of keeping up with housing costs, education, medical care, gas, groceries, utilities, and beyond. In terms of a family losing their primary breadwinner, 29% say that the financial impact would be imminent in as little as one month, meaning that a single cycle of bills could potentially derail nearly a third of families before accounting for funeral or burial costs. With the recent rise in dual-income families, this data doesn't only apply to single earners. As of 2016, 66% of families live on two incomes, but this rarely means that they only depend on one. Protecting your family's lifestyle means accounting for all the incomes that foster it. Fortunately, life insurance policies are very easy to customize to suit you and your family's particular needs and allow you to add features based on what you feel needs to be protected.

Life insurance can help cover expenses such as funeral and burial costs, estate fees, medical bills, and outstanding debts but it can also be used to leave behind an inheritance. Many permanent life insurance policies offer tax advantages that can help minimize the tax burden on your beneficiaries. In addition to these benefits, income and proceeds from life insurance are often exempt from bankruptcy and creditors, although these protections will vary depending on the structure of your policy and your state of residence. While bankruptcy can sound like a four-letter-word, life happens, and having the ability to protect the legacy you've built is a worthy objective. A licensed insurance professional can help you determine the best policy to suit your family's needs.

2 ESTATE PLANNING: Preparing your assets to be titled, managed, and transferred in the most efficient manner possible is an essential component in protecting your assets. And despite popular belief, these measures are not only appropriate for the mega-wealthy; anyone who owns property, retirement accounts, or a business can greatly benefit from an estate plan. A proper estate plan will ensure that all you've built will be maintained and distributed according to your wishes across a wide array of circumstances. This not only applies in the event of death, but also if you are mentally incapacitated, going through a divorce, or facing bankruptcy. For example, determining a Power of Attorney (POA) or a healthcare proxy while you are in good health and of sound mind ensures that the burden of these decisions does not fall on your loved ones should the need arise. Meanwhile, establishing a trust can provide extensive protection for legacy planning by avoiding probate after your death, which can be an expensive and time-consuming process for your beneficiaries—not to mention an emotional one. Some specific trust structures, such as an irrevocable trust, can allow transfer of assets to begin before death in a way that protects funds from creditors completely; this can be particularly useful for someone whose assets may be exposed to liability due to their profession or industry such as a doctor or an entrepreneur. It's important to seek proper legal counsel to establish the right estate plan for you and to ensure that it will be executed properly.



3 LONG TERM CARE INSURANCE (LTCI): As advancements in science and medicine contribute to longer life spans, the need for long term care (LTC) continues to rise. For many, the cost of a chronic illness, disability, or a degenerative disease can not only completely consume their own life savings, but that of their loved ones as well. For Americans 65 and older, 70% will require some type of LTC. For many, the cost will quickly exceed their savings. The annual cost for a private nursing home room is \$102,000, which means that ten years of assisted living can easily exceed one million dollars before accounting for any specialized medical care, prescriptions, surgeries, or physical therapy. With surging costs across the healthcare industry, it's no surprise that medical debt is the number one cause of bankruptcy in the United States. After working hard to save over the course of your life, finding yourself in debt over medical necessity is a burden both to you and those who love you. Whether you purchase a stand-alone LTC policy or add one as a rider to a life insurance policy, this precaution can not only ensure that this burden does not befall you and your family, it also enables you to protect the legacy you intend to leave behind.



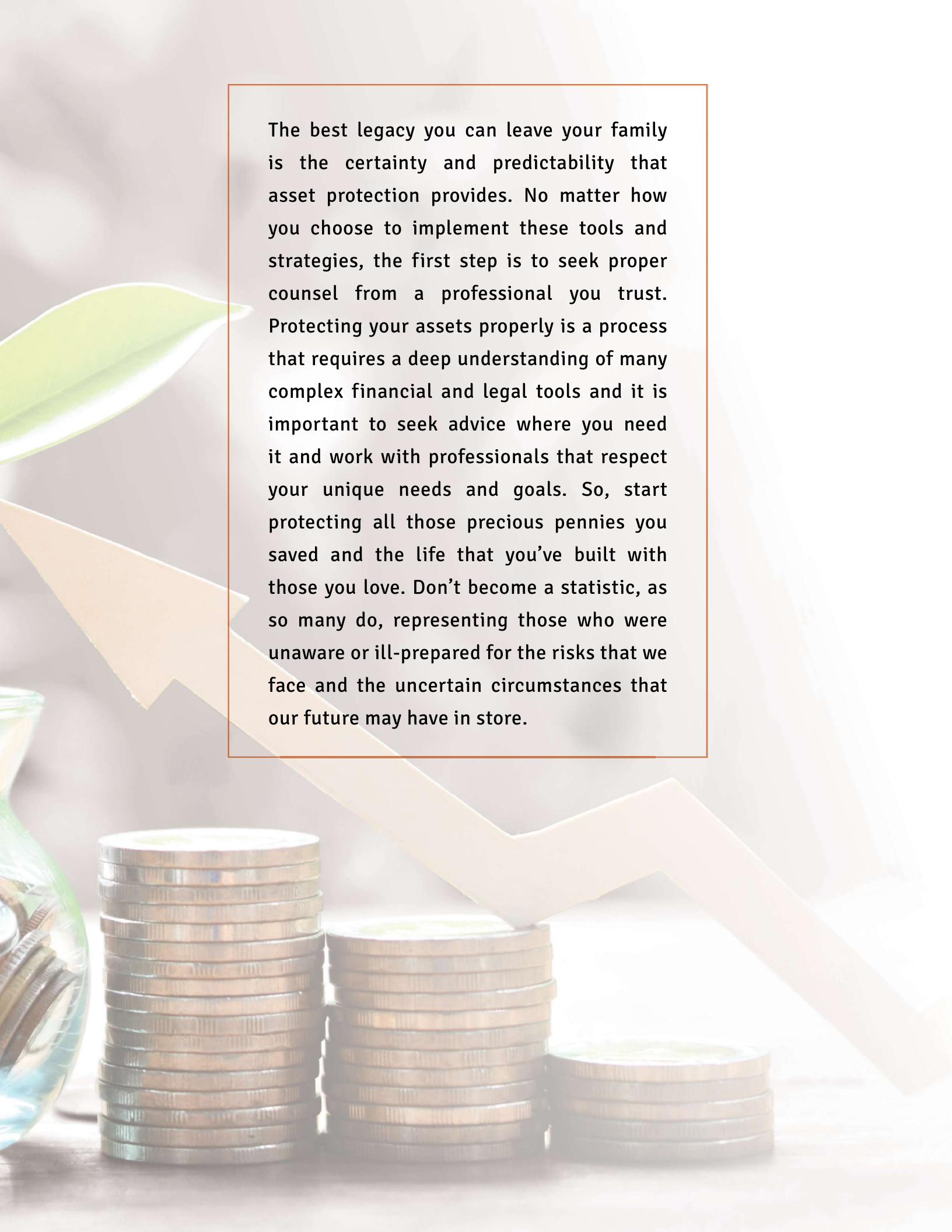
4

UMBRELLA POLICY: An often overlooked yet extremely beneficial measure in protecting your assets is an umbrella insurance policy, which can cover liabilities in instances where existing insurance is inadequate. Homeowner's insurance, auto insurance, and many other types of liability coverage still leave owners at risk for claims that fall outside the bounds of their existing policies. An unfortunate car accident, someone suffering an accident in your home, or your teenage child serving alcohol to minors (even if you were not present) are just a few scenarios that can cost you your savings. Although this type of policy is often discussed as 'spillover' for existing insurance, it can also cover things like false imprisonment, slander, or libel charges that would not be included in any basic, existing policy. High net worth individuals who may be at higher risk of being sued can greatly benefit from such a policy along with individuals who are at risk of personal liability due to specific activities such as renting property, serving on a nonprofit board, coaching a youth sport, owning an "aggressive" breed of dog, or posting reviews as an influencer or blogger. Without an umbrella policy, a winning plaintiff can come after your personal assets for damages, garnish wages, and altogether throw a wrench in the financial future that you had built for yourself.

5 ANNUITIES: Finding the right financial vehicles can protect you from a great variety of risks. Market volatility, inflation, longevity, and lack of liquidity are just a few of the risks your nest egg may be exposed to without a proper financial plan. Annuities are one of the few tools that can provide guaranteed income while protecting your savings from market volatility. The average American between the ages 56-61 has saved only \$163,577 for retirement yet will spend an average of 43,000 per year, which would amount to needing \$860,000 if they lived for 20 years after retiring. Setting up a guaranteed income stream would allow you to plan and budget with confidence, providing a failsafe measure to cover your basic needs and additional flexibility in developing your financial portfolio. This guaranteed income can also help ensure that you will not outlive your retirement savings and potentially become a financial burden on your loved ones.

Housing your annuity in an Individual Retirement Account (IRA) can provide an additional layer of protection since many states provide exclusions for IRAs in the event of bankruptcy. Establishing an IRA early in life also encourages more consistent saving throughout its life and allows for former employer-sponsored retirement plans to be consolidated. Consolidation of these assets is far more efficient and manageable for any heirs or beneficiaries, especially in the event of an unexpected death. A financial professional can help you understand how best to structure these assets and benefit from the protections that they afford.

6 BUSINESS ENTITIES: Limiting your personal liability across any businesses that you own is an important part of being an entrepreneur. Even a simple business venture such as owning rental property can open you up to extreme financial liability. Depending on the structure of your business, you may be personally liable for debts or lawsuits incurred through your business—even if you were not personally involved in the activities that led to those circumstances. Establishing a proper business entity, as well as obtaining any advisable professional liability insurance on behalf of that entity, ensures that you and your family's personal assets are not on the table in the event of a dispute. Limited liability companies (LLCs), limited partnerships, and corporations are examples of business entities that protect their owners from personal liability. However, it is important to note that not all entities (sole proprietorships, for example) provide such protection. Of course, seeking proper legal counsel is the first step in finding out what type of entity is right for your business and the level of protection you require.



The best legacy you can leave your family is the certainty and predictability that asset protection provides. No matter how you choose to implement these tools and strategies, the first step is to seek proper counsel from a professional you trust. Protecting your assets properly is a process that requires a deep understanding of many complex financial and legal tools and it is important to seek advice where you need it and work with professionals that respect your unique needs and goals. So, start protecting all those precious pennies you saved and the life that you've built with those you love. Don't become a statistic, as so many do, representing those who were unaware or ill-prepared for the risks that we face and the uncertain circumstances that our future may have in store.



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