

## Do You Have A Backup Plan?

The cliché “I wish I would have known that sooner,” comes from having something happen that you later wish you could have avoided.

Understanding the following items will be a great start in protecting yourself from future events that could harm your overall personal planning.

Start with an inventory of everything you own:

Auto insurance binder  
Home Insurance binder  
Umbrella Insurance binder

Is the amount of coverage “adequate” to protect what you own and could lose in the event of an accident, fire, or lawsuit?

Disability coverage if you are sick and injured and cannot work  
Medical coverage and exposure to out of pocket expenses  
Social security coverage – what would your family receive in the event of disability or death from the years you have contributed to social security?

Is the amount of coverage “adequate” to protect what your income, savings and investments in the event of a medical issue rendering you unavailable to work for reason of disability or death?

Do you have a Will or Trust Document?  
Who is the owner of your assets and will they be subject to lawsuit or Probate at death?  
Life insurance coverage and beneficiary designations

Is the amount of life insurance coverage “adequate” to protect what you own and could lose in the event of your death? Are your assets subject to court proceedings?

Separate your assets into the following categories:

Real Estate  
Annuities  
Pre-tax accounts such as IRA, 401k, 403b, SEP, etc  
After-tax accounts  
    Roth IRAs  
    Cash Value Life Insurance  
    Mutual Funds  
    Stock portfolios  
    Bank accounts  
    Bonds  
    Collectibles  
    Business Interests  
Debts:  
    Mortgages  
    Credit Cards  
    Student Loans  
    Personal Loans  
    Business Loans

Is the amount of assets sufficient to cover the amount of debt?

Are you saving at least 20% of your gross income? If not, what percentage are you savings and what do you expect the value to be in the future?

Do you have at least 50% of your income in readily available funds in case of an emergency?

What are your big ticket purchases in the next ten years and what is the plan for purchase?

How many times in your life have you heard, get out of debt and stay there?

Have you ever considered that whenever you pay cash for something you give up interest that could have earned? When you finance, you give up interest as well. In fact, we finance everything we buy! If we pay cash, we lose the opportunity to earn interest. If we finance, we pay another financial institution a rate of interest to use "their" money.

In order to have a backup plan that will work in most economic situations (loss of job, injury keeping you from work, medical issue, lawsuit, emergency expense, etc.), you need to first have an inventory – then create a plan that not only outlines value, but also benefits, cost to acquire, and cost to access.

The cost of capital is a very real issue and one that should be measured annually. It is time for true economic reality! Learn the cost of every dollar you use and seek to increase your control of every asset you own.

Click here to download your personal excel, compliments of:

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