

**MONEY MANAGEMENT**

**Protecting your earning power — a valuable asset**

What is your most valuable asset? Your home? Your retirement plan? Your stock portfolio? The truth is that for most individuals, it's their ability to earn a living. If you're 35 years old, earn \$50,000 a year, and plan to work until you're 65, your future earning power is \$1.5 million—and that's without factoring in raises and bonuses. According to the Nevada Society of CPAs, it's critical that you take steps to protect your earning power, just as you would any other asset. The best way to do so is by obtaining disability insurance which replaces a portion of your income if you are unable to work because of sickness or injury.

The first step is to determine how much disability insurance you need. Start by figuring out the amount you would need to pay your bills and expenses if you couldn't work. Keep in mind that while you won't have work-related expenses such as clothing and commuting, you may have increased medical bills and higher household expenses for chores you can't do yourself.

Next, determine how much you may be eligible to receive from other sources. Review your employer's sick leave policy and determine whether the company has a wage continuation program. If you're injured on the job, you may be eligible for workers' compensation. Also, determine if you qualify for Social Security disability payments. Then compare the anticipated income with your anticipated expenses. You'll want to purchase enough disability payments. Then compare the anticipated income with your anticipated expenses. You'll want to purchase enough disability insurance to close any gap.

Disability policies offer various benefit options and since the premium cost of the policy depends on the options selected, you'll want to shop carefully. Here's what to consider:

**Monthly stipend and benefit period**—So that you are motivated return to work, most insurers limit the benefit amount to 60 to 70 percent of your income. The benefit period represents the amount of time over which the insurance company is obligated to make monthly disability payments. Common benefit periods are five years, to age 65, and lifetime. The longer the benefit period you choose, the higher the premium cost.

**The elimination or waiting period**—This is the amount of time that must elapse from the start of the disability to the date benefits begin. While 90 days

has become standard, you can cut costs by stretching out the period to six months or a year.

**Premium guarantees**—Look for a policy with a guaranteed annual premium that cannot be increased. Since disability premiums are based on your age when you apply, purchasing disability insurance at a younger age will provide you with a lower premium. You'll also want to be sure your policy is noncancelable.

**Defining disability**—Disability policies typically define "total disability" in two ways: (1)

The inability to perform the major duties of your regular occupation; and (2) the inability to perform any occupation for which you are "reasonably qualified by training, education, and experience."

The first option, which is considerably more expensive, provides that if you are unable to return to your specific previous occupation, you will be entitled to 100 percent of benefits, even if earning income in another occupation. Professionals and specialists like doctors, surgeons, and musicians are

often encouraged to buy these "own occupation" policies. Policies using the second, more liberal definition are sufficient for those in more generalized occupations, such as management and sales. Guaranteed increase option—If you can't afford to purchase as much disability insurance as you'd like, look for a policy that gives you the right to purchase more coverage at a later date without requiring a medical examination. You also might want to consider adding a cost-

(See Money, Page 16)

**DOLLARS & SENSE**

**Executors give "will" help**

The person responsible for carrying out the terms of a will—the executor—has numerous financial, legal, and tax responsibilities and must possess good organizational and interpersonal skills as well as some financial know how. The best way to prepare for such a job is by finding out in advance what is expected of you.

One of the executor's primary jobs is "probating the will." This process entails filing the will at a local surrogate court so that it becomes part of the public records. There is no deadline for probating the will, but it cannot be done earlier than 10 days from the date of death.

The next step is the "marshalling" of assets. This task involves an accounting or inventory of the assets of the deceased and may require some probing. In addition to looking at prior income tax returns and other sources for assets, the executor

(See Dollars, Page 16)

**"ON NOV. 5<sup>TH</sup>, I'M VOTING FOR MY KIDS."**



Every day of your child's life depends on whether or not you vote.

And, whether or not you vote for Clinton/Gore.

If you *don't*, the Dole-Gingrich Republicans may get the chance to continue cutting, slashing and eliminating the things that are important to you and your family. They've already voted to cut school lunches. Limit child immunization programs and Head Start.

*You've got the power to stop them.*

President Clinton is meeting the challenges of raising a family, protecting our values. He pumped nearly \$800 million into Head Start • Expanded Child Immunization and access to quality Health Care • Supported School Lunches • Is fighting crime in public housing • Working to prevent teen pregnancy • Reduced violence and drug abuse in school • Passed the toughest Crime Bill ever.

President Clinton *is* dealing with the hard issues. But he can't continue to do it without your vote.

On Nov. 5<sup>TH</sup> vote for the people you care about.

Paid for by the Democratic National Committee. Authorized by Clinton/Gore '96 General Committee, Inc.



**VOTE 96**  
**CLINTON/GORE**  
IT'S TOO IMPORTANT NOT TO.