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## Lynn's Top Five

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Lynn Ballou is a CERTIFIED FINANCIAL PLANNER (tm) professional and Regional Director with EP Wealth Advisors, a Registered Investment Advisory firm in Lafayette. Information used in the writing of this column is believed to be factual and up-to-date, but we do not guarantee its accuracy and it should not be regarded as a complete analysis of the subject discussed. All information is derived from sources deemed to be reliable. All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Please consult with qualified advisors when considering any action related to the topic discussed herein.

3) Directors and Officers Professional Insurance: If you have a high-profile job, sit on a board or are a high ranking officer in your company or a nonprofit, you have accepted a very high level of accountability. I turned to Sterling on this topic as well. Here are his thoughts: "Professional Liability (E&O) policies are becoming commonplace in most businesses as the exposure to a financial loss due to incidents other than an on-site injury become more and more frequent.

Can you protect your biggest asset? I bet you think I'm talking about your home, or your retirement plan, right? However for many of you the biggest asset you have is the employment income you haven't earned yet.

Here are five things to consider as you tuck into your peak earning years and focus on growing your net worth.

1) Disability income: Are you an employee with one or several disability insurance plans available to you through work? Routinely Certified Financial Planner professionals recommend that you opt in for any short- or long-term plan available to you, to the maximum percentage of earnings available, even if you have to pay for some or all of it yourself. If you are self-employed, reach out to an agent who specializes in this type of insurance and figure out a benefit/affordability matrix that works best for you and your family. Most of us spend more time worrying about life insurance coverage, but you are statistically more likely to become disabled during your working years than to pass away.

2) Casualty Insurance: The liability insurance you purchase in your plans, including umbrella coverage, is designed to cover your net worth. But what about your future earnings? According to Sterling Fairholm, an independent insurance broker in Walnut Creek, "In an insurance claim with significant damages, the 'at fault' party is personally responsible for the amount that is in excess of in force policy limits. In these situations there are a number of assets that are exposed including the often overlooked 'asset' of future income. In a lawsuit, the state of California can garnish wages and income up to 25 percent for 10 years which means that protecting your future income should be a very important part of your asset protection strategy."

Directors and Officers (D&O) policies have become more important than ever as protection for corporate officers as a layer of protection against the risks of being named in a suit based on their position within a company. An important area of these policies is the cost to defend and litigate suits brought against the companies as well as potential settlement awards. An added layer of D&O is used to protect the individuals when a company has become insolvent." This is very important coverage to obtain with suits and claims on the rise.

4) A Current Estate Plan: From the obvious wills and living trusts, to the less often discussed powers and advance health care directives, a well-crafted estate plan that includes appropriate life insurance coverage is a great way to protect against loss of future income along with protection of assets for your family and any other intended heirs. By working with an experienced estate planning attorney, you can create a plan that allows assets to be thoughtfully passed on, while minimizing costs and fees as much as realistically allowable, thus protecting income and assets. Without a well-crafted, up-to-date written plan, your grieving family could be facing what would otherwise be avoidable and potentially sizable extra costs and time.

5) Medical Insurance: Not only are you now required to have medical coverage or face tax penalties, nothing can mess up your future income faster than deep and prolonged uncovered medical costs. Understand the coverages you have available through work or that you can purchase privately. Be sure that you understand what you are accepting as non-insured risks, and be financially prepared to absorb those costs if the need arises. Because of the complexity in this area of insurance, consulting with an agent who specializes specifically in medical insurance coverage can provide you with clarity in what has become quite a murky area for many of us to navigate.

You know how I'm going to close this column: you are never one and done. Review all your coverages consistently and whenever your circumstances change. Have your financial, insurance, tax, and estate advisors collaborate on these important matters so that you can focus on your future with peace of mind.

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