The Importance of "What If" Planning

It is not always possible to plan or predict life events, but in many cases, you can discuss the "what ifs" and the impact a life event could have on your assets and family. The sooner you begin the process, the better the chances of fulfilling your goals and wishes.

If you put off the planning long enough, it may be too late. Life events, such as a change in marital status, an illness, death, the birth or adoption of a child, or a change in occupation are all very emotional times.

In the midst of a major life event, your finances may be the last topic on your mind. This is when the benefits of "what if" planning come into play. Here are a few examples of how "what if" planning can make a big difference in the experience and outcome when a major life event occurs.

> There is a basic rule that applies to personal finance: plan ahead. But "what if" planning can provide security and preparedness when the unexpected occurs.

Illness and Short-or Long-Term Care

The diagnosis of a serious illness can be emotionally devastating. The financial impact can also be devastating, even for individuals with quality health insurance. Planning for certain health-related scenarios can help lessen the impact and improve financial outcomes. Long-term care is a good example of the importance of "what if" planning. Most people feel that long-term care insurance isn't cost-effective, as the premium is lost if the benefits aren't used. It is true that long-term care can be expensive and may never be needed, but it is risky to count on never needing it.

While working through your financial planning process, it is certainly worth having your Financial Advisor run through some scenarios to evaluate the cost of long-term care insurance, the cost of a long-term illness or assisted living, and the impact on your assets so you can make an informed decision whether this coverage aligns with your best interest. Your Financial Advisor can also educate you on alternative options, such as purchasing life insurance with a long-term care services rider and other important factors to consider, like choosing a health care proxy.

Change in Marital Status

Money or lack of adequate savings is quite often the reason couples argue and is a major cause for stress in relationships. The process of financial planning can help couples understand different thoughts, opinions, and concerns each other has about saving, spending, debt, and long- and short-term goals. Proactively having these discussions with your spouse/partner and Financial Advisor allows you to establish a mutually agreed upon plan before it begins to create stress or issues in the relationship.

Sometimes, couples are unable or unwilling to work out these conflicting views, which can ultimately lead to divorce. In this scenario, each partner needs to understand what it will take financially to live on their own. Unrealistic expectations about the cost of living can lead to dire consequences for future retirement goals after divorce. A financial plan can help determine post-divorce budgets and set realistic goals and expectations for retirement. A financial plan can also simplify the mediation process and division of marital assets.

Financial planning involves gathering all of your financial information, which will be necessary for mediation, and the budgeting process can help inform all parties as to what is realistically needed for family living, education, housing, and entertainment expenses. Going through the financial planning process allows you to eliminate some of the preliminary steps should you experience a change in marital status.

Death of a Loved One

One of the most significant issues financial planners uncover involves clients being underinsured. In fact, 42% of Americans acknowledge living with a life insurance coverage gap.1 It doesn't take much time to look at your current coverage to determine if you and your family would have sufficient life insurance in the event of a loss. Remember to look at both the immediate and long-term needs of your beneficiaries to ensure that your loved ones would have adequate financial protection. This piece of

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your financial plan is critical, as it eases the financial stress for grieving family members during such an emotionally stressful time.

Birth or Adoption of a Child

The birth or adoption of a child creates a significant financial impact that should be considered in your financial plan if possible, which oftentimes includes the cost of higher education or college. One of the greatest mistakes you can make with regard to financial planning is to completely ignore or procrastinate saving for college for so long that you assume the opportunity to do some financial planning either can wait or has passed you by. Although it is generally true that the earlier you start, the more beneficial the process will be, financial planning is worthwhile at any age. In light of this, consider the positive effect of compounding interest—would you rather have 18 years to save for your child's education or 4 years?

Although you can't protect yourself and your family against every risk, some thoughtful planning to address the "what ifs" of major life events can go a long way in helping protect your assets and also ease your fears or anxieties should a major life event occur.

> By establishing a relationship with us, we can build a tailored financial plan and make recommendations about solutions that are aligned with your best interest and unique needs, goals, and preferences.
> Contact us today to discuss how we can put a plan in place designed to help you reach your financial goals.

Working with Janney

Depending on your financial needs and personal preferences, you may opt to engage in a brokerage relationship, an advisory relationship or a combination of both. Each time you open an account, we will make recommendations on which type of relationship is in your best interest based on the information you provide when you complete or update your client profile.

If you engage in a brokerage relationship, you will buy and sell securities on a transaction basis and pay a commission for these services. Our recommendations for the purchase and sale of securities will be based on what is in your best interest and reflect reasonably available alternatives at that time. If you engage in an advisory relationship, you will pay an asset-based fee, which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory relationships.

For more information about Janney, please see Janney's Relationship Summary (Form CRS) on www.janney.com/crs which details all material facts about the scope and terms of our relationship with you and any potential conflicts of interest. ■

1. 2024 Insurance Barometer Study, conducted by LIMRA and Life Happens.

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