ARE YOU PREPARED?

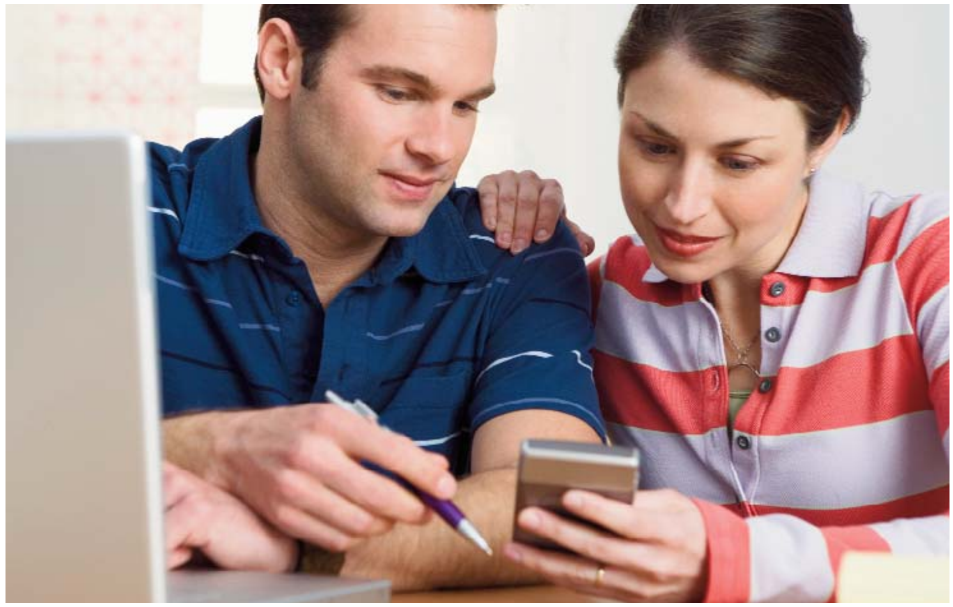
Prepared for what, you may be asking. Prepared for the unexpected. Unfortunately, bad things happen; often when least expected.

It could be a natural disaster like a hurricane, a wildfire, or flood. You could lose your job or suffer a devastating injury that keeps you from work. Or it could be a completely unforeseen expense that turns your life upside down.

How can you prepare for the unexpected? Make sure you have a financial safety net that's part cash and part insurance.

Get started with an emergency fund. Ideally, you want enough cash to cover three to six months of your normal living expenses. This is a short-term solution intended to take care of you and your family. The money needs to be readily accessible, yet in a safe place. An interest-bearing checking account, savings account, or a money market account would be a good choice.

For more serious and long-lasting events, insurance is a must. This includes health insurance, disability insurance for an illness or injury that would keep you out of the workforce for an extended period of time, homeowners insurance, and life insurance for you and your spouse. Life insurance provides for your family if you die. It can help cover lost income, childcare services, or the costs of household expenses. And with today's two-income families, it's recommended that both you and your spouse have coverage to help a loved one financially.



SURVIVING WITHOUT A PAYCHECK

What's your most valuable asset?

No, it's not your home, your car and your jewelry. It's your ability to earn an income. That's what allows you to make your monthly mortgage or car loan payments.

If a disabling accident or illness prevented you from going back to work, how long could you survive without a paycheck?

A 2006 LIFE Foundation survey found that 70% of working Americans say they could only afford to take one month or less of unpaid vacation before everyday expenses would force them to return to work. And while on-the-job injuries are covered by workers compensation, 90% of disabling accidents and illnesses are not work related.

What happens to someone when they can't return to work within a month? Bills pile up, mortgage payments get missed, and everyday needs go unmet. What coverage, if any, do you currently have that would kick-in if something happened?

Some people have excellent disability coverage through their employers. Others might rely on their spouse's income. Applying for disability benefits from Social Security is an option, but only 1 out of 3 is approved and the approval process takes an average of three months. That leaves many with a disability income gap.

What's the solution? Personal disability protection. If your employer offers disability coverage, make sure it's sufficient to meet your income replacement needs. If it's not enough, your employer may offer an option to increase your disability benefit.

Another option is to purchase coverage on your own. One of the big benefits of individual coverage is that it's 100% portable and applies to any job you do, regardless of who your employer is. Take this opportunity to make sure that you would be okay financially in the event of a disability that keeps you out of work for an extended time.

ECONOMIC MYTHS TO IGNORE

When times get tough, "money myths" have a tendency to gain momentum. Here are a few that need rethinking.

You Can't Be Too Cautious When Investing You can. Inflation, like a termite, quietly eats away at your investments. If you aren't somewhat aggressive in your investments, you may not be able to keep up.

Investment Risk Is Bad Without risk, there is no reward. Just remember to follow a balanced approach. If you take on more risk with some of your investments, you may want to include some conservative choices, too. Your rewards may not be as great, but neither should your losses.

Diversification Improves Performance The idea behind diversification is to manage risk by mixing a variety of investments, such as stocks, bonds and cash within a portfolio. This may help minimize the risk from some investments in your portfolio, but it may also reduce overall returns.

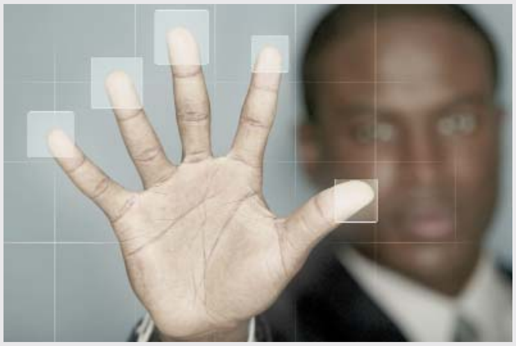
The Stock Market Is Just Too Volatile to Gamble With Given time, the stock market may outperform many of the other investments you can make. It has proven its value decade after decade, including the Great Depression era. Remember, however, that past performance does not predict future results.

You Should Move Out of Stock Funds as Retirement Approaches It's a good idea to shift your money to more conservative investments at retirement, but you still need to outpace inflation. Keeping part of your portfolio in the stock market may help.

SEARCHING FOR COLLEGES? CLICK HERE

So many colleges. So little time. Where do you begin? Start by going online to the "College Navigator," a website from the National Center for Education Statistics (*nces.ed.gov/collegenavigator*). This site makes it easy to generate a list of colleges based on the criteria you select. You'll have access to the latest data on expenses, aid, enrollment, admissions and graduation rates, majors, and more. To get a closer look (without the expense of traveling), go to *CampusTours.com*. It has video links to about 1,000 schools.

PROTECT YOUR IDENTITY



Having your identity stolen can destroy your credit, ruin your good name, and affect every aspect of your life. The Federal Trade Commission's "Deter. Detect. Defend." program can help you protect your identity and advise you on what to do if your identity is stolen. Log on to *www.ftc.gov/idtheft*. This one-stop national resource has detailed information for individuals as well as businesses.

WHAT'S IN YOUR HOUSE?

Putting together a room-by-room inventory of your personal possessions can be a daunting task. But if you ever suffer a loss from a fire, hurricane, burglary, or other disaster, you'll be glad you did.

Get started by going to *KnowYourStuff.org*. This website from the Insurance Information Institute offers a free home-inventory software program to create files for individual rooms. You can add descriptions of items, including the purchase date, replacement cost and serial numbers. Once it's entered, updating is easy.

Use this inventory to help purchase enough insurance to replace the things you own, get your insurance claims settled faster, and substantiate losses for your income tax return.

A LASTING LEGACY

For many couples, there comes a time when you begin to look beyond your own needs and start thinking about future generations—your children or grandchildren. What is the legacy you want to leave them? How can you make it happen?

One way is to create a trust as part of your estate plan. It can be used to transfer your assets to your family and loved ones. It would include life insurance, but not necessarily single policies on you and your spouse. Instead, it could incorporate a last survivor life insurance policy—sometimes referred to as a second-to-die policy.

This policy insures two lives and pays the death benefit upon the death of the second insured person. Often, this is when the proceeds are most needed to protect your assets and create wealth for your beneficiaries. You may be pleasantly surprised at how affordable this type of policy can be. Be sure to consider a no-lapse guarantee to ensure that the policy will not terminate regardless of policy value to cover charges.

A second-to-die life insurance policy can also be used for families who need to provide for a child with special needs. It will provide funding after both parents have died—the time when the child needs it most.

Talk to your trusted financial professional about ways for your legacy to live on.

Wise Words

Before buying life insurance, learn as much as you can about the insurance company offering the policy. Independent ratings agencies provide information about the company's financial stability, history, and fiscal management.