

Three Financial Moves to Consider in the Age of Covid

None of us has to be told that 2020 is a year unlike any other – at least since the flu epidemic of 1918. We’ve all had to make adjustments to our work situation and lifestyles, but what about our finances? Are there issues we should be thinking about in this environment that weren’t especially pressing in previous years? Here are a few ideas to consider:

1. Review Your Life Insurance Coverage

Maybe it sounds a bit morbid, but life insurance takes on more importance than usual in our current environment. The question isn’t simply whether you have ample coverage, it’s whether you’ll continue to be insurable in the eyes of life insurance providers. Many companies have tightened their underwriting requirements this year to make certain you haven’t experienced Covid symptoms or been exposed to possible carriers. Others are delaying applications for anyone who has traveled or plans to travel outside the US. In short, convincing life insurance companies you’re healthy enough to warrant their coverage may be more problematic than it was in pre-pandemic days. In addition, there’s the distinct possibility that some carriers will raise their rates if the pandemic persists. If you’re worried that you don’t have ample coverage, now is the time to do something about it, especially since many public health professionals are calling for a possible spike in Covid cases this fall. Term insurance might be an economical way to provide your loved ones with extra protection until the pandemic is behind us. In addition, you should think about talking to parents and other aging family members about updating their insurance and obtaining sufficient coverage while they’re still healthy enough to be considered insurable.

Proactive planning will aid you in achieving your short- and long-term financial needs and goals, especially in times of hardship.

2. Don’t Neglect Disability Insurance

Boston Red Sox pitcher Eduardo Rodriguez contracted Covid 19 but was expected to rejoin the team in mid-to-late July...until an MRI revealed that the virus had left him with myocarditis, an inflammation of the heart muscle. As the pandemic drags on, increasing numbers of Covid sufferers are finding that even after they recover, they are affected by lingering maladies that include fatigue, shortness of breath and heart issues. In short, even if you contract a mild case of Covid and recover within the anticipated 10-14 days like many patients, you could be left with disabling conditions that affect your lifestyle and ability to work.

That is why in this environment especially, disability insurance becomes an even more critical component of your overall insurance coverage.

If you’re fortunate enough to work for an employer that offers a long-term disability plan, it’s important for you to know the following:

- How much your policy will pay if you’re out of work. Do your disability benefits equal your monthly spending, college savings, and retirement contributions?
- Is your disability insurance portable? If you leave your employer, can you take it with you?
- Are your disability benefits taxable? They are if your employer pays for the insurance premiums on your behalf.

If you’re self-employed, not covered by your employer or inadequately covered, you should think about buying your own long-term disability policy. Your NFP advisor will help you sift through the various options available to you, including length of time for which you’ll be covered, amount you’ll receive, elimination periods and, of course, cost.



3. Cross the T's in Your Estate Plan

Chances are you already have a will, but does it reflect who you are now or who you were when it was created? Have you had children in the interim? What about a healthcare proxy, advance directive and power of attorney in the event that you or your spouse are rendered incapable of making healthcare or legal decisions in the future? In this environment, it becomes even more critical to exercise whatever control you can over uncontrollable events that may or may not affect you and your family.

Covid, however, isn't the only reason to take a closer look at your current plan. With the lifetime exemption at its current \$11.58 million level, federal estate tax is seemingly no longer a concern for many Americans. However, this generous exemption is scheduled to decrease to its previous \$5 million level (adjusted for inflation) in 2025. Depending on who wins the election, that date may be moved up, especially in light of this year's declining tax revenues and trillions of dollars in stimulus expenditures.

Rather than leaving your legacy when you're no longer around to enjoy how much it's appreciated by your heirs, consider gifting assets out of your estate before the lower lifetime exemption is scheduled to return. Gifting assets while you're alive not only removes them from your estate, it transfers potential taxable growth to a beneficiary.

One more point – if you haven't yet created an estate plan or if your plan requires updating, take care of it this year. We can't all be George Steinbrenner, the late owner of the New York Yankees who passed away in 2010 when there was no estate tax. Had he died a few months earlier or later, his heirs would have been hit with an estate tax bill of at least \$500 million, based on a \$1.6 billion valuation for the team. Estate tax law, like all tax law, is subject to constant assessment. Administrations leave and take office. Congress focuses on new issues. So-called loopholes close and new opportunities emerge. Currently, there are a number of opportunities available that might not be in 2021. Now is the time to take a close look at them.

We can help

Despite the uncertainty of how the pandemic will affect your financial planning in the long term, there are steps you can take to build financial security for yourself and your family, NFP can help. We have the background, experience and extensive network to guide you past potential pitfalls while identifying unique opportunities. No matter what strategies we recommend, they will be part of a larger financial plan — one that you lead, based on your goals and your situation.

About NFP

NFP is a leading insurance broker and consultant that provides employee benefits, property and casualty, retirement and individual private client solutions through our licensed subsidiaries and affiliates. Our expertise is matched by our commitment to each client's goals and is enhanced by our investments in innovative technologies in the insurance brokerage and consulting space.

NFP has more than 4,700 employees and global capabilities. Our expansive reach gives us access to highly rated insurers, vendors and financial institutions in the industry, while our locally based employees tailor each solution to meet our clients' needs. We've become one of the largest insurance brokerage, consulting and wealth management firms by building enduring relationships with our clients and helping them realize their goals.

Recently NFP was named the 2nd largest retirement plan aggregator firm, as ranked by Investment News; the 5th largest US-based privately owned broker, the 5th best place to work in insurance and the 6th largest benefits broker by global revenue by Business Insurance; the 9th largest property and casualty agency by total 2016 P&C revenue and the 9th largest commercial lines agency by total 2016 P&C and commercial lines revenue by Insurance Journal; the 10th largest employee benefits broker by Employee Benefit Adviser; the 11th largest broker of US business by Business Insurance; and the 12th largest global insurance broker by Best's Review.

For more information visit, [NFP.com](https://www.nfp.com)

844-ASK NFP1
340 Madison Avenue
20th Floor
New York, NY 10173

©2020 NFP Corp. All Rights Reserved. Insurance services provided through NFP CA Insurance Services, Inc., a subsidiary of NFP Corp. (NFP). Securities offered through Kestra Investment Services, LLC (Kestra IS), member FINRA/SIPC. Investment advisory services offered through Kestra Advisory Services, LLC (Kestra AS), an affiliate of Kestra IS. NFP and NFP CA Insurance Services, Inc. are not affiliated with Kestra IS or Kestra AS. View our full disclosures at <https://bit.ly/KF-Disclosures>. This is for general information only and is not intended to provide specific investment advice or recommendations for any individual. It is suggested that you consult your financial professional, attorney, or tax advisor with regard to your individual situation.

