

**Financial Counseling:  
Insurance and the Money Game.**  
Course# 382471 CA Dept of Insurance 1 hour CE

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**Who were the original financial planners?**

- The women of the household!
- They used "cookie jars" and other hiding spots to accumulate money.
- They took care of their families and loved ones.
- "Squeezed" a dollar further...

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**Who were the original financial advisors?**

- The attorney
- The insurance agent
- The accountant or tax preparer
- The investment advisor

- How do you help your clients make better decisions about money?

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**What are the 6 Areas of Financial Planning?**

- Cash Flow Management & the Balance Sheet
- Risk Management
- Investing for Wealth Accumulation - NQ \$
- Tax Planning
- Retirement Planning - Qualified \$
- Estate Planning

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**Let's look at Risk Management in more detail...**

- What risks might a family be exposed to?
  - Loss of health - medical expenses
  - Loss of income through a disability.
  - Death of a family member, possibly the bread winner.
  - "Blended Family" planning issues - insurance to protect kids from a first marriage.

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**More on Risk Management**

- A fire in the home - or a house on fire...
- Liability Issues - teen drivers, swimming pools, having dogs or animals, irresponsible actions.
- The risk of dying early or living too long - and not having enough money to last.
- Needing long term health care - for us or our parents!

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**Isolating the risks for a family...**

- Identify the risk
- Assess the risk
- Manage the risk
- Our job is to understand their situation, their motivation, their perspective...
- Help them make better decisions about money.

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**How much life insurance do I need?**

- Grandma always said "Don't slaughter the goose, just spend the golden eggs."
- \$1,000,000 @ 5% = \$50,000 a year.
- Solve NEED first
- Then look to the HOW.
  - Term Insurance
  - A Blend of some term and some permanent
  - Permanent Insurance to a ripe old age.

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**Helping couples communicate about money.**

- Is money a tough topic for couples?
- Sex and Money... "We want lots of both but can't talk about either!"
- Lessons from John Gray, PhD ... Men are from Mars, Women are from Venus.
- The goal in a marriage is not to think alike, it's to think together!*

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**What have we learned about helping couples communicate...**

- Our job is to facilitate communication between spouses.
- Help them look at their "truth" without judgement...and say grace over it.
- Where are they at now?
- What decisions have brought them to here?
- What are they doing correctly?

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**Using insurance as a tool in their financial plan.**

- Meeting the Risk Management Issues
- Health Insurance
- Life Insurance
- Estate Planning Issues and Insurance
- How the contract and contract law can help them plan and protect loved ones.

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**What can you do to help?**

- Building the Balance Sheet
- It's the annual "report card" for their marriage and partnership.
- It's a "State of the Union" address
- It's a reference point for comparison...
- Help them feel good about the partnership and the decisions they make together.

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### At a time of need or tragedy...

- An advisor can help make decisions with knowledge of the circumstances. We build the date of death balance sheet.
- Insurance can help provide the liquid financial resources needed.
- Every widow wants to know:
  - They'll be okay emotionally.
  - They'll be okay financially.

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### Winning "The Money Game" on purpose

- Make a conscious decision to participate in the game.
- Protect the assets you have while you work to accumulate more.
- Have 3 - 6 months income as an emergency fund.
- Know your time horizon and tax consequences of your investments.
- Develop investment strategies that fit your personal comfort level.

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### Doing Financial Counseling

- It's not just money management.
- Helping couples communicate about money.
- Looking at their expectations.
- Education, Information & Advice
- A holistic approach to helping people achieve their dreams.
- Insurance is a Risk Management tool.

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### Understanding where they want to go and helping them get there.

- Asking the right questions.
- Look to the future...
- Couples that set goals together grow together.
- Help them get organized so they can see what their picture looks like. How can they work together to manage finances effectively?

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### The Wedding Anniversary

- The "State of their Union" address
- Do a Balance Sheet and help track net worth.
- Are the numbers going in the right direction?
- Celebrate Life! Stay married! The fastest way to lose half your wealth is get divorced. Be in a partnership together.

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### Thank you for joining me today!

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# Statement of Financial Position

As of (date) \_\_\_\_\_

## Assets

### Cash & Equivalents

Cash	\$ _____
Checking	\$ _____
Savings	\$ _____
Money Market	\$ _____
Certificates of Deposit	\$ _____
Other Liquid Assets	\$ _____
<b>Subtotal</b>	<b>\$ _____</b>

### Invested Assets

Mutual Funds	\$ _____
Stocks	\$ _____
Bonds	\$ _____
Life Insurance Cash Values	\$ _____
Real Estate Investment Trusts	\$ _____
Rental Properties	\$ _____
Unimproved Land	\$ _____
Limited Partnerships	\$ _____
Notes Receivable	\$ _____
Business Interests	\$ _____
Precious Metals & Gems	\$ _____
Annuities, Fixed & Variable	\$ _____
IRA's	\$ _____
401 (k)	\$ _____
403 (b) TSA Plan	\$ _____
SEP / Keogh	\$ _____
Pension Profit Sharing	\$ _____
Other Employer Plans	\$ _____
Other Invested Assets	\$ _____
<b>Subtotal (Investment Net Worth)</b>	<b>\$ _____</b>

### Use Assets

Primary Residence	\$ _____
Other Residence(s)	\$ _____
Vehicles	\$ _____
Personal Property	\$ _____
Other Use Assets	\$ _____
<b>Subtotal</b>	<b>\$ _____</b>

**TOTAL ASSETS** \$ \_\_\_\_\_

## Liabilities & Net Worth

### Current Liabilities

Vehicle Loans	\$ _____
Personal Property Loans	\$ _____
Credit Cards	\$ _____
Other Short Term Debt	\$ _____
<b>Subtotal</b>	<b>\$ _____</b>

### Long Term Liabilities

Primary Resident Mortgage	\$ _____
Other Residential Mortgage	\$ _____
Rental Mortgages	\$ _____
Unimproved Land Debt	\$ _____
Other Long Term Debt	\$ _____
<b>Subtotal</b>	<b>\$ _____</b>

**TOTAL LIABILITIES** \$ \_\_\_\_\_

**NET WORTH** \$ \_\_\_\_\_

**TOTAL LIABILITIES & NET WORTH** \$ \_\_\_\_\_

**Financial Counselor Notebook™**