



Yogi Berra, a baseball legend from the fifties is credited with many things, including this logic: “when you come to a fork in the road, take it.” Ah Yogi, if only it were that easy. Unfortunately, as we navigate the many choices we are faced with putting our financial plans in order, we need to make some tough decisions.

As an independent practicing CERTIFIED FINANCIAL PLANNER™ and CPA, I have encouraged my clients to manage their insurance portfolio with each product being a risk *management* tool, not a risk *avoidance* tool. Therefore, I believe clients reach a fork in the road when it comes to their disability (DI) and long term care insurance (LTC). Disability insurance pays benefits when due to an injury or illness, we are unable to work. LTC insurance provides benefits to us typically when we are unable to perform two of the six Activities of Daily Living⁽¹⁾. Oftentimes, clients carry both products in their insurance portfolio, which is appropriate in some instances.

For most of us, there comes a time when we should consider transitioning our risk management allocation from disability insurance to long term care insurance.

Duration until retirement

I encourage clients to begin examining their disability insurance policy at the earlier of age 55, or ten years from their planned retirement.

Emergency reserves and retirement savings

If you have saved enough for retirement and have emergency reserves, you can afford to begin self-insuring your disability risk and begin to focus on insuring your potential long term care needs.

Professional status (i.e. business owner or employee)

Currently, there is favorable tax planning opportunities that should motivate you to consider purchasing long term care insurance, especially if you are the owner of a practice.

Cash flow

I encourage clients to view all aspects of their budgets to maintain their desired lifestyle during retirement, including the components of risk management.

Understanding your options is very important in an ever-changing insurance industry. With the advent of new long term care insurance products, individuals are finding it easier to select a product that matches their specific needs and at the same time helping to protect their retirement lifestyles.

I consistently remind clients that they have invested a considerable amount of resources in accumulating their net worth. Now they need to make sure they have advisors who are acting in a fiduciary capacity on their behalf to help protect those assets through all the forks in the road. The alternative is to take Yogi's advice, but remember he is also the one who said "If you don't know where you are going, you will wind up somewhere else."

If you would like to discuss your personal plan with Jamie, please contact the OSMA Insurance Agency via phone (800-860-4525) or email (osmagency@osmaia.org).

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⁽¹⁾ The 6 Activities of Daily Living are bathing, eating, dressing, toileting, continence and transferring