CASE STUDY CHRISTINE:
Divorced and Disabled

Life Health Home Insurance Group, LLC
Life Happens And We're Here To Help You Prepare For It

Will my money last or will I be destitute?

CLIENT

Name:	Christine
Age:	57
Education:	Master's Degree in Education
Employment:	Part-Time
Income:	Partial Pension
Health:	Disabled
Children:	One
Marital Status:	Recently Divorced

Christine's Story

Just when you think you are settled and protected for whatever life can throw your way, something unexpected and life changing can still happen.

At the age of 55, Christine's health deteriorated to the point where she had to take early retirement. Though this reduced her pension, she was sure she and her husband would still be financially solid, given that he had a good job, was healthy, and they had planned well. Christine was not worried.

Two years later, at the age of 57, Christine's daughter, Jill graduated from college and her husband, Mark announced that he wanted a divorce. Christine went into a panic.

First Contact – Identifying the Issues

When Christine came for a consultation she was worried.

Was there any way to make her money last once her alimony payments stopped? Would she have enough money each month to pay her bills? Would she lose her home?

She was exhausted just thinking about it.

Creating a Plan to Address her Goals

First we reviewed Christine's current expenses and used this to project her likely monthly expenses once she turned 67, to include increasing medical costs.

We then determined her guaranteed monthly income beginning at 67, when her ex-husband would retire and her alimony would stop.

The result: Christine had a gap of $2,500 per month. With this concrete data in hand, we then began addressing how to best use Christine's 401k to create the needed income stream for life, keeping in mind it had to be enough to fill the gap.

Christine had two options, only one of which could create the guaranteed income while also avoiding any downside risk, as she could not afford to lose any of the money.

Choices, Decisions, and Achieving a Future Plan

Christine rolled the $250,000 of qualified retirement funds received in her divorce into an IRA Fixed- Indexed Annuity that had a Lifetime Income Benefit.

This annuity will pay Christine $2,700 per month for the rest of her life. She now had piece of mind.

Christine now knew that she could pay not only her current bills, but meet all of her future expenses, including escalating medical bills. She also knew that she would have a little extra money each month to enjoy fun times with her daughter, Jill.

An Alternate Plan

Christine could have chosen to roll the retirement funds into a traditional IRA that invested in mutual funds and/or bonds.

While this choice could create some gains on her investments it would also have put Christine's future income at a greater risk.

Her money would be subject to market fluctuations both great and small. If the value of her investments went down, at all, the cost to her would be devastating.

Consider this. If Christine's $250,000 was invested in a traditional IRA and it did not increase or decrease in value, her money would be depleted in 8 years, if she began taking monthly payments at the age of 67.

In other words, at the age of 75, Christine would have no way to cover her $2,500 a month income gap. Her worst fears would have come true.