

Planning for the Unexpected



It's a fact of life that unexpected things happen.

While not everything unexpected is bad, it makes sense to prepare yourself financially for unplanned expenses so you can get back to normal as quickly as possible.

Unexpected Financial Events



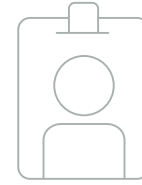
Household or
car repairs



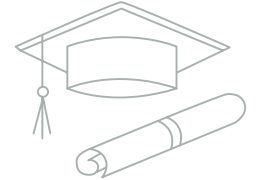
Medical
emergencies



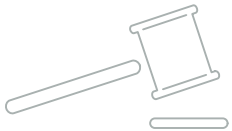
Unexpected
bonus



Job loss or income
reduction



Child getting into
pricey school



Divorce



Cross-country or
international move



Significant loss in
investment value



Natural
disaster



Once-in-a-lifetime
travel opportunity

Today we'll talk about what you can do today
to help prepare yourself financially for the
inevitable surprises life throws our way.

Establishing an Emergency Fund

What's an Emergency Fund?

An **Emergency Fund** is money you've saved up and set aside in case of an emergency or other unexpected expenses.



Most Common Uses for Americans' Emergency Funds



26%

Major household
repairs



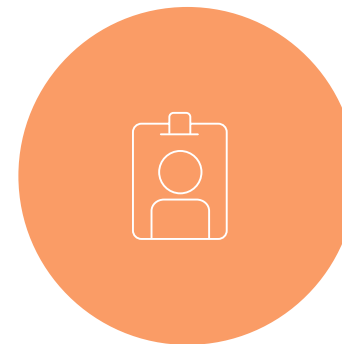
26%

Auto expenses



24%

Medical
emergencies



21%

Job loss



17%

Cost of living
increases



11%

Sudden moves
(i.e., job relocation,
divorce)

REMEMBER

A wedding or a fun vacation isn't an excuse to dip into your Emergency Fund.
If you can't afford it, it's OK to say no.

Source: <https://www.gobankingrates.com/saving-money/budgeting/how-americans-use-emergency-fund/>

Emergency Fund Calculation



It's recommended that
you have

***3-6 months worth of
living expenses*** in
your Emergency Fund.



**Average
Monthly
Expenses**



6 months



**Existing
Liquid
Savings
Balance**



**Emergency
Fund Balance
You May Need**

Building Your Emergency Fund

There are several strategies for sourcing the cash you'll need



Factor saving into
your monthly budget



Use your bonus or
tax refund



Get a side
hustle

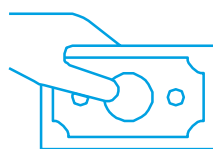


Liquidate
investments

REMEMBER

You don't need to fully fund your Emergency Fund overnight. Start small and build over time.

Emergency Fund Best Practices



Put your funds in an account that is liquid and can be accessed quickly

(e.g., High-Yield Savings Account)



Keep your Emergency Fund separate from your day-to-day financial accounts



Reevaluate annually to ensure you have enough saved based on your monthly expenses

Insurance: Medical, Disability and More

Life Insurance Stats



57%

of U.S. adults are covered by some type of life insurance
That's down from 63% in 2011

Among Americans with life insurance

1 in 5 say they do not have enough

50% +

of Americans think the cost of a term life insurance policy is
3x more than its actual cost

Common Types of Life Insurance ⁽¹⁾ and Payout Uses

Term Life Insurance

most common

- Only active for a certain time period (usually 10-30 years)
- If you die during that time period, beneficiaries get the payout

Permanent Life Insurance

- Active for full life of policy holder
- Different variations within this category in terms of premiums and beneficiary payouts

Common payout uses include:



Final costs

Funeral, outstanding medical bills, settlement costs, etc.



Future education costs

Children, grandchildren, others



Paying off debt or replacing income of the deceased



Federal or estate taxes



Inheritance



Charitable contributions

1. Source: <https://www.iii.org/article/what-are-principal-types-life-insurance>

How Much Life Insurance Do You Need?



Typically, people aim for a life insurance policy that pays **10-15 times** their annual income

Financial Obligation
(expenses + debt)



Liquid Assets



How Much Life Insurance You May Need
(aka “coverage gap”)

REMEMBER

How much insurance you need will vary based on your personal and financial circumstances – speak to a professional if you need help determining what’s best for you and your beneficiaries.

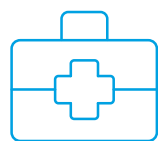
Source: <https://www.policygenius.com/life-insurance/how-much-life-insurance-do-i-need/>

Medical/Health Insurance

Medical insurance is a product that covers your medical expenses in the event of illness or injury. It also covers preventative care.

Health insurance is necessary for Americans to pay for the high cost of health care.

Keep in mind...



Health insurance doesn't always cover 100% of your costs. It's wise to plan for medical costs even if you have health insurance.



If your plan covers more than one person, you may have deductibles for each individual on the plan.



Students can stay on a parent's health insurance plan until age 26.

Disability Income Insurance

Disability insurance provides a source of income to people who are unable to work due to an accident or illness.

Over **25%** of American workers experience a long-term disability longer than 3 months at some point in their careers.

There are two types of disability insurance:

Long-Term Disability

Provides income when you're unable to work for at least two years, and can last all the way to retirement.

For the most part, benefits are distributed tax-free and can be used on whatever you need them for.

Short-Term Disability

Provides income when you're unable to work for a shorter period of time, typically 3 – 6 months.

Commonly, short-term disability insurance does not cover 100% of your gross income, so there may be an income gap to plan for.

Source: <https://www.policygenius.com/disability-insurance/learn/do-i-need-disability-insurance/>

Long-Term Care Insurance



Long-Term Care Insurance helps provide for the broad range of medical and personal services for individuals who need assistance with daily activities for an extended period of time.

63%

of Americans are worried that they will become a burden on their family as they older ⁽¹⁾

\$172,000

is the average lifetime cost of formal long-term care ⁽²⁾

1. [Nationwide Long-Term Care Consumer Survey](#) (2020)
2. [Formal Cost of Long-Term Care Services: How Can Society Meet a Growing Need?](#) PWC.

Other Types of Insurance/Coverages to Consider



CAR INSURANCE

Protects you against financial loss in the event of an auto accident or theft.



HOMEOWNERS OR RENTERS INSURANCE

Covers losses and damages to your residence. Consider flood insurance if you are in a FEMA flood zone (it may be required!).



PET INSURANCE

Helps to lessen overall costs of veterinary bills. This is similar to, but typically more limited, than human health insurance.



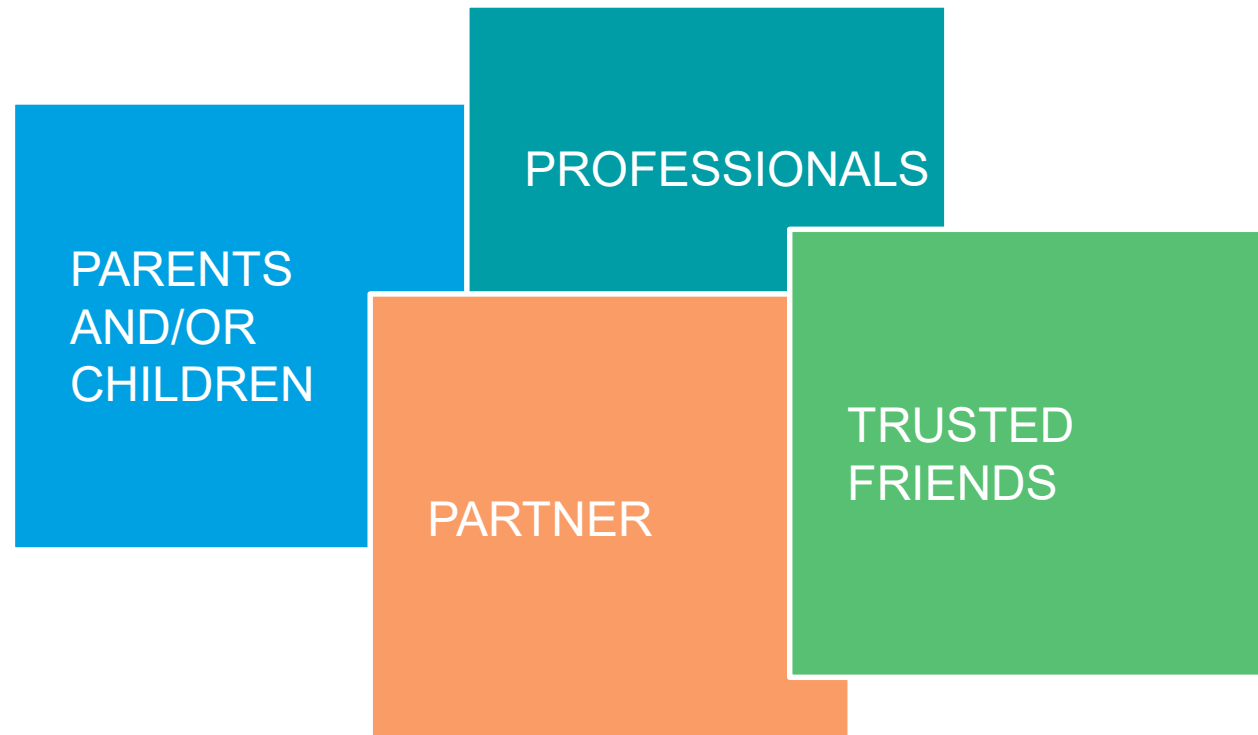
Start Planning

Talk to People Who Matter to You



Open a dialogue with your family and/or close friends, who can help you in the event of the unexpected.

Start the conversation with those who matter and then start planning your financial future.



Understand Your Situation and Get Organized



Determine your necessary monthly costs in the event of a financial emergency

When something unexpected comes up, what's a must-have vs. nice-to-have?



Research loan options available if needed

Do you qualify for a home equity line of credit or other type of bank loan, if needed? Can you get a low-interest credit card?



Have your financial information updated and easily accessible

If you had to flee your home, would you have your financial information handy if you needed it?



Make sure your beneficiary designations are up to date

Your personal relationships change over time – do your beneficiaries reflect your current wishes?

Four Legal Documents To Put in Place ASAP



Other legal documents to consider completing:

- Trust
- Guardianship documents
- Beneficiary deed
- HIPAA authorization



Durable Power of Attorney for Healthcare

Allows you to name who you want to make healthcare decisions for you when you are unable to do so for yourself



Financial Durable Power of Attorney

Allows you to appoint the person who you want to make financial decisions on your behalf if it's determined you are unable to make them on your own



Living Will

Expresses your end-of-life wishes to whichever healthcare provider reads it



Last Will and Testament or Revocable Trust

Allows you to name who you want to handle your affairs after you die and how you want your assets distributed

Arm Your “Emergency Manager” With Information



DIGITAL INFORMATION

Username,
passwords (don't
forget computer,
cell phone and
tablets!)



ACCOUNT INFORMATION

Account numbers,
passwords,
vendors/issuers



LEGAL DOCUMENTS

Copies of all your
important legal
documents



KEYS

Keys to your home,
car, safe and other
important places

Your “Emergency Manager” is someone you trust to manage your personal business in the event of an emergency

Helpers If You Need Them



ATTORNEY

- Drafts or revises important documents like Wills, Durable Power of Attorney, Trusts, and Prenuptial Agreements
- Negotiates real estate contracts and divorce settlements
- Represents you in court, arbitration, or other legal hearings



FINANCIAL PROFESSIONAL

- Recommends financial strategies to help you be financially prepared and work toward your financial goals
- Provides investment advice
- Buys or sells securities on your behalf and/or provides you recommendations
- Provides estate planning and insurance planning support



INSURANCE AGENT

- Helps you determine best insurance products for your needs
- Secures insurance policies for you from their own company or other companies
- Acts as intermediary for you (if necessary) with policy issuer

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